

**NORTH NAPLES FIRE CONTROL
AND RESCUE DISTRICT
BASIC FINANCIAL STATEMENTS
TOGETHER WITH ADDITIONAL REPORTS
YEAR ENDED
SEPTEMBER 30, 2014**

TABLE OF CONTENTS

| | <u>Page(s)</u> |
|--|-----------------------|
| INDEPENDENT AUDITOR'S REPORT | 1-3 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) | i-xi |
| <u>BASIC FINANCIAL STATEMENTS</u> | |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS: | |
| Statement of Net Position..... | 4 |
| Statement of Activities..... | 5 |
| FUND FINANCIAL STATEMENTS: | |
| Governmental Funds: | |
| Balance Sheet..... | 6 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position..... | 7 |
| Statement of Revenues, Expenditures and Changes in Fund Balance..... | 8 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities..... | 9 |
| Fiduciary Fund - Firefighters' Pension Plan: | |
| Statement of Fiduciary Net Position..... | 10 |
| Statement of Changes in Fiduciary Net Position..... | 11 |
| NOTES TO THE FINANCIAL STATEMENTS..... | 12-54 |
| <u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A</u> | |
| BUDGET TO ACTUAL COMPARISON - MAJOR FUNDS (General and Special Revenue Funds) | |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Summary Statement..... | 55 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Detailed Statement..... | 56-58 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Impact Fee Fund - Summary Statement..... | 59 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Impact Fee Fund - Detailed Statement | 60 |
| BUDGET TO ACTUAL COMPARISON - OTHER NON-MAJOR GOVERNMENTAL FUNDS | |
| Special Revenue Funds: | |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Inspection Fee Fund - Summary Statement..... | 61 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Inspection Fee Fund - Detailed Statement..... | 62-63 |

TABLE OF CONTENTS (CONTINUED)

Page(s)

ADDITIONAL REPORTS

| | |
|--|---------|
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 64-65 |
| Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes..... | 66 |
| Independent Auditor's Report to Management..... | 67-69 |
| Management's Response to Independent Auditor's Report to Management..... | Exhibit |

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
North Naples Fire Control and Rescue District
1885 Veterans Park Drive
Naples, Florida 34109-0492

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of North Naples Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2014, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of North Naples Fire Control and Rescue District Firefighters' Pension Fund ("Pension Fund"), which represent 100% of the assets, liabilities and net position as well as 100% of the revenue and expenses of the District's Fiduciary Fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for North Naples Fire Control and Rescue District Firefighters' Pension Trust Fund, is based on the report of the other auditors. 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 of America. 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

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presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of North Naples Fire Control and Rescue District as of September 30, 2014, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matter of Emphasis

On January 1, 2015, the North Naples Fire Control and Rescue District merged with Big Corkscrew Island Fire Control and Rescue District to form the North Collier Fire Control and Rescue District. The merger is further discussed in the subsequent events note within these financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-xi be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 - management's discussion and analysis (MD&A) in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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 required supplementary information - management's discussion and analysis (MD&A) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise North Naples Fire Control and Rescue District's basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The required supplementary information other than MD&A budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with

auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information other than MD&A - budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

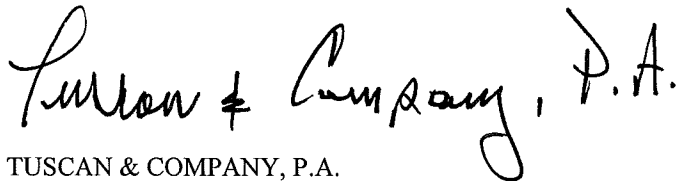
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Exhibit - Management's Response to Independent Auditor's Report to Management is not a required part of the basic financial statements but is required by Government Auditing Standards. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Section 218.415, Florida Statutes

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated April 24, 2015, on our consideration of North Naples Fire Control and Rescue District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering North Naples Fire Control and Rescue District's compliance with Section 218.415, Florida Statutes.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 24, 2015 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, contract 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 results 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 North Naples Fire Control and Rescue District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." in a cursive, stylized font.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
April 24, 2015

**MANAGEMENT'S DISCUSSION
AND ANALYSIS
(MD&A)**

Management's Discussion and Analysis of Financial Statements FYE September 30, 2014

This Discussion and Analysis of the North Naples Fire Control & Rescue District's ("The District") basic financial statements is provided to assist the reader in understanding the District's financial activities and significant changes in ending financial position for the fiscal year ended September 30, 2014. The District implemented the requirements of GASB Statement #34 for the fiscal year ended September 30, 2004. This Statement dramatically changed the District's annual reporting requirements, as well as the financial statement format and presentation.

Contained within are the basic financial statements, consisting of the government-wide financial statements, governmental fund financial statements and notes to the financial statements. This Discussion and Analysis will also provide an analytical overview of these statements, including comparisons of the District's financial position at September 30, 2014 versus September 30, 2013.

District Highlights

1. At the conclusion of fiscal year 2014, the District's assets exceeded its liabilities, resulting in net position of \$35,664,462 as compared to net position at September 30, 2013 of \$33,486,782.
2. The District's total net position increased \$2,177,680 during fiscal year 2014, as compared to a decrease of \$192,638 in total net position during fiscal year 2013.
3. The District had \$10,718,582 of unrestricted net position at September 30, 2014 that can be used to meet the District's ongoing obligations, as compared to \$10,362,741 at September 30, 2013. The amount of unrestricted net assets increased by \$355,841.
4. Total revenues on the government-wide funds basis increased \$2,340,675 or 10 percent, in comparison to the prior year.
5. Total expenses on the government-wide basis decreased \$29,643 or 1 percent, in comparison to the prior year.

Government-wide Financial Statements

Government-wide financial statements (Statement of Net Position and Statement of Activities found on pages 4 and 5) are intended to allow a reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. Government-wide financial statements concentrate on the District as a whole and do not emphasize fund types.

The Statement of Net Position (page 4) presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. The District's capital assets are included in this statement and reported net of their accumulated depreciation.

The Statement of Activities (page 5) presents revenue and expense information showing how the District's net position changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and

expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when incurred).

Governmental Fund Financial Statements

The accounts of the District are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Governmental fund financial statements (found on pages 6 and 8) are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets.

Notes to the Financial Statements

The notes to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 12. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The government-wide financial statements are designed so that the user can determine if the District's financial condition is better or worse than the prior year.

The following is a Condensed Summary Statement of Net Position for the District (Primary Government) at September 30, 2014 and 2013:

Summary Statement of Net Position September 30

| | | |
|----------------------------------|---------------------|---------------------|
| Assets: | <u>2014</u> | <u>2013</u> |
| Current and Other Assets | \$15,166,968 | \$14,442,617 |
| Capital Assets | <u>25,048,361</u> | <u>23,260,292</u> |
| Total Assets | <u>\$40,215,329</u> | <u>\$37,702,909</u> |
| Liabilities: | | |
| Current Liabilities | \$1,777,825 | \$ 1,260,251 |
| Non-Current Liabilities | <u>2,773,042</u> | <u>2,955,876</u> |
| Total Liabilities | <u>4,550,867</u> | <u>4,216,127</u> |
| Net Position: | | |
| Net Investment in Capital Assets | 24,936,810 | 23,116,426 |
| Restricted | 9,070 | 7,615 |
| Unrestricted | <u>10,718,582</u> | <u>10,362,741</u> |
| Total Net Position | <u>35,664,462</u> | <u>33,486,782</u> |

Current and other assets represent 38 percent of total assets at September 30, 2014, as compared to 38 percent at September 30, 2013. Current assets at September 30, 2014 are comprised of unrestricted cash balances of \$10,643,482, restricted cash of \$205,648, unrestricted investments of \$3,000,090, due from other governments of \$366,925, other receivables of \$43,590 and other assets of \$907,233. The balances of unrestricted cash represent amounts that are available for spending at the discretion of the Board of Fire Commissioners of the District. Restricted cash balances are comprised of the impact fee funds restricted for the purchase of capital assets, and unspent inspections fee revenue restricted to support the inspection of new construction.

The net investment in capital assets represent 70 percent of net position at September 30, 2014, as compared to 69 percent at September 30, 2013. These assets are comprised of land, buildings, improvements, equipment, furniture, and vehicles, net of accumulated depreciation, and the outstanding related debt used to purchase the assets. The unrestricted net position balance of \$10,718,582 represents resources available for spending at September 30, 2014.

**Summary of Revenues, Expenses and Changes in Net Position
For the Years Ended September 30, 2014 and September 30, 2013**

| Revenues: | <u>2014</u> | <u>2013</u> |
|-------------------------------------|---------------------|---------------------|
| General Revenues | | |
| Ad Valorem Taxes | \$22,238,965 | \$21,596,392 |
| Charges for Services | 1,214,644 | 685,092 |
| Program Revenues | | |
| Grants | 221,486 | 410,573 |
| Miscellaneous | | |
| Impact Fees | 1,863,019 | 494,145 |
| Investment Earnings | 54,647 | 86,060 |
| Gain (Loss) on Disposition of | | |
| Capital Assets | (31,464) | (21,065) |
| Other | <u>221,500</u> | <u>190,925</u> |
| Total Revenues | 25,782,797 | 23,442,122 |
| Expenses: | | |
| Public Safety–Fire/ Rescue Service | <u>23,605,117</u> | <u>23,634,760</u> |
| Increase (Decrease) in Net Position | 2,177,680 | (192,638) |
| Net Position-Beginning of Year | <u>33,486,782</u> | <u>33,679,420</u> |
| Net Position-End of Year | <u>\$35,664,462</u> | <u>\$33,486,782</u> |

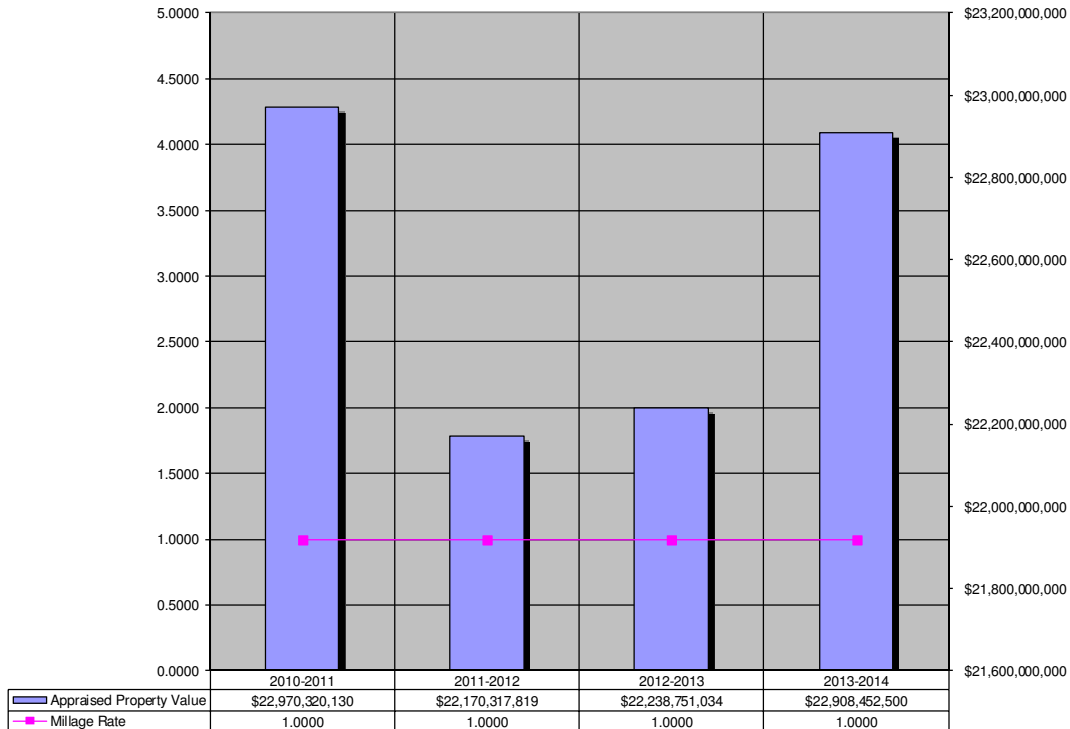
The assessed value of the property within the District increased just over 3 percent for the 2013-2014 fiscal year as compared to the prior year's assessed value, resulting in an increase in Ad Valorem tax revenues of \$642,573. The four years prior to 2012-2013, the property values in the District decreased, resulting in a decrease in Ad Valorem revenue. The cumulative reduction in property value for the 2008-2009, 2009-2010, 2010-2011 and 2011-2012 fiscal years resulted in a \$5,505,981,773 reduction in taxable property value, and a 20 percent reduction in Ad Valorem revenue. The 2013-2014 fiscal year marked the second consecutive increase in taxable property value for the District.

The Board adopted a millage rate of 1 mil, or \$1.00 for every \$1,000 of taxable property value. This millage rate was 1.75% percent more than the rolled back rate of .9828, or the taxing rate necessary to generate the same Ad Valorem revenue as the 2012-2013 fiscal year. Because the District is capped at a maximum millage rate of 1 mil, the Board could not adopt a rate higher than the 1 mil, even though statutorily approved based on the maximum millage adoption calculations referenced on the Department of Revenue's Maximum Millage Calculation form.

Historically, the increase in Ad Valorem revenue resulting from the increase in property value has been sufficient to provide adequate funds to support operational, capital and reserve financial requirements in the District without increasing the millage rate. The 2013-2014 General Fund Budget reflects an increase in Ad Valorem revenue corresponding to the increase in property value. As a result, it was anticipated that reserves in the amount of \$695,166 would be required to fund capital purchases. However, General Fund actual expenditures were less than those budgeted and revenue was more than that budgeted; therefore, reserves were not utilized for any capital purchases, and were, in fact, increased by \$715,936 which allowed for a transfer of funds to the Impact Fee Fund for the construction of Station #48 in the amount of \$557,830, reflecting a final addition to General Fund reserves of \$158,106.

The following chart identifies the change in appraised property values in the District and the millage rate maintained by the District.

Property Values and Millage Rate Assessed



Fund Balance – Governmental Fund Financial Statements

Staff has worked hard to meet the Board of Fire Commissioners' directive to maintain the fund balance and cash reserves of the General Fund to solidify the District's financial position. The total fund balance of the General Fund, 100 percent of which is assigned reserves, was \$13,412,388 at September 30, 2014, including the amount of \$907,233 restricted for prepaid expenses and reflecting the transfer of \$557,830 to the Impact Fee Fund for the construction of Station #48. This fund balance reflects an increase of \$158,106 as compared to the fund balance at the year ended September 30, 2013.

In September of 2002, a comprehensive Five Year Plan for the District was developed. This plan is reviewed and revised annually, just prior to preparation of the District's annual budget. The Five Year Plan has become an integral tool to assist in the identification of the financial needs for the future of the District, and as such, has assisted the Board of Fire Commissioners in establishing comprehensive assigned reserves to financially provide for the identified needs of the District.

The fund balance of \$13,412,388 for the fiscal year ended September 30, 2014, is comprised of 100 percent of assigned reserves. In light of the current and forecasted economic trends and recent decrease in property value, the Board has established assigned reserves identified as necessary to fund operational activities of the District in

future years. These assigned reserves were created in an effort to address any property value reductions in future years and ensure expenses of the District would be met during the initial months of the fiscal year when no Ad Valorem revenue is received.

While assigned reserves have been established and maintained in accordance with anticipated future needs of the District, it must be noted that the need may arise for the Board to unassign a portion of these reserves to fund the District's operations should property values fall or other unforeseen circumstances arise. The following General Fund Assigned Reserves were approved for the fiscal year ended September 30, 2014:

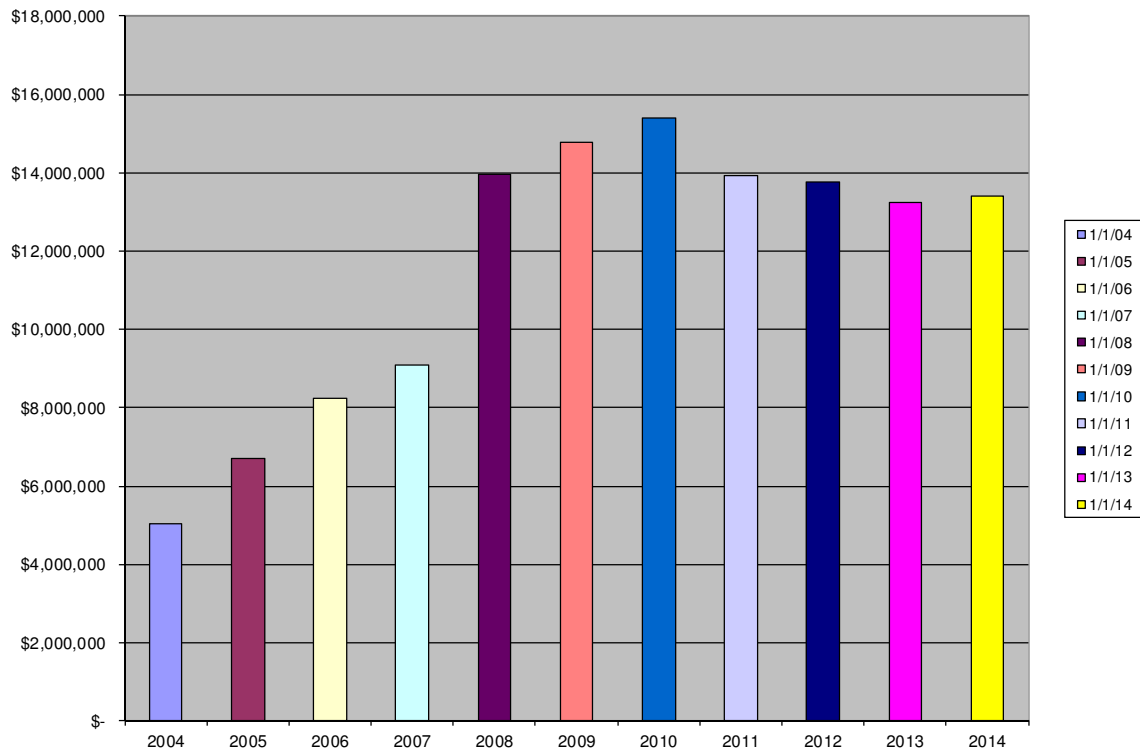
| | |
|--|--------------------------------|
| <u>NonSpendable Fund Balance</u> | <u>Amount</u> |
| General Fund Prepaid Expenses | <u>\$ 907,233</u> |
| <u>Assigned Fund Balance</u> | <u>Amount</u> |
| Operating Reserve – First Quarter | \$ 6,500,000 |
| Minimum Operating Reserve per Policy | 2,600,000 |
| Health insurance Claim Reserve | 305,996 |
| ALS | 29,679 |
| Protective Gear | 75,000 |
| Vehicle Replacement | 75,000 |
| Fire Equipment | 200,000 |
| Emergency Reserve | 1,254,629 |
| Fire Apparatus | 1,268,451 |
| Community Outreach | 3,500 |
| Radio Replacement | 22,000 |
| Station Improvements & Equip. | 150,000 |
| Station #46 Improvements | 20,900 |
| Total Assigned Reserves | <u>\$12,505,155</u> |
| Total General Fund Reserves | <u>\$13,412,388</u> |

The assigned reserves have been established by the Board of Fire Commissioners to meet the future needs of the District, including operating expenses for the first quarter of the fiscal year when prior to receipt of Ad Valorem revenue, and the replacement of capital assets. Additionally, increases in health insurance, and other personnel and operating expenses require that funds be set aside, or assigned, to prepare for the funding of future expenditures.

As evidenced by the chart below, the District's General Fund fund balance has increased \$8,358,818 since FYE 2004. While the growth in fund balance is significant, it is by no means an unnecessarily high accumulation of funds. Not only has it become evident that the District must be able to provide for operating and personnel expenses in the event of a serious hurricane or other natural disaster, it has become essential for future planning to ensure the financial stability of the District by increasing assigned reserves to provide for the future needs of the District in anticipation of revenue reductions or cost increases. It is also designed to allow for replacement of capital assets without a planned increase in millage. It should also be noted that the 2013-2014 fiscal year General Fund planned to utilize \$695,166 of reserves to fund capital purchases during the fiscal year; however,

because revenue received was more than budgeted and actual expenses were less than budgeted, no reserve funds were utilized. In fact, General Fund reserves were increased by \$158,106 even after a Board approved transfer to the Impact Fee Fund of \$557,830 to fund the construction of Station #48.

General Fund Fund Balance 2004 - 2014



Impact Fees

The Board of Fire Commissioners opted to waive impact fees for the 2012-2013 fiscal year in an effort to encourage growth in the District, following a two year period when the Board adopted fees at fifty percent of the allowable amount. For the 2013-2014 fiscal year, the Board reinstated impact fees and the full rate. As a result of the reinstatement of the full rate, and the increase in growth in the District, impact fees of \$1,343,294 were received. Total Impact Fee Fund expenses for the 13-14 fiscal year were \$2,422,150, consisting of the cost to construct and equip Station #48. The Board, by Resolution 13-033, approved a loan from the General Fund to the Impact Fee Fund for the construction of Station #48, which resulted in the transfer of \$557,830 from the General Fund to the Impact Fee Fund at the end of FYE 9-30-14.

Inspection Fees

Inspection fee revenue for the year ended September 30, 2014 was \$681,557, representing an increase of \$102,073 or 18 percent as compared to inspection fee revenue in the prior fiscal year (2013). In addition, in June of 2014, the District terminated its Interlocal Agreement with the Fire Code Official's office to provide fire plan review services and assumed the responsibility for those plan reviews. As a result \$246,714 in plan review fee revenue was received. The 2005-2006, 2006-2007 and 2007-2008 fiscal years realized decreasing inspection fee revenues, with the trend continuing through 2011. As a result, for those fiscal years, the General Fund assumed some funding responsibilities for the Inspection Fee Fund. The 2013-2014 fiscal year was the first year since 2006 when the Inspection Fee Fund did not rely on General Fund support to fund the personnel and operating expenses for that fund, even with the addition of 4 personnel to perform the fire code plan review functions. Based on receipts for the first half of the 2014-2015 fiscal year for both inspection fees and plan review fees, it is anticipated this fund will continue to be self-supporting, at least for the next few fiscal years as growth and expansion continue within the District. Staff will, however, continue to monitor the fund to determine if the General Fund will be required to provide financial assistance to support the Inspection Fee Fund operating costs.

Budgetary Highlights

Budget versus actual comparisons are reported in the required supplementary information other than management's discussion and analysis on pages 55 through 63. General Fund expenditures were less than those budgeted, with Personnel Expenditures reflecting \$492,658 or 3 percent less than budgeted, Operating Expenditures reflecting \$72,601 or 2 percent more than budgeted, and Capital Outlay reflecting \$40,694 or 6 percent less than budgeted. Differences between the final amended budget and actual expenditures in the General Fund were largely due to a significant decrease in health insurance cost resulting from the switch to a partially self-funded health insurance platform, a reduction in the Chapter 175 Firefighter Pension contribution because of an increase in State Premium Tax receipts, and the continued effort exerted to control expenditures as tightly as possible faced with recent decreases in property (Ad Valorem) tax revenue.

The amendments to General Fund revenue were necessary to reflect an increase in Ad Valorem tax revenue received resulting in collection above the 95 percent subject to budget requirements, to reflect a reduction inspection fees received for existing buildings which were newly instituted in 2013-2014 and were not initiated until later in the fiscal year, and to record receipt of a federal grants to partially fund replacement radios .

The amendments to the General Fund expenditures were a result of several factors. Budgeted personnel expenses were decreased by \$803,265 due to a reduction in health insurance and retirement expenses, and a delay in hiring replacement firefighters and new firefighters for Station #48. Minor amendments were also made to operational expenses (a reduction of \$21,635) and capital expenses (a reduction of \$26,000). It should be noted that amendments to increase General Fund revenue and reduce General Fund expenditures resulted in a higher balance in General Fund cash reserves at September 30, 2014 than originally budgeted.

Capital Assets

Non-depreciable capital assets include land and construction in progress. Depreciable assets include buildings, improvements other than buildings, equipment, furniture and vehicles.

The following is a schedule of the District's capital assets as of September 30, 2014 and 2013.

| Capital Assets | | |
|---|---------------------|---------------------|
| September 30 | | |
| Capital Assets | <u>2014</u> | <u>2013</u> |
| Land | \$11,182,814 | \$11,182,814 |
| Construction in Progress | <u>3,391,108</u> | <u>1,139,550</u> |
| Total Capital Assets not Depreciated | 14,573,922 | 12,322,364 |
| Assets Held Under Capital Lease | 160,240 | 160,240 |
| Buildings | 12,580,450 | 12,436,327 |
| Vehicles | 7,844,231 | 7,810,807 |
| Office Equipment | 685,400 | 673,397 |
| Equipment & Machinery | <u>3,538,724</u> | <u>3,208,876</u> |
| Total Capital Assets Being Depreciated | 24,809,045 | 24,289,647 |
| Accumulated Depreciation | | |
| Assets Held Under Capital Lease | (37,835) | (11,128) |
| Buildings | (5,357,821) | (4,966,295) |
| Vehicles | (6,126,769) | (5,698,320) |
| Office Equipment | (606,708) | (555,884) |
| Equipment & Machinery | <u>(2,205,473)</u> | <u>(2,120,092)</u> |
| Total Accumulated Depreciation | <u>(14,334,606)</u> | <u>(13,351,719)</u> |
| Total Capital Assets being Depreciated, | | |
| Net | <u>10,474,439</u> | <u>10,937,928</u> |
| Capital Assets – Net of Depreciation | 25,048,361 | 23,260,292 |
| Less: Capital Lease Payable | <u>(111,551)</u> | <u>(143,866)</u> |
| Net Investment in Capital Assets | <u>\$24,936,810</u> | <u>\$23,116,426</u> |

The purchases of capital assets were decreased during the 2013-2014 fiscal year as compared to the prior year because significant major purchases were made in 2012-2013. Significant capital asset purchases made during the fiscal year ended September 30, 2014 include:

1. Replacement hydraulic rescue tools totaling \$63,663;
2. Replacement fire equipment (thermal imaging cameras and nozzles) totaling \$30,624;

3. Replacement medical equipment, including HeartStart Monitors and chest compressor systems, totaling \$134,793;
4. Replacement quick response vehicle totaling \$46,632;
5. Ten sets of replacement Bunker Gear totaling \$19,755;
6. Payment of construction costs for Station #48 located on Livingston Road in the amount of \$2,251,558.

For additional information on the District's capital assets, see Note E on pages 30 and 31.

Debt Administration

As of September 30, 2014, the District had long term obligations of \$2,805,357, as compared to \$3,035,407 at September 30, 2013, a decrease of \$230,050 or 8 percent. That debt consists of:

1. Compensated absences (accrued vacation liability) in the amount of \$1,568,601, as compared to \$1,920,750 at September 30, 2013. The decrease in this liability is due to compensated absence payments to employees entering the Florida Division of Retirement DROP program and vacant positions not yet filled.
2. OPEB obligation of \$1,125,205, representing post employment health insurance obligations pursuant to GASB No. 45.
3. Capital lease for medical equipment in the amount of \$111,551. This lease was entered into in 2013 as a lease to purchase agreement for 12 Lucas Chest Compressors, and is a principal only lease, with no associated interest cost.

Economic Facts and Next Year's Budget Millage Rates

The following factors were taken into consideration when the budget for the fiscal year ending September 30, 2015 was prepared:

1. Appraised taxable property values *increased* by \$1,321,908,313, or 6 percent for tax year 2014 (FY2015) as compared to an increase of less 3 percent in 2013. This is the third year since the multi-year decline in taxable property value that the property value in the District has increased. The cumulative effect of the last five years' property value has resulted in an anticipated reduction in Ad Valorem revenue of approximately \$6.6 million, or 23 percent since 2008. Staff, under the Board's direction, has worked hard to control expenditures and maintain the level of service without depleting reserves. Preliminary estimates indicate the property value in Collier County is expected to increase at least 5 percent for the 2015 year. Historically, the District has fared far better than the County as a whole, so it is anticipated that new growth within the District, as evidenced by fire plan reviews, impact fees and new construction inspection fees, will offset any decline in property value, so value should increase again in the 2016-2017 fiscal year.
2. The District decreased its millage rate for the fiscal year ending September 30, 2015 from 1.00 mil to 0.95 mil. The Board adopted the reduced millage rate in a good faith show of support to the taxpayers and voters of the anticipated merger of the District and the Big Corkscrew Island Fire Control and Rescue District. Pursuant to the statutorily required Joint Merger Plan, the District would reduce its millage rate to .95 if the merger is successfully passed at the referendum held at

- the November 2014 General Election. Based on anticipated long term savings of the merger, the Joint Merger Plan calls for a reduction in the District's millage rate to .95 for the next five years. Subsequent to the adoption of the 2014-2015 budget and accompanying millage rate, the referendum successfully passed, and effective January 1, 2015, the North Naples Fire Control and Rescue District and the Big Corkscrew Island Fire Control and Rescue District merged to become the North Collier Fire Control and Rescue District.
3. The opening of Station #48 is scheduled for the 2014-2015 fiscal year; thus, provision for the staffing, operation and maintenance is contained within the General Fund Budget, and the completion of construction and placement of equipment and other infrastructure is provided for in the 2014-2015 Impact Fee Fund Budget..
 4. The use of General Fund reserves has been limited to the purchase of capital items. Capital purchases include replacement air conditioning units, training tower overhaul and station truck exhaust safety systems totaling \$163,000, replacement fire equipment in the amount of \$31,000, vehicle replacements totaling \$244,500 and the purchase or a replacement engine in the amount of \$475,000.

Request for Information

This financial report is designed to provide the reader an overview of the District. Questions regarding any information provided in this report should be directed to: Becky Bronsdon, Assistant Chief of Administrative Services, North Naples Fire Control & Rescue District, 1885 Veteran's Park Drive, Naples, FL 34109, 239-597-3222, e-mail: bbronsdon@northnaplesfire.com.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF NET POSITION
September 30, 2014

Page 4 of 69

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 10,643,482 |
| Restricted cash and cash equivalents | 205,648 |
| Investments | 3,000,090 |
| Due from other governments | 366,925 |
| Other receivables | 43,590 |
| Other assets | <u>907,233</u> |
| Total current assets | <u>15,166,968</u> |
| Noncurrent assets: | |
| Capital assets: | |
| Land | 11,182,814 |
| Construction in progress | 3,391,108 |
| Depreciable buildings, equipment, and vehicles (net of \$14,334,606 accumulated depreciation) | <u>10,474,439</u> |
| Total noncurrent assets | <u>25,048,361</u> |
| TOTAL ASSETS | <u>40,215,329</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable and accrued expenses | 1,632,871 |
| Retainage payable | 105,139 |
| Contract deposits | 7,500 |
| Unearned revenue | - |
| Current portion of long-term obligations | <u>32,315</u> |
| Total current liabilities | 1,777,825 |
| Noncurrent liabilities: | |
| Noncurrent portion of long-term obligations | <u>2,773,042</u> |
| TOTAL LIABILITIES | <u>4,550,867</u> |
| NET POSITION | |
| Net investment in capital assets | 24,936,810 |
| Restricted | 9,070 |
| Unrestricted | <u>10,718,582</u> |
| TOTAL NET POSITION | <u>\$ 35,664,462</u> |

The accompanying notes are an integral part of this statement.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2014

Page 5 of 69

| | Governmental Activities |
|--|----------------------------|
| EXPENSES | |
| Governmental Activities | |
| Public Safety - Fire Protection | |
| Personnel services | \$ 19,336,923 |
| Operating expenses | 3,059,176 |
| Depreciation | 1,209,018 |
| Interest and fiscal charges | - |
| TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES | 23,605,117 |
| PROGRAM REVENUES | |
| Charges for services | 1,214,644 |
| Operating grants and contributions | 221,486 |
| NET PROGRAM EXPENSES | 22,168,987 |
| GENERAL REVENUES | |
| Ad Valorem taxes | 22,238,965 |
| Impact fees | 1,863,019 |
| Interest | 54,647 |
| Loss on disposition of capital assets | (31,464) |
| Other | 221,500 |
| TOTAL GENERAL REVENUES | 24,346,667 |
| INCREASE IN NET POSITION | 2,177,680 |
| NET POSITION - Beginning of the year | 33,486,782 |
| NET POSITION - End of the year | \$ 35,664,462 |

The accompanying notes are an integral part of this statement.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2014

Page 6 of 69

| | General Fund | Impact Fee Fund | Inspection Fee Fund | Total Governmental Funds |
|---|----------------------|--------------------|------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 10,643,482 | \$ - | \$ - | \$ 10,643,482 |
| Restricted cash and cash equivalents | - | 68,237 | 137,411 | 205,648 |
| Investments | 3,000,090 | - | - | 3,000,090 |
| Due from other governments | 163,619 | 83,028 | 120,278 | 366,925 |
| Due from other funds | 664,974 | 686,011 | 310,201 | 1,661,186 |
| Other receivables | 43,590 | - | - | 43,590 |
| Prepaid expenses | 907,233 | - | - | 907,233 |
| TOTAL ASSETS | <u>\$ 15,422,988</u> | <u>\$ 837,276</u> | <u>\$ 567,890</u> | <u>\$ 16,828,154</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | \$ 1,006,888 | \$ 625,983 | \$ - | \$ 1,632,871 |
| Retainage payable | - | 105,139 | - | 105,139 |
| Due to other funds | 996,212 | 106,154 | 558,820 | 1,661,186 |
| Contract deposits | 7,500 | - | - | 7,500 |
| Unearned revenue | - | - | - | - |
| TOTAL LIABILITIES | <u>2,010,600</u> | <u>837,276</u> | <u>558,820</u> | <u>3,406,696</u> |
| FUND BALANCE | | | | |
| Nonspendable | 907,233 | - | - | 907,233 |
| Restricted | - | - | 9,070 | 9,070 |
| Assigned | 12,505,155 | - | - | 12,505,155 |
| Unassigned | - | - | - | - |
| TOTAL FUND BALANCE | <u>13,412,388</u> | <u>-</u> | <u>9,070</u> | <u>13,421,458</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 15,422,988</u> | <u>\$ 837,276</u> | <u>\$ 567,890</u> | <u>\$ 16,828,154</u> |

The accompanying notes are an integral part of this statement.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2014

Page 7 of 69

| | <u>Amount</u> | |
|--|---------------------|-----------------------------|
| Total fund balance of governmental funds | \$ 13,421,458 | |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | |
| Capital assets not being depreciated: | | |
| Land | 11,182,814 | |
| Construction in progress | <u>3,391,108</u> | |
| | | 14,573,922 |
| Governmental capital assets being depreciated: | | |
| Building, equipment and vehicles | 24,809,045 | |
| Less accumulated depreciation | <u>(14,334,606)</u> | |
| | | 10,474,439 |
| Long-term obligations are not due and payable in the current period and therefore are not reported in the funds. | | |
| Net OPEB obligation | (1,125,205) | |
| Capital lease | (111,551) | |
| Early termination benefits | - | |
| Compensated absences | <u>(1,568,601)</u> | |
| | | (2,805,357) |
| Elimination of interfund amounts: | | |
| Due to other funds | (1,661,186) | |
| Due from other funds | <u>1,661,186</u> | |
| | | <u>-</u> |
| Total net position of governmental activities | | <u><u>\$ 35,664,462</u></u> |

The accompanying notes are an integral part of this statement.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended September 30, 2014

Page 8 of 69

| | General Fund | Impact Fee Fund | Inspection Fee Fund | Total Governmental Funds |
|--|----------------------|--------------------|------------------------|--------------------------------|
| REVENUES | | | | |
| Ad Valorem taxes | \$ 22,238,965 | \$ - | \$ - | \$ 22,238,965 |
| Intergovernmental revenue: | | | | |
| State firefighter supplement | 37,690 | - | - | 37,690 |
| Federal grants | 183,796 | - | - | 183,796 |
| Charges for services: | | | | |
| Inspection fees and other | 286,373 | - | 681,557 | 967,930 |
| Plan review fees | - | - | 246,714 | 246,714 |
| Impact fees | - | 1,863,019 | - | 1,863,019 |
| Miscellaneous: | | | | |
| Interest | 52,989 | 1,301 | 357 | 54,647 |
| Other | 221,500 | - | - | 221,500 |
| TOTAL REVENUES | <u>23,021,313</u> | <u>1,864,320</u> | <u>928,628</u> | <u>25,814,261</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | | | | |
| Personnel services | 18,628,759 | - | 905,899 | 19,534,658 |
| Operating expenditures | 3,015,831 | 22,071 | 21,274 | 3,059,176 |
| Capital outlay | 628,472 | 2,400,079 | - | 3,028,551 |
| Debt service | | | | |
| Principal reduction | 32,315 | - | - | 32,315 |
| Interest and fiscal charges | - | - | - | - |
| TOTAL EXPENDITURES | <u>22,305,377</u> | <u>2,422,150</u> | <u>927,173</u> | <u>25,654,700</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>715,936</u> | <u>(557,830)</u> | <u>1,455</u> | <u>159,561</u> |
| OTHER FINANCING SOURCES AND USES | | | | |
| Transfers in | - | 557,830 | - | 557,830 |
| Transfers out | (557,830) | - | - | (557,830) |
| TOTAL OTHER FINANCING SOURCES AND USES | <u>(557,830)</u> | <u>557,830</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | <u>158,106</u> | <u>-</u> | <u>1,455</u> | <u>159,561</u> |
| FUND BALANCE - Beginning of the year | <u>13,254,282</u> | <u>-</u> | <u>7,615</u> | <u>13,261,897</u> |
| FUND BALANCE - End of the year | <u>\$ 13,412,388</u> | <u>\$ -</u> | <u>\$ 9,070</u> | <u>\$ 13,421,458</u> |

The accompanying notes are an integral part of this statement.

**NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES**

Page 9 of 69

Year Ended September 30, 2014

| | <u>Amount</u> |
|---|---------------|
| Net change (revenues and other financing sources over expenditures and other financing uses) in fund balance - total governmental funds | \$ 159,561 |

The increase (change) in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The loss on disposition of capital assets decreases the net position.

| | | |
|---|--------------------|-----------|
| Expenditures for capital assets | 3,028,551 | |
| Less: proceeds on disposition of capital assets | - | |
| Less: loss on disposition of capital assets | (31,464) | |
| Less: current year depreciation | <u>(1,209,018)</u> | |
| | | 1,788,069 |

The issuance of debt is reported as a financing source in governmental funds and thus contributes to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.

| | | |
|--------------------------------------|---------------|--------|
| Borrowings (proceeds from issuance): | | |
| Capital lease | <u>-</u> | |
| | | - |
| Repayments (principal retirement): | | |
| Capital lease | <u>32,315</u> | |
| | | 32,315 |

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 funds.

| | | |
|---|----------------|----------------|
| Transfers in | (557,830) | |
| Transfers out | 557,830 | |
| Increase in Net OPEB obligation | (201,897) | |
| Decrease in termination benefits ERIP 2 | 47,483 | |
| Decrease in compensated absences | <u>352,149</u> | |
| | | <u>197,735</u> |

| | |
|---|----------------------------|
| Increase in net assets of governmental activities | <u><u>\$ 2,177,680</u></u> |
|---|----------------------------|

The accompanying notes are an integral part of this statement.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET
POSITION - FIDUCIARY FUND
September 30, 2014

Page 10 of 69

| | Firefighters' Pension Fund |
|--|----------------------------------|
| ASSETS | |
| Investments, at fair value: | |
| Cash and cash equivalents | \$ 1,902,216 |
| Mutual funds | 8,941,510 |
| Common stocks | 22,307,775 |
| U.S. Government securities | 4,902,447 |
| Corporate bonds | 6,893,105 |
| Real estate | 3,342,950 |
| | <hr/> 48,290,003 |
| Due from other governments - State | 490,385 |
| Due from District | 338,786 |
| Due from employees | - |
| Due from securities sold | 100,022 |
| Accrued investment income | 133,632 |
| | <hr/> 133,632 |
| TOTAL ASSETS | <hr/> 49,352,828 <hr/> |
| LIABILITIES | |
| Accounts payable | 64,415 |
| Due for securities purchased | 98,842 |
| | <hr/> 98,842 |
| TOTAL LIABILITIES | <hr/> 163,257 <hr/> |
| NET POSITION | |
| Held in trust for DROP benefits | 46,994 |
| Held in trust for defined pension benefits | 49,142,577 |
| | <hr/> 49,142,577 |
| | <hr/> \$ 49,189,571 <hr/> |

The accompanying notes are an integral part of this statement.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - FIDUCIARY FUND
Year Ended September 30, 2014

Page 11 of 69

| | Firefighters' Pension Fund |
|---|----------------------------------|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 1,518,926 |
| Plan members | 263,115 |
| Buybacks | 49,690 |
| State of Florida, insurance premiums | <u>1,377,098</u> |
| Total contributions | <u>3,208,829</u> |
| Investment income: | |
| Net appreciation (depreciation) including realized gains/losses | 2,899,724 |
| Interest and dividends | <u>1,342,919</u> |
| | 4,242,643 |
| Less: investment expenses | <u>(231,737)</u> |
| Net investment income (loss) | 4,010,906 |
| Other income | <u>-</u> |
| TOTAL ADDITIONS | <u>7,219,735</u> |
| DEDUCTIONS | |
| Refunds of contributions | - |
| Benefits paid | 92,762 |
| Administrative expenses | <u>83,458</u> |
| TOTAL DEDUCTIONS | <u>176,220</u> |
| NET INCREASE IN NET POSITION | 7,043,515 |
| NET POSITION - BEGINNING | <u>42,146,056</u> |
| NET POSITION - ENDING | <u><u>\$ 49,189,571</u></u> |

The accompanying notes are an integral part of this statement.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 12 of 69

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

North Naples Fire Control and Rescue District (the "District") is an independent special taxing district located in northern Collier County, Florida. The District was originally established on April 22, 1961 by Laws of Florida, Chapter 61-2032, then reestablished by Laws of Florida Chapter 84-416, as amended. The District has the general and special powers prescribed by Florida Statute Chapters 189, 191 and 633.15. The District's governing legislation was recreated, reenacted and codified by Laws of Florida, Chapter 99-450 on July 13, 1999 and amended by Laws of Florida, Chapter 2006-353 on June 23, 2006. The District is governed by a five (5) member elected Board of Commissioners. Commissioners serve on a staggered four (4) year term basis.

The District provides fire control and protection services, fire safety, inspections, code enforcement, fire hydrant maintenance, firefighter training, and crash and fire rescue services as well as basic and advanced life support services. In providing these services, the District operates and maintains seven (7) stations and the related equipment and employs approximately 150 full-time professional firefighters and administrative staff. The District is currently in the process of constructing an 8th station which opened in early April 2015.

During the year ended September 30, 2009, the District entered into a joint venture agreement with Florida SouthWestern State College (FSW) for the operation of the North Naples Fire Training Center (NNFTC) to educate and train students as State Certified Firefighters. The District is licensed to operate the NNFTC and FSW is the program coordinator. The District provides the training room and training facilities for the NNFTC. FSW, as program coordinator, is responsible for the operations of the NNFTC including but not limited to the screening and enrolling of students and for screening and engaging instructors. Therefore, the activities of the NNFTC are not included in the District's basic financial statements.

Reporting Entity

The District adheres to Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity," (GASB 14) as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units" (GASB 39) and GASB Statement Number 61, "The Financial Reporting Omnibus - An Amendment of GASB Statements No. 14 and No.34".

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Reporting Entity, continued

This Statement requires the basic financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB 14, as amended, there are no component units required to be included or included in the District's basic financial statements.

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District and do not emphasize fund types. These governmental activities comprise the primary government. General governmental and intergovernmental revenues support the governmental activities. The purpose of the government-wide financial statements is to allow the user to be able to determine if the District is in a better or worse financial position than the prior year. The effect of all interfund activity between governmental funds has been removed from the government-wide financial statements.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the pension fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement Number 33, "Accounting and Financial Reporting for Nonexchange Transactions" (GASB 33).

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability in the government-wide financial statements rather than as expenditures.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Government-wide Financial Statements, continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital improvements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Program revenues are considered to be revenues generated by services performed and/or by fees charged such as inspection fees, burn permits, and hydrant tests.

Fund Financial Statements

The District adheres to GASB Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions". Essentially, the implementation resulted in adoption of a fund balance policy and reclassification of the components within fund balance.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the District's governmental and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in aggregate for governmental funds. The fiduciary statement includes financial information for the firefighters' pension fund. The fiduciary fund represents assets held by the District in a custodial capacity for the benefit of other individuals.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental Funds

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, as appropriate, and then from unrestricted resources. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period.

The District's major funds are presented in separate columns on the governmental fund financial statements. The definition of a major fund is one that meets certain criteria set forth in GASB Statement Number 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" (GASB 34). The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the governmental fund financial statements.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns on the fund financial statements.

Fiduciary Fund

The pension trust fund accounts for the activities of the Firefighters' Pension Plan, which accumulates resources for the pension benefit payments to qualified firefighters.

The net position of this fund is not considered to be net position of the District and is not available to the District's creditors.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus and Basis of Accounting, continued

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 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 and soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenues to be available if they are collected within sixty days of the end of the current fiscal period.

Revenues susceptible to accrual are interest on investments, and intergovernmental revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on long-term debt, if any, is recognized when due; and (2) expenditures are generally not divided between years by the recording of prepaid expenditures.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Non-current Government Assets/Liabilities

GASB 34 requires non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as notes payable and capital leases, to be reported in the governmental activities column in the government-wide Statement of Net Position.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Major Funds

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 District, except those required to be accounted for in another fund.

The Impact Fee Fund consists of fees imposed and collected by Collier County based on new construction within the District. The fees are restricted and can only be used for certain capital expenditures associated with growth within the District.

Non-Major Fund

The District reports the following non-major fund:

The Inspection Fee Fund is used by the District to account for the receipt and expenditures of its Inspection Fee Program. Fees are charged for the inspection of new building construction. The fees are collected by Collier County and are remitted to the District.

Fiduciary Fund

Fiduciary funds are excluded in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The only type of fiduciary funds the District maintains is a Firefighters' Pension Fund, which accounts for retirement assets held by the Plan that are payable to qualified firefighters upon retirement.

Budgetary Information

The District has elected to report budgetary comparisons of its major funds and its non-major fund as required supplementary information (RSI).

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments

The District adheres to the requirements of GASB Statement Number 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," (GASB 31) in which all investments are reported at fair value.

Investments, including restricted investments, consist of certificates of deposit, U.S. Government securities, corporate debt and equity securities, and securities of government agencies unconditionally guaranteed by the U.S. Government.

Capital Assets

Capital assets, which include land, construction in progress, buildings, equipment and vehicles, are reported in the government-wide Statement of Net Position.

The District follows a capitalization policy which calls for capitalization of all capital assets that have a cost or donated value of \$1,000 or more and have a useful life in excess of one year.

All capital assets are valued at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Public domain (infrastructure) capital assets consisting of certain improvements other than building, including curbs, gutters and drainage systems, are not capitalized, as the District generally does not acquire such assets. No debt-related interest expense is capitalized as part of capital assets in accordance with GASB 34.

Maintenance, repairs and minor renovations are not capitalized. The acquisition of land and construction projects utilizing resources received from Federal and State agencies are capitalized when the related expenditure is incurred.

Expenditures that materially increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement, the cost is eliminated from the respective accounts.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 19 of 69

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets, continued

Expenditures for capital assets are recorded in the fund statements as current expenditures. However, such expenditures are not reflected as expenditures in the government-wide statements, but rather are capitalized and depreciated.

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Capital Asset</u> | <u>Years</u> |
|---|--------------|
| Buildings | 15-30 |
| Capital Assets acquired under Capital Lease | 6 |
| Office Equipment | 3-30 |
| Vehicles | 3-10 |
| Equipment and Machinery | 3-15 |

Budgets and Budgetary Accounting

The District adopted an annual budget for the General Fund.

The District adopted annual budgets for the Special Revenue Funds - Impact Fee Fund and the Inspection Fee Fund.

No budget was adopted or required to be adopted for the Firefighters' Pension Trust Fund.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Budgets and Budgetary Accounting, continued

The District follows these procedures in establishing budgetary data for the General Fund, the Impact Fee Fund, and the Inspection Fee Fund:

1. During the summer of each year, the District Fire Chief submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing on the upcoming October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. The budget is adopted by approval of the Board of Commissioners.
4. Budget amounts, as shown in these basic financial statements, are as originally adopted or as amended by the Board of Commissioners.
5. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. The level of control for appropriations is exercised at the fund level.
7. Appropriations lapse at year-end.

Several budget amendments were approved by the Board of Commissioners during the fiscal year ended September 30, 2014 for the General Fund. Budgeted revenues and reserves in the General Fund were increased by \$1,047,344. Budget amendments were approved for the Impact Fee Fund of \$1,052,319 and for the Inspection Fee Fund of \$506,257.

Impact Fees/Deferred Revenue

The District levies an impact fee on new construction within the District. The intent of the fee is for growth within the District to pay for capital improvements needed due to the growth. The fee is imposed and collected by Collier County and remitted to the District. The fee is refundable if not expended by the District within six (6) years from the date of collection. The District, therefore, records this fee as restricted cash and deferred revenue until the date of expenditure, at which time it is recognized as revenue and charged to capital outlay in the fund financial statements and capital assets in the government-wide financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net Position

In government-wide financial statements net position is identified as restricted when there are externally imposed constraints as to its use, such as through debt covenants, by grantors, or by law.

Fund Balances

The governmental fund financial statements the District maintains include nonspendable, restricted, assigned, and unassigned fund balances. Nonspendable fund balances are those that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Criteria include items that are not expected to be converted into cash, for example prepaid expenses.

Restricted fund balances are those that are restricted by a third party. Restricted fund balances can only be spent for the stipulated purposes.

The District's assigned fund balances are a result of official action of the District's Board. The District's intent is to maintain a minimum assigned fund balance level of three (3) months of budgeted total expenditures. The assigned fund balance includes the District's operational and capital reserves as well as its disaster reserve. At September 30, 2014, fund balance is also assigned for a variety of specific items by District Board action. Any use of the assigned fund balance requires the District's Board approval.

Due To/From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by funds affected in the period in which the transactions are executed.

Due From Other Governments

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences

The District's employees accumulate annual leave based on the number of years of continuous service. Upon termination of employment, employees can receive payment of accumulated annual leave if certain criteria are met. The costs of accumulated annual leave benefits (compensated absences) are expended in the respective operating funds when payments are made to employees. However, the liability for all accrued vacation and personal leave benefits is recorded in the government-wide Statement of Net Position.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because, at present, it is not necessary in order to assure effective budgetary control or to facilitate effective cash planning and control.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Interfund Transactions

The District considers interfund receivables (due from other funds) and interfund payables (due to other funds) to be loan transactions to and from other funds to cover temporary (three months or less) cash needs. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing funds and as reduction of expenditures/expenses in the fund that is reimbursed. Such amounts are eliminated in the Government-wide Financial Statements.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 23 of 69

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Subsequent Events

Subsequent events have been evaluated through April 24, 2015, which is the date the basic financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the primary government (exclusive of the Firefighters' Pension Trust Fund) were \$10,849,130, of which \$205,648 was restricted. Total cash and cash equivalents included cash on hand of \$1,150 at September 30, 2014.

Deposits

The District's deposit policy allows deposits to be held in demand deposit, money market accounts and the Florida State Board of Administration - Local Government Surplus Trust Fund (SBA). All District depositories are institutions designated as qualified depositories by the State Treasurer at September 30, 2014.

The District adheres to GASB Statement Number 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." Under this Statement, the District has elected to show all investments at fair value, with the exception of the Local Government Surplus Funds Investment Pool Fund PRIME (State Board of Administration), an external 2a7 - like investment pool. The Local Government Surplus Funds Investments Pool Trust Fund's shares are stated at amortized cost, which approximates fair value. These investments are subject to the risk that the market value of an investment, collateral protecting a deposit or securities underlying a repurchase agreements, will decline.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 24 of 69

NOTE B - CASH AND CASH EQUIVALENTS, CONTINUED

Deposits, continued

Deposits consist of the following at September 30, 2014:

| <u>District</u> | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|-------------------------------------|-----------------------------------|--------------------------------|
| Unrestricted | | |
| <u>General Fund</u> | | |
| Depository Accounts | \$ 1,955,709 | \$ 2,184,334 |
| Money Market | 8,685,983 | 8,685,983 |
| SBA - Prime | 640 | 640 |
| Total General Fund | <u>\$ 10,642,332</u> | <u>\$ 10,870,957</u> |
| Restricted | | |
| <u>General Fund</u> | | |
| Depository Accounts | \$ - | \$ - |
| <u>Special Revenue Funds</u> | | |
| Impact Fee | | |
| Depository Accounts | 68,237 | 68,237 |
| Inspection Fee | | |
| Depository Accounts | 137,411 | 137,411 |
| Total Special Revenue Funds | <u>205,648</u> | <u>205,648</u> |
| Total Restricted Funds | <u>\$ 205,648</u> | <u>\$ 205,648</u> |

The District's deposits were entirely covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act (Florida Statute 280) of the State of Florida except for the \$640 held in the SBA. Bank balances approximate market value.

The District held no other types of deposits during the year ended September 30, 2014. The local Government Surplus Funds Trust Fund is not required to be categorized because the investments are not evidenced by securities that exist in physical or book entry form.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 25 of 69

NOTE B - CASH AND CASH EQUIVALENTS, CONTINUED

Restricted Cash and Equivalents

The following is a brief description of the restrictions on cash and cash equivalents:

The Impact Fee account is used to account for the deposit of impact fees received and is restricted for certain capital asset acquisition associated with growth within the District. Impact fees are collected by Collier County for the District pursuant to County ordinance and District resolution.

The Inspection Fee account is used to account for inspection fees collected by the District for performing new construction fire inspections within the District. Such revenue is restricted for inspection service related costs.

NOTE C - INVESTMENTS

District - Investments

Investments of the District (primary government) (exclusive of the Firefighters' Pension Trust Fund) was \$3,000,090 (market value) and \$3,000,090 (bank balance) at September 30, 2014 and consisted of a certificate of deposit which was designated as a public fund with a qualified public depository, and was, therefore, entirely collateralized pursuant to the Public Depository Security Act (Florida Statute 280) of the State of Florida.

Firefighters' Pension Plan - Investments

Investments held in the Firefighters' Pension Trust Fund totaled \$48,290,003 (including \$1,902,216 in cash and cash equivalents, \$8,941,510 in mutual funds, \$22,307,775 in equity securities, \$11,795,552 in fixed income securities, and \$3,342,950 in real estate) at September 30, 2014. Such investments are administered in accordance with Firefighters' Pension Board policy. This policy provides for investments in cash and cash equivalents, money markets, mutual funds, equities, treasury notes, federal agency guaranteed securities, corporate bonds, notes and/or equities and real estate.

NOTE C - INVESTMENTS, CONTINUED

Firefighters' Pension Plan - Investments, continued

The Firefighters' Pension Trust Fund accounts for resources held to fund the respective firefighter employee pension benefits.

The Firefighters' Pension Trust Fund investments were held by a financial and investment institution and are subject to certain insurances up to limits specific to the trustee/custodian institution and retirement trust funds. These assets are subject to loss of principal.

Investment Authorization:

The Plan's investment policy is determined by the Plan's Board of Trustees. The policy has been designed by the Board to conduct the operations of the Plan in a manner so that the assets will provide the pension and other benefits provided under applicable laws. As such, the policy is designed by the Board to maximize the Plan's asset value, while assuming risk that is consistent with the Board's risk tolerance. The Trustees are authorized to acquire and retain every kind of property (real, personal or mixed) and every kind of investment specifically including, but not by way of limitation, money markets, mutual funds, bonds, debentures, stocks (preferred or common) and other corporate obligations. Investments are carried at fair value at September 30, 2014. Interest and dividend revenues are recorded as earned. Purchases and sales of investments are recorded on the trade-date basis.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in fiduciary net position along with gains and losses realized on sales of investments.

Given the inherent nature of investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported (loss of principal) in the statement of fiduciary net position.

Investment in all equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 80% (at market) of the Plan's total asset value. The equity position in any one company shall not exceed 5% of the Plan's total assets at market. Investments in stock of foreign companies shall be limited to 25% of the value of the Plan's total assets at market.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 27 of 69

NOTE C - INVESTMENTS, CONTINUED

Firefighters' Pension Plan - Investments, continued

Investment Authorization, continued:

The fixed income portfolio shall be comprised of securities with a quality rating of investment grade or higher by a major rating service. Except for Treasury and Agency obligations, the debt portion of the Fund shall contain no more than 3% of a given issuer irrespective of the number of differing issues.

The current target allocation of these investments at market is as follows:

| <u>Authorized Investments</u> | <u>Investment Policy -Target Allocation %</u> |
|-----------------------------------|---|
| Fixed Income | 20-40% |
| Domestic Equities | 35-55% |
| International Equities | 10-25% |
| Real Estate | 0-15% |
| International Fixed Income | 0-10% |
| Cash and Cash Equivalents | N/A |

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Plan's fixed income investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investment by maturity at September 30, 2014:

| <u>Investment Maturities (in years)</u> | | | | | |
|---|----------------------|--------------------|---------------------|---------------------|---------------------|
| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less than 1</u> | <u>1 to 5</u> | <u>6 to 10</u> | <u>More than 10</u> |
| Corporate bonds | \$ 6,893,105 | \$ 295,989 | \$ 2,647,058 | \$ 2,388,545 | \$ 1,561,513 |
| Mutual funds | 2,307,765 | - | 1,178,807 | 849,027 | 279,931 |
| U.S. Agencies | 3,506,133 | - | - | - | 3,506,133 |
| U.S. Treasuries | 1,396,314 | - | 1,166,712 | - | 229,602 |
| | <u>\$ 14,103,317</u> | <u>\$ 295,989</u> | <u>\$ 4,992,577</u> | <u>\$ 3,237,572</u> | <u>\$ 5,577,179</u> |

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 28 of 69

NOTE C - INVESTMENTS, CONTINUED

Firefighters' Pension Plan - Investments, continued

Credit Risk:

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Plan's investment policy utilizes portfolio diversification in an effort to mitigate this risk.

The following table discloses credit rating by fixed income investment type at September 30, 2014, if applicable:

| | Fair Value | Percentage of Portfolio | |
|---|---------------|----------------------------|---|
| U.S. government guaranteed* | \$ 4,902,447 | 10.15 | % |
| Quality rating of credit risk debt securities | | | |
| A | \$ 636,482 | 1.32 | % |
| A1 | 703,203 | 1.46 | |
| A2 | 843,070 | 1.75 | |
| A3 | 1,006,420 | 2.08 | |
| Aa | 391,397 | 0.81 | |
| Aa1 | 19,668 | 0.04 | |
| Aa2 | 746,162 | 1.55 | |
| Aa3 | 237,086 | 0.49 | |
| Aaa | 1,925,264 | 3.99 | |
| B | 179,083 | 0.37 | |
| Baa1 | 1,588,751 | 3.29 | |
| Baa2 | 1,074,187 | 2.22 | |
| Baa3 | 189,813 | 0.39 | |
| BB | 211,853 | 0.44 | |
| BBB | 570,018 | 1.18 | |
| Unrated | 3,780,860 | 7.83 | |
| Total credit risk debt securities | \$ 14,103,317 | 39.36 | % |

* Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Concentration of Credit Risk:

The investment policy of the Plan contains limitations on the amount that can be invested in any one equity issuer as well as maximum portfolio allocation percentages. There were no individual equity investments that represented 5% or more of Plan net position at September 30, 2014. In addition, the Plan contains limitations on the amount that can be invested in any one debt issuer, except for the debt securities issued by the U.S. Government. There were no investments in non-U.S. Government debt securities that represented 10% or more of Plan net position at September 30, 2014.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 29 of 69

NOTE C - INVESTMENTS, CONTINUED

Firefighters' Pension Plan - Investments, continued

Custodial Credit Risk:

This is the risk that in the event of the failure of the counterparty, the plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. Consistent with the Plan's investment policy, the investments are held by Plan's custodial bank and registered in the Plan's name.

Foreign Currency Risk:

This is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than US Dollars and the carrying value of foreign investments. The Plan's exposure to foreign currency risk is derived mainly from its investments in international equity and fixed income funds. The Plan owns shares in international equity funds and does not own the individual securities. The investment policy limits the foreign investments to no more than 25% of the Fund's investment balance in equities and no more than 10% in fixed income. As of September 30, 2014, the foreign investments in these investment types were 17% and 6% of foreign equities and fixed income, respectively, of total investments which was in compliance with Board policy. The Plan's exposure to foreign currency risk related to foreign equity funds is as follows:

| | Fair Value | Percentage of Portfolio |
|---|---------------|----------------------------|
| International equity funds and fixed income (bonds) | \$ 9,613,556 | <u>20%</u> |

NOTE D - DUE TO/FROM OTHER FUNDS

Interfund receivables and payables at September 30, 2014, are as follows:

| Fund | Due from Other Funds | Due to Other Funds |
|-----------------------------|-------------------------|-----------------------|
| General Fund: | | |
| Impact Fee Fund | \$ 106,154 | \$ 686,011 |
| Inspection Fee Fund | 558,820 | 310,201 |
| Total General Fund | 664,974 | 996,212 |
| Special Revenue Funds: | | |
| Impact Fee Fund | | |
| General Fund | 686,011 | 106,154 |
| Inspection Fee Fund | | |
| General Fund | 310,201 | 558,820 |
| Total Special Revenue Funds | 996,212 | 664,974 |
| Total | \$ 1,661,186 | \$ 1,661,186 |

Interfund receivables and payables were eliminated for presentation purposes in the Statement of Net Position at September 30, 2014.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 30 of 69

NOTE E - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2014:

| | Balance October 1 2013 | Increases/ Additions | Decreases/ Retirements | Adjustments/ Reclassifications | Balance September 30 2014 |
|--|------------------------------|-------------------------|---------------------------|-----------------------------------|---------------------------------|
| Capital Assets Not Being Depreciated: | | | | | |
| Land | \$ 11,182,814 | \$ - | \$ - | \$ - | \$ 11,182,814 |
| Construction in progress | <u>1,139,550</u> | <u>2,251,558</u> | <u>-</u> | <u>-</u> | <u>3,391,108</u> |
| Total Capital Assets Not Being Depreciated | <u>12,322,364</u> | <u>2,251,558</u> | <u>-</u> | <u>-</u> | <u>14,573,922</u> |
| Capital Assets Being Depreciated: | | | | | |
| Assets held under capital lease | 160,240 | - | - | - | 160,240 |
| Buildings | 12,436,327 | 148,744 | (4,621) | - | 12,580,450 |
| Office equipment | 673,397 | 16,767 | (4,764) | - | 685,400 |
| Vehicles | 7,810,807 | 56,614 | (23,190) | - | 7,844,231 |
| Equipment & machinery | <u>3,208,876</u> | <u>554,868</u> | <u>(225,020)</u> | <u>-</u> | <u>3,538,724</u> |
| Total Capital Assets Being Depreciated | <u>24,289,647</u> | <u>776,993</u> | <u>(257,595)</u> | <u>-</u> | <u>24,809,045</u> |
| Less Accumulated Depreciation: | | | | | |
| Assets held under capital lease | (11,128) | (26,707) | - | - | (37,835) |
| Buildings | (4,966,295) | (396,147) | 4,621 | - | (5,357,821) |
| Office equipment | (555,884) | (54,293) | 3,469 | - | (606,708) |
| Vehicles | (5,698,320) | (450,443) | 21,994 | - | (6,126,769) |
| Equipment & machinery | <u>(2,120,092)</u> | <u>(281,428)</u> | <u>196,047</u> | <u>-</u> | <u>(2,205,473)</u> |
| Total Accumulated Depreciation | <u>(13,351,719)</u> | <u>(1,209,018)</u> | <u>226,131</u> | <u>-</u> | <u>(14,334,606)</u> |
| Total Capital Assets being Depreciated, Net | <u>10,937,928</u> | <u>(432,025)</u> | <u>(31,464)</u> | <u>-</u> | <u>10,474,439</u> |
| Capital Assets, Net | <u>\$ 23,260,292</u> | <u>\$ 1,819,533</u> | <u>\$ (31,464)</u> | <u>\$ -</u> | <u>25,048,361</u> |
| | | | | Less: Capital Lease Payable | <u>(111,551)</u> |
| | | | | Net investment in capital assets | <u>\$ 24,936,810</u> |

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 31 of 69

NOTE E - CAPITAL ASSETS ACTIVITY, CONTINUED

Depreciation expense was charged to the following functions during the year ended September 30, 2014:

| | <u>Amount</u> |
|----------------------------|--------------------|
| General Government | |
| Total Depreciation Expense | <u>\$1,209,018</u> |

NOTE F - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2014:

| | Balance October 1 2013 | Additions | Retirements And Adjustments | Balance September 30 2014 | Amounts Due Within One Year |
|-----------------------------|------------------------------|-------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Net OPEB obligation | \$ 923,308 | \$ 201,897 | \$ - | \$ 1,125,205 | \$ - |
| Capital Lease | 143,866 | - | (32,315) | 111,551 | 32,315 |
| Termination Benefits ERIP 2 | 47,483 | - | (47,483) | - | - |
| Compensated Absences | <u>1,920,750</u> | <u>-</u> | <u>(352,149)</u> | <u>1,568,601</u> | <u>-</u> |
| | <u>\$ 3,035,407</u> | <u>\$ 201,897</u> | <u>\$ (431,947)</u> | <u>\$ 2,805,357</u> | <u>\$ 32,315</u> |

The following is a summary of long-term obligations at September 30, 2014:

| | <u>Amount</u> |
|---|---------------|
| Net OPEB obligation. Cumulative difference between annual OPEB cost and District payments toward the cost of post employment benefits other than pensions since GASB No. 45 transition date of October 1, 2009. | \$1,125,205 |
| \$160,240 capital lease payable of a chest compression system to financial institution over a 60 month period ending March 2018 in equal payments of \$2,671 at a zero stated interest rate. | 111,551 |

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 32 of 69

NOTE F - LONG-TERM OBLIGATIONS, CONTINUED

Non-current portion of compensated absences. Employees of the District are entitled to paid vacation based on length of service and job classification.

1,568,601
\$ 2,805,357

Interest expense for the year ended September 30, 2014, was \$0.

NOTE G - RETIREMENT PLANS

The following three retirement plans have been established by the District:

- Plan 1 - Florida Retirement System (FRS)
- Plan 2 - Firefighters' Pension Trust Fund (Florida Statute 175)
- Plan 3 - 401(a) Plan

Employee participation in a specific plan is based on the respective employee's original hire date.

Plan 1 - Plan Description and Provisions - Florida Retirement System

All District certified firefighters employed prior to January 1, 1996 and all other District personnel (other than certified firefighters) including the Board of Commissioners, hired on or after January 1, 1996, are participants in the statewide Florida Retirement System (FRS) under the Authority of Article X, Section 14 of the State Constitution and Florida Statutes, Chapters 112 and 121. The FRS Plan (the "Plan") was noncontributory prior to July 1, 2011. Beginning July 1, 2011, FRS required a 3% of eligible compensation employee contribution for all classes of employees except for those enrolled in the DROP program, which requires no employee contribution. The FRS is totally administered by the State of Florida. The District contributed 100% of the required contributions for the years ended September 30, 2014, 2013 and 2012. The District's covered payroll for the years ended September 30, 2014, 2013 and 2012 was 4,360,282, \$4,285,887 and \$4,706,793, respectively. The District's contributions to the Plan for the years ended September 30, 2014, 2013 and 2012 was 689,716, \$573,479 and 556,815, respectively, which represents 16%, 13% and 12%, respectively, of covered payroll. Pension costs for the District ranged between 6.95% to 43.24% for the year ended September 30, 2014.

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System, continued

Employees, enrolled prior to July 1, 2011, who retire at or after age 62 with 6 years of creditable service (6 years for elected state officials), 6 years of senior management service and age 62, 6 years of special risk service and age 55, or 30 years of service (25 for special risk) regardless of age, are entitled to a retirement benefit, payable for life, equal to 1.6% to 3.0% per year of creditable service, depending on the class of employee (regular, special risk, etc.) based on average final compensation of the five (5) highest fiscal years' compensation. Benefit cannot exceed 100% of average final compensation.

Employees, enrolled on or after July 1, 2011, who retire at or after age 65 with 8 years of creditable service, 8 years of senior management service and age 65, 8 years of special risk service and age 60, or 33 years of service (30 for special risk) regardless of age, are entitled to a retirement benefit, payable for life, equal to 1.6% to 3.0% per year of creditable service, depending on the class of employee (regular, special risk, etc.) based on average final compensation of the eight (8) highest fiscal years' compensation. Benefit cannot exceed 100% of average final compensation.

Benefits vest after six years of creditable service for those enrolled prior to July 1, 2011, and after eight years for those enrolled on or after July 1, 2011. Vested employees may retire anytime after vesting and incur a 5% benefit reduction for each year prior to normal retirement age.

Early retirement, disability, death and survivor benefits are also offered. Benefits are established by State Statute. The Plan provides for a constant 3% cost-of-living adjustment for retirees for service earned prior to July 1, 2011.

The Plan also provides several other Plan and/or investment options that may be elected by the employee. Each offers specific contribution and benefit options. The Plan documents should be referenced for complete detail.

Description of Funding Policy - This is a cost sharing, multi-employer defined benefit plan available to governmental units within the State. Actuarial information with respect to an individual participating entity is not available. Participating employers are required, by Statute, to pay monthly contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due.

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System, continued

Trend Information - A copy of the FRS's June 30, 2014 annual report can be obtained by writing the Florida Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (850) 488-5706.

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund

The following brief description of the North Naples Fire Control and Rescue District Firefighters' Pension Plan (the "Plan") is provided for general information purposes only. Participants should refer to the plan agreement for a more complete description of the Plan. On July 11, 1996, under the authority of Florida Statute 175 and Laws of Florida, Chapter 95-338, the District's Board of Commissioners passed Resolutions 96-004 and 96-005, providing for the establishment and funding of a single employer defined benefit retirement plan and trust for newly hired fire suppression personnel. The resolutions establish that certified firefighters hired on or after January 1, 1996 are to become participants in the District's Firefighters' Pension Trust Fund. The Plan is totally administered, including all investment management, by a third party administrator and the Plan's appointed Pension Board.

During the year ended September 30, 2009, the Plan adopted Governmental Accounting Standards Board (GASB) Statement Number 50 "Pension Disclosures" (GASB 50) which amends GASB Statements Number 25 "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", and Number 27 "Accounting for Pensions by State and Local Government Employers". GASB 50 requires disclosure in the notes to the financial statements of pension plans and certain employer governments of the current funded status of the plan and other actuarial information. The adoptions of GASB 50 had an impact on the presentation of the notes to the financial statements but had no impact on the Plan's net position held for Plan benefits.

Effective October 1, 2011, employee participants were required to contribute 3% (similar to FRS) of compensation (an increase from .5% of compensation) per Resolution 11-031.

During the years ended September 30, 2014, 2013, and 2012, there were employee

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, continued

contributions in the amounts of \$263,115, \$252,053, and \$246,691, respectively, to the plan. The employer contributed 100% of its required contributions, as well as those required contributions of the participating firefighters (0.5% pick-up).

The Plan provides for full-time firefighting personnel to become eligible to participate in the Plan immediately upon hire. Under District resolution 96-005, the District elected to pay the 0.5% (1% prior to December 9, 2004) employee required contribution on behalf of the employee. Effective December 9, 2004 the employee contribution was reduced to 0.5% (employee pick up). Effective July 1, 2001 (per resolution 01-01), benefits under the Plan vest after six years of creditable service. Employees who elect normal retirement at or after age 55 with 6 years of creditable service, or 25 years of service regardless of age, are entitled to a retirement benefit. Effective October 1, 2011, required employee contributions increased to 3% of compensation. Employees may elect early retirement after 6 years of creditable service with a reduction in benefit not to exceed 3% for each year before normal retirement. The Plan also includes certain disability and death benefits.

Contributions - Contributions to the Plan are derived from three sources: the plan's participants are required to contribute to the plan in the amount of 3% of their covered wages and pursuant to resolution 11-031 the District has elected to increase the affected employees' salary by 0.5% (employer pick-up), State funds (fire [hazard] insurance premium tax per Florida Statute Chapter 175) and employer (remaining amount necessary to meet actuarial requirement). For the period from January 1, 1996 through September 30, 1996, no employer contributions were required. Employer contributions were required beginning October 1, 1996. The State contributions under Chapter 175 began in June 1997. This revenue is based on property fire insurance premiums paid within the District and is applied up to an approved "frozen" limit of \$1,746,716. The District (employer) is required to fund the difference each year between the total contributions from all other sources for the year and the total cost for the year pursuant to the most recent actuarial valuation of the Plan. The total cost for any year equals total normal cost plus the additional amounts sufficient to amortize the unfunded past service liability over a 30 year period commencing the first year of the Plan's inception.

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, continued

Pursuant to the actuarial study dated October 1, 2013, the District's fiscal year 2014 contribution (District only) requirement was 36.02% of the actuarially determined covered payroll. Actual District contributions to the Plan for the year ended September 30, 2014, were \$1,518,926. The State contributions for the year ended September 30, 2014 were \$1,377,098. Employees contributed (3%) \$263,115 to the Plan for the year ended September 30, 2014. At October 1, 2014, \$49,189,571 the Plan's total net position was restricted for retiree benefits.

Pension Benefits - Effective July 1, 2001, employees with 6 or more years of service are entitled to monthly pension benefits, beginning at the earlier of age 55 with 6 years of credited service or 25 years credited service regardless of age. Benefit is equal to 3.53% of their average final compensation (AFC) times credited service prior to October 1, 2010 plus 3% of average final compensation times credited service on and after October 1, 2010. AFC means the average of the highest five (5) years within the last ten (10) years of service. Maximum benefit is 100% of AFC. The plan permits early retirement at age 50 with 6 years of credited service. Employees may elect to receive their pension benefits in the form of a 10 year certain and life annuity. If employees terminate before rendering 6 years of credited service, they forfeit the right to receive the portion of their accumulated plan benefits.

All retirement benefits are annually increased for cost of living at 3%.

Death and Disability Benefits - Upon the death of any vested member, whether or not still in active employment, a survivor benefit is payable to the beneficiary starting when the member would have reached retirement age. The benefit is equal to the vested pension benefit and is payable for 10 years. A spousal and/or minor benefit is provided for line of duty death equal to a minimum of one half of the members salary for life (spouse) or age 18 (child).

Employees who become totally disabled with at least 8 years of credited service receive the greater of the accrued pension benefit or 25% of AFC, if non-service incurred, or 42% of AFC, if active service incurred. Effective December 9, 2004, the active service related benefit was increased to 65%.

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, continued

Supplemental Benefits - Effective December 31, 2004, each service and disability retiree and their joint pensioners or beneficiaries and vested terminated members shall receive a supplemental payment to be used as a health insurance subsidy payment. The amount shall be five dollars (\$5) for each full year of credited service for life. The maximum monthly supplement is one hundred fifty dollars (\$150) and the minimum thirty dollars (\$30).

DROP - Effective December 12, 2013, Resolution 13-034 was adopted, which established a Deferred Retirement Option Plan "DROP". An "eligible participant" of the pension plan, which is defined as an individual currently on full-time work status, may elect to participate in the DROP on the first day of the month coincident with or next following either, attainment of age fifty-five (55) and the completion of ten (10) years of credited service, or the completion of twenty-five (25) years of credited service, which date shall constitute the "initial date of eligibility". An eligible participant electing to participate in DROP must complete and execute such forms as may be required by the District and supplied by the Board of Trustees not less than thirty (30) days prior to entering the DROP. The forms shall include, but not limited to, an irrevocable letter of resignation effective no later than the conclusion of the maximum period of DROP participation. Election into the DROP is irrevocable provided there shall be no minimum period of participation; however in the event of a voluntary termination prior to the maximum period, any DROP participant termination prior to such maximum DROP period shall submit a written notice at least thirty (30) days prior to such early termination of DROP participation.

An eligible participant may elect to participate in the DROP only once. After commencement of participation in DROP, a participant shall no longer earn, accrue or purchase additional service credits towards retirement benefits or later enhancements to the firefighters' pension plan.

Upon the effective date of an eligible participant's participation in DROP, all contributions by and on behalf of the participant to the plan shall be discontinued. For all plan purposes, service and vesting credits of an eligible participant electing DROP shall be fixed as of the effective date of commencement of DROP participation. Any services as a firefighter after entry into DROP shall not be used

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, continued

for calculation or determination of benefits payable by the pension plan. The average final compensation of a participant, as defined in this plan shall be determined as of the effective date of commencement of DROP participation and other subsequent earnings shall not be used for calculation or determination of benefits payable by the pension plan.

Income Recognition - Interest income is recorded on the accrual basis. Investments are reported at market value. Short-term investments are reported at cost, which approximates market value.

Actuarial Present Value of Accumulated Plan Benefits - Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' age at entry to the Plan and are based upon the current starting salary for firefighters at entry level. Benefits payable under all circumstances, retirement, death, disability and termination of employment, are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of October 1, 2010 were (a) life expectancy of participants - RP 2000 (combined healthy, sex distinct) Mortality Table was used, (b) retirement age assumptions (the assumed average retirement age was 55), and (c) annual investment return of 8%. The October 1, 2012 actuarial valuation reflected assumed average rates of return of 8%. The foregoing actuarial assumptions are based on the presumption that the Plan

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 39 of 69

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, continued

will continue. If the Plan terminated, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Payment of Benefits - Benefit payments to participants are recorded upon distribution. The District contributed 100% of the required contributions. A summary of certain Plan details and trend information is included below.

A copy of the Plan and Plan audit for September 30, 2014 can be obtained by writing to the District at 1885 Veterans Park Drive, Naples, Florida 34109-0492, or by calling (239) 597-3222.

The following is a summary of the Single Employer-Defined Benefits Plan (Florida Statutes Chapter #175), including funding policies, contribution methods, benefit provisions and trend information:

| | Firefighters' Pension Trust Fund - Plan 2 |
|---|---|
| Year established and governing authority | District Resolution 96- 004 (July 11, 1996) |
| Governing body | Board of Trustees of Plan |
| Determination of contribution requirements: | Actuarially determined |
| Employer (District) | Amount required in excess of Member and applicable State contributions needed in order to pay current costs and amortize any unfunded past service cost over 30 years |
| Plan members | 3.0% of covered payroll |

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 40 of 69

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, continued

| | Firefighters' Pension Trust Fund - Plan 2 |
|--|---|
| Funding of administrative costs | Employer |
| Period required to vest | 6 years |
| Annual salary increase | 6% |
| Post retirement benefit increase | Cost of living increase of 3% each year |
| Eligibility for distribution (Normal retirement) | Earlier of 55 with 6 years of credited service or 25 years credited service regardless of age |
| Provisions for: | |
| Disability benefits | Yes |
| Death benefits | Yes |
| Early retirement | Yes |
| Assumed inflation | Actuarial cost method 3% |

Net Pension Liability of the Fund - The components of the net pension liability of the District at September 30, 2014:

| | Amount |
|--|---------------------|
| Total pension liability | \$ 47,467,581 |
| Plan fiduciary net position | (49,189,564) |
| District's net pension asset | <u>\$ 1,721,983</u> |
| Plan fiduciary net position as a percentage of the total pension asset | 104% |

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 41 of 69

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, continued

Rate of Return Sensitivity Analysis -

| | 1% Decrease (7.0%) | Current Discount Rate | 1% Increase (9.0%) |
|-------------------------------|-----------------------|--------------------------|--------------------|
| Net pension liability (asset) | \$ 6,144,253 | \$ (1,721,983) | \$ (8,155,341) |

Memberships of the Plan consisted of the following at September 30, 2014:

| | Firefighters' Pension Trust Fund - Plan 2 |
|--|--|
| Active plan participants | 109 |
| Retirees and beneficiaries receiving benefits | <u>3</u> |
| Total | <u>112</u> |
| Number of participating employers | <u>1</u> |
| Number of participating state agencies | <u>1</u> |

Annual Pension Cost, Net Pension Obligation and Reserves

Current year annual pension costs for the Firefighters' Pension Trust Fund are shown in the trend information provided. The Firefighters' Pension Trust Fund had a net unfunded actuarial accrued liability (asset/over funded) at October 1, 2014 of (\$1,721,983).

The Plan assets are legally reserved for the payment of the respective plan member benefits within the Plan. There are no assets legally restricted for plan benefits other than these assets within the Plan. The Firefighters' Pension Trust Fund held certain investments at year end.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 42 of 69

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund,
continued

Trend Information

| Firefighters' Pension Trust Fund | | | | | | | |
|----------------------------------|--|--------------------------------------|-----------------------------------|-------------------------------------|------------------------|---------------------------|---------------------------------------|
| Fiscal Year | Total (1) Required Annual Pension Contribution | Actual Contributions | | State (2) Frozen Contribution | Actual Contribution | Percentage Contributed | Net Pension Obligation (NPO) |
| | | District Required Contribution | State Required Contribution | | | | |
| 2014 | \$ 2,896,024 | \$ 1,518,926 | \$ 1,377,098 | \$1,746,716 | \$ 2,896,024 | 104% | - |
| 2013 | \$ 3,386,733 | \$ 2,127,828 | \$ 1,314,064 | \$1,746,716 | \$ 3,441,892 | 102% | - |
| 2012 | \$ 3,283,811 | \$ 2,166,246 | \$ 1,214,214 | \$1,746,716 | \$ 3,380,454 | 103% | - |
| 2011 | \$ 3,473,598 | \$ 2,333,799 | \$ 1,139,799 | \$1,746,716 | \$ 3,626,125 | 104% | - |
| 2010 | \$ 3,190,997 | \$ 2,170,443 | \$ 1,020,554 | \$1,746,716 | \$ 3,200,901 | 100% | - |
| 2009 | \$ 2,796,158 | \$ 1,756,228 | \$ 1,039,931 | \$1,746,716 | \$ 3,079,738 | 110% | - |
| 2008 | \$ 2,211,933 | \$ 1,009,715 | \$ 1,485,798 | \$1,485,798 | \$ 2,495,513 | 113% | - |
| 2007 | \$ 2,132,248 | \$ 2,019,430 | \$ 1,390,449 | \$ 112,818 | \$ 2,132,248 | 100% | - |
| 2006 | \$ 1,178,959 | \$ 1,066,141 | \$ 733,516 | \$ 112,818 | \$ 1,178,959 | 100% | - |
| 2005 | \$ 1,000,009 | \$ 887,191 | \$ 608,709 | \$ 112,818 | \$ 1,000,009 | 100% | - |

- (1) The District considers its annual pension cost to be its actuarially determined required annual pension contribution including the employer and state contribution.
(2) The Plan's State frozen limit for 2014, 2013 and 2012 was \$1,746,716.

Pension Trust Required Supplementary Information

Schedule of Funding Progress Firefighters' Pension Plan:

| Actuarial Valuation Date | Actuarial Value of Assets (AVA) (a) | Actuarial Accrued Liability (AAL) -Entry Age (b) | Unfunded Actuarial Accrued Liability (UAAL) (b-a) | Funded Ratio (a/b) | Annual Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c |
|--------------------------------|---|--|--|--------------------------|-------------------------------------|---|
| | | | | | | |
| 10/01/14 | \$49,189,571 | \$47,467,581 | \$(1,721,990) | 103.6% | \$ 8,770,495 | -19.6% |
| 10/01/13 | \$42,143,137 | \$41,366,768 | \$ (776,369) | 101.9% | \$ 9,092,235 | -8.5% |
| 10/01/12 | \$33,983,491 | \$33,924,855 | \$ (58,636) | 100.2% | \$ 8,254,150 | -0.7% |
| 10/01/11 | \$26,196,164 | \$26,153,965 | \$ (42,199) | 100.2% | \$ 8,291,830 | -0.5% |
| 10/01/10 | \$22,990,534 | \$23,284,830 | \$ 294,296 | 98.7% | \$ 7,737,940 | 3.8% |
| 10/01/09 | \$17,833,111 | \$18,108,267 | \$ 275,156 | 98.5% | \$ 7,522,834 | 3.7% |
| 10/01/08 | \$16,719,426 | \$16,890,153 | \$ 170,727 | 99.0% | \$ 7,082,194 | 2.4% |
| 10/01/07 | \$12,904,948 | \$12,884,785 | \$ (20,163) | 100.2% | \$ 7,276,954 | -0.3% |
| 10/01/06 | \$ 8,572,161 | \$ 9,025,001 | \$ 452,840 | 95.0% | \$ 5,960,908 | 7.6% |
| 10/01/05 | \$ 6,322,176 | \$ 6,783,798 | \$ 461,622 | 93.2% | \$ 3,815,952 | 12.1% |

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 43 of 69

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, continued

| | Firefighters' Pension Trust Fund |
|--|-------------------------------------|
| Valuation date | 10/01/13 |
| Actuarial cost method | Frozen Entry Age |
| Amortization method | Level dollar, closed |
| Mortality table | RP2000 |
| Remaining amortization period | 27 years (as of 10/1/13) |
| Actuarial asset valuation method | Market |
| Actuarial assumptions: | |
| Investment rate | 8% |
| Projected salary increase* | 6% |
| *Includes inflation at | 3% |
| Post retirement cost of living adjustment | 3% |

Plan 3 - Plan Description and Provisions - 401(a)

The Board of Fire Commissioners established the 401(a) Plan for the general employees and elected officials who are ineligible to participate in the Florida Retirement System. The Plan was effective on January 1, 2013. At September 30, 2014, the Plan had three (3) active participants.

The plans allows for employer contributions. Amounts contributed by the employer correspond to the percentage of contributions by class, established for participants of the Florida Retirement System. Employee contributions are prohibited.

Employer contributions are 100% vested after completion of one year of service. A year of service is based on an employee completing at least 1,000 hours of service during a plan year.

Total District contributions to the Plan for the year ended September 30, 2014 were \$4,459.

**NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(OPEB)**

The District formally established two (2) OPEB Plans to provide its retirees the opportunity to obtain insurance (health and life) benefits. The year ended September 30, 2010, was the District's transition year. As such, the District implemented GASB No. 45 on a prospective basis. All retired full-time employees are eligible for OPEB benefits if actively employed by the District immediately before retirement. As such, active employees with at least twenty five (25) years of service as of September 30, 2010 were allowed to elect to remain in the Defined Benefit Plan or to enter the Post Employment Health Plan (PEHP), a defined contribution plan. All retirees and Early Retirement Incentive Program (ERIP) participants, who were eligible, remained in the Defined Benefit Plan. All other active employees at that time, September 30, 2010, as well as future employees entered the PEHP.

The benefits are provided both with and without contractual or labor agreements. The benefits may require contribution from the retirees, depending on certain specified criteria and, in particular, length of creditable employment. The District finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time the premiums are due for both Plans.

Defined Benefit Plan

Specifically, the Defined Benefit Plan provides that the District will pay a portion of medical and dental premiums for retirees depending on their years of credited service starting with the completion of fifteen (15) years of credited service. As such, the District pays 50% of the employee's premium and 25% of the spouse's premium at completion of 15 years of service progressing to 100% of the employee's premium and 50% of the spouse's premium upon completion of 25 years of service. The District also pays the premium associated with a \$5,000 life insurance benefit.

During fiscal years 2009 and 2010, the District offered two (2) separate Early Retirement Incentive Programs (ERIP) to a number of active employees. A portion of the programs includes full payment of premiums associated with medical, dental, vision and life insurance coverage, including dependent coverage for a period of 3 years. After the 3 year period ends, the ERIP participants receive the Defined Benefit Plan benefits they had been eligible for at termination. During the year ended September 30, 2014, the District paid the final amounts due on the ERIP Plans.

**NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(OPEB), CONTINUED**

Defined Benefit Plan, continued

Note that the projected premiums for the dental, and life benefits are assumed to cover the entire cost of the program.

Post Employment Health Plan (PEHP)

The PEHP is a defined contribution plan administered by the District.

All employees who did not elect to remain in the Defined Benefit Plan, and all future active employees are participants in the PEHP.

Participants in the PEHP have \$7,000 deposited on their behalf into a trust account on the 20th anniversary of their date of hire and on each subsequent anniversary. Additionally, those participants who have over 20 years of credited service at their date of retirement also receive a \$30,000 deposit on their behalf at date of separation. Effective October 1, 2012, the Plan was changed to limit District contributions to \$50,000 per employee.

The PEHP is designed to offer similar benefits to those offered under the Defined Benefit Plan.

The District, as part of the PEHP, entered a group variable annuity contract. As such, the PEHP Plan's asset custodian and third party administrator is the insurance company through which the annuity is contracted.

General - Funding Policy

The District paid \$155,816 for retiree's and ERIP participants' health care premiums as part of the Defined Benefit Plan on a pay-as-you-go basis for the year ended September 30, 2014.

The District also contributed \$170,000 to the PEHP Plan for the year ended September 30, 2014.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 46 of 69

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), CONTINUED

General - Funding Policy, continued

No separate trust has been established for either Plan. No separate financial statement is issued for either OPEB Plan. All required disclosures are presented herein. The District obtained an actuarial valuation for its OPEB Plans to measure the current year's subsidies and project these subsidies into the future, making an allocation of that cost to different years. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Schedule of Funding Progress - Defined Benefit Plan

| (1) Actuarial Valuation Date | Actuarial Value of Assets (AVA) (a) | (2) Actuarial Accrued Liability (AAL) (b) | Unfunded | | Annual Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c |
|---------------------------------------|---|---|--|--------------------------|-------------------------------------|---|
| | | | Actuarial Accrued Liability (UAAL) (b-a) | Funded Ratio (a/b) | | |
| 10/01/13 | \$ - | \$ 3,477,741 | \$ 3,477,741 | 0.0% | \$ 328,225 | 1059.6% |
| 10/01/12 | \$ - | \$ 3,343,982 | \$ 3,343,982 | 0.0% | \$ 1,057,211 | 316.3% |
| 10/01/11 | \$ - | \$ 6,882,021 | \$ 6,882,021 | 0.0% | \$ 1,057,211 | 651.0% |

(1) - Initial actuarial valuation dated 10/1/09 (transition year)

(2) - The AAL reduction in 2012 was in part due to a change in certain actuarial assumptions but substantially due to consideration given to the fact the District is funding the PEHP.

Schedule of Contributions from Employer - Three Year Trend - Defined Benefit Plan

| Year Ended | Annual OPEB Cost | Expected | Actual | Percentage of | |
|---------------|---------------------|-----------------|-----------------|---------------------|------------------------|
| | | Cash Payment | Cash Payment | Annual OPEB Cost | Net OPEB Obligation |
| 09/30/14 | \$ 357,714 | \$ 69,781 | \$ 155,816 | 19.5% | \$ 1,125,205 |
| 09/30/13 | \$ 348,382 | \$ 64,612 | \$ 145,425 | 18.5% | \$ 923,308 |
| 09/30/12 | \$ 506,731 | \$ 308,114 | \$ 221,717 | 60.8% | \$ 639,538 |

Note: Actuarial projection for the PEHP is N/A

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 47 of 69

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(OPEB), CONTINUED

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost is the amount that was expensed in the current year. Since the District's Defined Benefit Plan is unfunded, the offset to that expense comes from subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the expected cash payment. The cumulative difference between the annual OPEB cost for the year and the expected cash payment is called the net OPEB obligation (NOO). The net OPEB obligation is reflected as a liability in the Statement of Net Position. The following table shows the components of the District's annual OPEB cost for the year and the net OPEB obligation.

Fiscal year ended September 30, 2014

| | Defined Benefit Plan | PEHP | Total |
|---|----------------------------|-------------|---------------------|
| Annual required contribution (ARC) | \$ 374,176 | \$ 170,000 | \$ 544,176 |
| Adjustment to ARC | (53,395) | - | (53,395) |
| Plus interest on NOO | 36,932 | - | 36,932 |
| Annual OPEB cost | 357,713 | 170,000 | 527,713 |
| Annual Net contribution made | (155,816) | (170,000) | (325,816) |
| Expected cash payment | (69,781) | (170,000) | (239,781) |
| Yearly change in OPEB obligation | 201,897 | - | 201,897 |
| Net OPEB obligation - beginning of year | 923,308 | - | 923,308 |
| Net OPEB obligation - end of year | <u>\$ 1,125,205</u> | <u>\$ -</u> | <u>\$ 1,125,205</u> |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funding status of a 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 about the future.

**NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(OPEB), CONTINUED**

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan 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 valuation of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2012 actuarial valuation, the Projected Unit Credit Unit cost method with linear pro-ration to assumed benefit commencement was used. The actuarial assumptions included a 4.0 percent investment rate of return. Since there are no invested plan assets held in trust to finance the Defined Benefit Plan - OPEB obligations, the investment return discount rate is the long-term expectation of investment return on assets held in District funds pursuant to its investment policy. The assumptions also included an annual healthcare cost trend based on a graded schedule beginning with 8.0 percent annually down to an ultimate rate of 5.0 percent annually at ten years out and later. The unfunded actuarial accrued liability is being amortized over an open period of 30 years as a level dollar amount. The funding method is the projected unit credit method as noted above.

NOTE I - RISK MANAGEMENT

During the year ended September 30, 2014, the District continued the use of a high deductible health plan offered to employees and retirees. The District does not offer vision coverage. The District also established a HSA plan for its employees. The District contributes \$5,000 for those eligible participants who have to meet the family deductible and \$3,000 for those eligible participants who have to meet the individual deductible to the HSA plan annually. Participants may also elect to contribute to the plan on a pre-tax basis. HSA amounts that are not utilized by the year end are carried over and are the property of the participant per IRS regulation.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 49 of 69

NOTE I - RISK MANAGEMENT, CONTINUED

The District incurred \$2,648,148 in claims, third party administration costs, premiums and reinsurance premiums including HSA contributions and workers compensation insurance during the fiscal year ending September 30, 2014, for the self-insurance and fully-funded insurance programs.

It is the policy of the District to purchase third party commercial insurance for other remaining forms of potential risks to which it is exposed. The District's risk management activities are reported in the General Fund. No accrual has been recorded for claims and incidents not reported to the insurer. The District had no significant reductions in insurance coverage from the prior year. Reported claims have not exceeded the insurance coverage for the years ended September 30, 2011 through September 30, 2014.

NOTE J - PROPERTY TAXES

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid taxes and must be sold not later than June 1 of each year. The billing, collection, and related record keeping of all property taxes is performed for the District by the Collier County Tax Collector. No accrual for the property tax levy becoming due in November 2014 is included in the accompanying basic financial statements, since such taxes are collected to finance expenditures of the subsequent period.

Procedures for collecting delinquent taxes, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2014, \$163,619 was recorded in the General Fund and was due from the Collier County Tax Collector to the District for ad valorem taxes and excess fees, and interest.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 50 of 69

NOTE J - PROPERTY TAXES, CONTINUED

Important dates in the property tax cycle are as follows:

| | |
|---|---|
| Assessment roll certified | July 1 |
| Millage resolution approved | No later than 93 days following certification of assessment roll. |
| Taxes due and payable (Levy date) | November/with various discount provisions through March 31. |
| Property taxes payable - maximum discount (4 percent) | 30 days after levy date |
| Beginning of fiscal year for which taxes have been levied | October 1 |
| Due date | March 31 |
| Taxes become delinquent (lien date) | April 1 |
| Tax certificates sold by the Collier County Tax Collector | Prior to June 1 |

For the year ended September 30, 2014, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$1.00 per \$1,000 (1.00 mill) of the 2013 net taxable value of real property located within the District.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 51 of 69

NOTE K - FUND BALANCE/NET ASSETS ALLOCATIONS

Fund Balance/Net Position were allocated for the following purposes at September 30, 2014:

| <u>Nonspendable</u> | <u>Amount</u> |
|--|----------------------|
| Nonspendable fund balance - General Fund prepaid expenses | <u>\$ 907,233</u> |
| <u>Assigned fund balance - General Fund</u> | <u>Amount</u> |
| General Fund - 2014 - Expenses - Oct - Dec | \$ 6,500,000 |
| General Fund - Minimum operating reserve per policy | 2,600,000 |
| General Fund - Health insurance claim reserve | 305,996 |
| General Fund - ALS | 29,679 |
| General Fund - Protective gear | 75,000 |
| General Fund - Vehicle replacement | 75,000 |
| General Fund - Fire equipment | 200,000 |
| General Fund - Emergency reserve | 1,254,629 |
| General Fund - Fire apparatus | 1,268,451 |
| General Fund - Community outreach | 3,500 |
| General Fund - Radio replacement | 22,000 |
| General Fund - Station improvements & equipment | 150,000 |
| General Fund - Station #46 improvements | 20,900 |
| Total General Fund | <u>\$ 12,505,155</u> |
| <u>Restricted Net Assets - Governmentwide</u> | <u>Amount</u> |
| Inspection Fee Fund | <u>\$ 9,070</u> |
| <u>Reserved Net Assets - Pension Trust</u> | <u>Amount</u> |
| Firefighters' Pension Fund-firefighters' retirement benefits | <u>\$ 49,189,571</u> |

NOTE L - IMPACT FEE FUND ACTIVITY

The District elected to waive assessment and collection of impact fees for the period of October 1, 2012 through September 30, 2013, in an effort to stimulate construction within the District. Effective October 1, 2013 the District re-instated the collection of impact fees at full rate.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 52 of 69

NOTE L - IMPACT FEE FUND ACTIVITY, CONTINUED

During the year ended September 30, 2014, the Impact Fee Fund had the following activity:

| | Amount |
|--------------------------------------|-------------|
| Unearned revenue, October 1, 2013 | \$ 519,725 |
| Impact fee receipts | 1,343,294 |
| Interest income | 1,301 |
| Operating fees - collection fees | (22,071) |
| Capital outlay | (2,400,079) |
| Transfers in | 557,830 * |
| Unearned revenue, September 30, 2014 | <u>\$ -</u> |

* Included in due from other funds.

NOTE M - TERMINATION BENEFITS

During the year ended September 30, 2010, the District offered an additional Early Retirement Incentive Package (ERIP2) to all sworn employees to reduce the long term operating expenses of the District. Eligible employees were allowed to make a one time irrevocable decision to accept the Early Retirement Incentive Package. The effective date, as selected by each employee, was to be no later than ninety (90) days after the employee's anniversary date occurring between August 31, 2010 and July 31, 2011.

The ERIP2 package offered one (1) year's base salary and professional pay incentives, and payout of the balance of accrued unused sick, vacation, and holiday pay where applicable. The ERIP2 package also allowed for the use of any unused personal time, provided the use of such time was completed prior to the commencement of the Early Retirement Incentive option, no later than ninety days after the employee's anniversary date, or no later than July 31, 2011, whichever was the earliest.

Additionally, each eligible employee that chose the ERIP2 option received the same health, vision and dental insurance benefits as bargaining unit employees for employee, spouse, and their dependents, for three (3) years from the beginning of the each employees' Early Retirement Incentive Package effective date. The District also continued to provide life insurance for the employee for twelve (12) months immediately following the employee's Early Retirement Incentive Package effective date.

NOTE M - TERMINATION BENEFITS, CONTINUED

Each eligible employee selecting the ERIP2 option could choose to receive the payout of the base salary and professional incentives in one (1) or two (2) lump sum payments, or to receive the amount incrementally over twenty four (24) pay periods. If the incremental payout was selected, the payment of the balance of accrued, unused sick, vacation, and holiday pay would be paid on the twenty fourth (24th) incremental payment or upon entry into the FRS DROP. If the lump sum payment option was chosen, the payment of the balance of the accrued unused sick, vacation, and holiday pay was paid on dates selected by each employee between their Early Retirement Incentive option effective date and July 31, 2011.

Employees selecting the incremental payout were also credited one (1) year of service to be included in the calculation of the retiree health insurance benefit pursuant to District Policy Section 14.05.

Employees selecting the incremental payout could, at anytime during the payment of the incremental pay periods, elect to receive the balance of payments due in one remaining lump sum. If such elections were made, at the time the lump sum payment was made, all further monies due to the employee were be paid.

As of September 30, 2010, no employees had elected to take the Early Retirement Incentive package.

During the year ended September 30, 2011, seven (7) District employees elected to accept the ERIP2 package. One (1) employee chose a single lump sum payment, two (2) chose two (2) lump sum payment, and the remaining four (4) chose to be paid incrementally over twenty-four (24) pay periods (twelve (12) months). The total cost of the ERIP2 benefits was estimated to be \$1,212,382 at September 30, 2011. Final payment of benefits relating to ERIP2 occurred during fiscal year ended September 30, 2014.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Page 54 of 69

NOTE N - COMMITMENTS AND CONTINGENCIES

The District is involved from time to time in certain routine litigation, the substance of which either as liabilities or recoveries, would not materially affect the financial position of the District. Although the final outcome of the lawsuits, assertions, and claims or the exact amount of costs and/or potential recovery is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a materially adverse affect on the financial condition of the District. As a general policy, the District plans to vigorously contest any such matters.

On January 8, 2014, the District entered into an agreement for the construction of a new fire station, Station #48. The contract was for \$4,050,521 which was subject to change. The balance remaining on the contract at September 30, 2014 was \$2,052,887. The cost of this project is to be financed through the use of impact fees and a short-term loan from the General Fund. The loan is to be repaid including interest of 2% by the Impact Fee Fund. The loan, due to its short term nature is recorded as due to the General Fund. This project is expected to be completed during the fiscal year ended September 30, 2015.

NOTE O - SUBSEQUENT EVENT

On February 6, 2014, the District entered into an Interlocal Agreement with Big Corkscrew Island Fire Control and Rescue District to merge the two districts. Each Board adopted a resolution identifying their intent to initiate the voluntary merger process pursuant to Florida Statute Chapter 189.074. The two Districts created a proposed Joint Merger Plan which was adopted by both Boards and ultimately put before the voters of each District by referendum. On November 4, 2014, voters from both districts approved the referendum to merge the two districts into one. On January 1, 2015, the North Collier Fire Control and Rescue District was officially formed by merging the two Districts. There is no affect from the merger reflected in these financial statements. Both Districts will have their individual financial activity audited for the period October 1, 2014 through December 31, 2014. The Districts will report as one District thereafter.

The North Collier Fire Control and Rescue District encompasses 264 square miles and includes the original boundaries of the two service delivery areas, the Big Corkscrew Island Service Delivery Area and the North Naples Service Delivery Areas.

**REQUIRED SUPPLEMENTARY
INFORMATION
OTHER THAN MD&A**

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
SUMMARY STATEMENT
Year Ended September 30, 2014

Page 55 of 69

| | General Fund | | | |
|--|--------------------|-------------------|----------------------|--|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | |
| Ad Valorem taxes | \$ 21,763,030 | \$ 22,238,965 | \$ 22,238,965 | \$ - |
| Intergovernmental revenue: | | | | |
| State firefighter supplement | - | - | 37,690 | 37,690 |
| Federal Grants | - | 183,796 | 183,796 | - |
| Charges for services | 734,000 | 192,731 | 286,373 | 93,642 |
| Miscellaneous: | | | | |
| Interest | 120,000 | 120,000 | 52,989 | (67,011) |
| Other | 272,517 | 272,517 | 221,500 | (51,017) |
| Subtotal - revenues | 22,889,547 | 23,008,009 | 23,021,313 | 13,304 |
| Cash brought forward | 12,325,401 | 13,254,283 | - | (13,254,283) |
| TOTAL REVENUES | 35,214,948 | 36,262,292 | 23,021,313 | (13,240,979) |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | | | | |
| Personnel services | 19,924,682 | 19,121,417 | 18,628,759 | 492,658 |
| Operating expenditures | 2,964,865 | 2,943,230 | 3,015,831 | (72,601) |
| Capital outlay | 695,166 | 669,166 | 628,472 | 40,694 |
| Debt service | | | | |
| Principal reduction | - | 32,315 | 32,315 | - |
| Interest and fiscal charges | - | - | - | - |
| Reserves | 11,630,235 | 13,496,164 | - | 13,496,164 |
| TOTAL EXPENDITURES | 35,214,948 | 36,262,292 | 22,305,377 | 13,956,915 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | - | 715,936 | 715,936 |
| OTHER FINANCING SOURCES AND USES | | | | |
| Proceeds from disposition of capital assets | - | - | - | - |
| Transfer out | - | - | (557,830) | (557,830) |
| TOTAL OTHER FINANCING SOURCES AND USES | - | - | (557,830) | (557,830) |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | \$ - | \$ - | 158,106 | \$ 158,106 |
| FUND BALANCE - Beginning | | | 13,254,282 | |
| FUND BALANCE - Ending | | | \$ 13,412,388 | |

The accompanying notes are an integral part of this statement.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - DETAILED STATEMENT
Year Ended September 30, 2014

Page 56 of 69

| | General Fund | | | |
|--------------------------------|-------------------|-------------------|-------------------|----------------------------|
| | Original | Final | | Variance |
| | Budget | Budget | Actual | Favorable (Unfavorable) |
| REVENUES | | | | |
| Ad Valorem taxes | \$ 21,763,030 | \$ 22,238,965 | \$ 22,238,965 | \$ - |
| Intergovernmental revenue: | | | | - |
| State firefighter supplement | - | - | 37,690 | 37,690 |
| Federal Grants | - | 183,796 | 183,796 | - |
| Charges for services | 734,000 | 192,731 | 286,373 | 93,642 |
| Miscellaneous: | - | | - | - |
| Interest | 120,000 | 120,000 | 52,989 | (67,011) |
| Other | 272,517 | 272,517 | 221,500 | (51,017) |
| Subtotal - revenues | 22,889,547 | 23,008,009 | 23,021,313 | 13,304 |
| Cash brought forward | 12,325,401 | 13,254,283 | - | (13,254,283) |
| TOTAL REVENUES | 35,214,948 | 36,262,292 | 23,021,313 | (13,240,979) |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | | | | |
| Personnel services: | | | | |
| Salaries | | | | |
| Firefighters & Admin. | 11,882,300 | 11,470,605 | 11,470,604 | 1 |
| Commissioners | 30,000 | 30,000 | 30,000 | - |
| Overtime | 556,487 | 483,824 | 495,904 | (12,080) |
| Vacation | 25,000 | 25,000 | 112,565 | (87,565) |
| Sick leave | 497,000 | 497,000 | 500,492 | (3,492) |
| Incentives and holiday pay | 450,071 | 450,071 | 480,102 | (30,031) |
| Payroll taxes | | - | | - |
| Social Security | 1,029,243 | 1,029,243 | 969,191 | 60,052 |
| Benefits | | | | |
| Retirement | 2,376,479 | 2,071,572 | 2,100,297 | (28,725) |
| Health insurance | 2,430,102 | 2,430,102 | 1,870,347 | 559,755 |
| Disability insurance | 80,000 | 66,000 | 66,584 | (584) |
| Unemployment insurance | 5,000 | 5,000 | - | 5,000 |
| Workers compensation | 390,000 | 390,000 | 356,788 | 33,212 |
| Employee physicals | 10,000 | 10,000 | 3,647 | 6,353 |
| Post employment health plan | 162,000 | 162,000 | 170,000 | (8,000) |
| Health Savings Account Funding | - | - | - | - |
| Retirement recognition | 1,000 | 1,000 | 2,238 | (1,238) |
| Subtotal - Personnel services | 19,924,682 | 19,121,417 | 18,628,759 | 492,658 |

The accompanying notes are an integral part of this statement.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - DETAILED STATEMENT (CONTINUED)
Year Ended September 30, 2014

Page 57 of 69

| | General Fund | | | |
|-----------------------------------|--------------------|-----------------|-----------|--|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| Operating expenditures: | | | | |
| Insurance | 270,000 | 270,000 | 284,720 | (14,720) |
| Uniforms | - | - | - | - |
| Communications | 6,500 | 6,500 | 11,765 | (5,265) |
| Telephone | 169,442 | 169,442 | 171,762 | (2,320) |
| Utilities | 190,900 | 190,900 | 204,000 | (13,100) |
| Maintenance | | | | |
| Vehicle | 271,000 | 271,000 | 288,949 | (17,949) |
| Equipment | 43,500 | 43,500 | 39,433 | 4,067 |
| Computer | 126,415 | 126,415 | 128,841 | (2,426) |
| Hydrant | 28,000 | 28,000 | 10,854 | 17,146 |
| Building | 263,321 | 263,321 | 245,240 | 18,081 |
| Supplies | | | | |
| Office | 27,000 | 27,000 | 44,844 | (17,844) |
| Protective gear | 102,550 | 102,550 | 148,974 | (46,424) |
| Station | 32,000 | 32,000 | 30,528 | 1,472 |
| Emergency medical | 106,500 | 84,865 | 87,645 | (2,780) |
| Hurricane/emergency | - | - | - | - |
| Equipment | | | | |
| Office | 30,600 | 30,600 | 32,816 | (2,216) |
| Fire | 55,000 | 55,000 | 90,589 | (35,589) |
| Shop | 13,000 | 13,000 | 7,984 | 5,016 |
| Warehouse/logistics | 1,000 | 1,000 | 2,560 | (1,560) |
| Professional and other fees | | | | |
| Legal and professional | 169,000 | 169,000 | 172,467 | (3,467) |
| Property appraiser fees | 203,741 | 203,741 | 166,275 | 37,466 |
| Tax collector fees | 438,461 | 438,461 | 445,316 | (6,855) |
| Accounting | 40,000 | 40,000 | 41,650 | (1,650) |
| Miscellaneous | | | | |
| Travel | 13,500 | 13,500 | 13,047 | 453 |
| Water/sewer fee St. 44 | 5,000 | 5,000 | 4,946 | 54 |
| Public information officer | 1,000 | 1,000 | 1,841 | (841) |
| Public education officer | 11,000 | 11,000 | 7,654 | 3,346 |
| Fuel and oil | 225,000 | 225,000 | 222,760 | 2,240 |
| Legal advertisements | 4,000 | 4,000 | 12,630 | (8,630) |
| Dues and subscriptions | 7,485 | 7,485 | 7,401 | 84 |
| CERT team | 2,000 | 2,000 | 4,242 | (2,242) |
| Dive team | 1,000 | 1,000 | 4,756 | (3,756) |
| Fire prevention | 8,000 | 8,000 | 5,667 | 2,333 |
| Training | 67,700 | 67,700 | 60,410 | 7,290 |
| Hazardous materials | 2,000 | 2,000 | 1,056 | 944 |
| Technical rescue | 2,950 | 2,950 | 3,035 | (85) |
| Boat team | 3,800 | 3,800 | 3,515 | 285 |
| K-9 search and rescue | 2,500 | 2,500 | 925 | 1,575 |
| Honor guard | - | - | - | - |
| OPS | - | - | - | - |
| Peer fitness | - | - | - | - |
| Miscellaneous | 10,000 | 10,000 | 4,734 | 5,266 |
| Operational Reserves | | | | |
| Contingency | 10,000 | 10,000 | - | 10,000 |
| Subtotal - Operating expenditures | 2,964,865 | 2,943,230 | 3,015,831 | (72,601) |

The accompanying notes are an integral part of this statement.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - DETAILED STATEMENT (CONTINUED)
Year Ended September 30, 2014

Page 58 of 69

| | General Fund | | | |
|---|--------------------|-------------------|----------------------|--|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| Capital outlay: | | | | |
| Land | - | - | - | - |
| Station improvements | 220,000 | 170,000 | 152,769 | 17,231 |
| Fire & rescue equipment | 82,000 | 82,000 | 75,041 | 6,959 |
| Protective gear | 56,141 | 26,141 | 19,755 | 6,386 |
| Communication equipment | 128,000 | 208,000 | 202,780 | 5,220 |
| Medical equipment | 111,000 | 111,000 | 103,062 | 7,938 |
| Computers | 25,000 | 13,000 | 12,743 | 257 |
| Fire replacement equipment | - | - | - | - |
| Boat team | - | - | - | - |
| Vehicle purchase | 48,025 | 48,025 | 46,632 | 1,393 |
| Training equipment | 25,000 | 11,000 | 11,990 | (990) |
| Shop equipment | - | - | 3,700 | (3,700) |
| Logistics/warehouse | - | - | - | - |
| Hazardous materials equip. | - | - | - | - |
| Fire apparatus | - | - | - | - |
| Dive equipment | - | - | - | - |
| Fire prevention | - | - | - | - |
| Subtotal - Capital outlay | 695,166 | 669,166 | 628,472 | 40,694 |
| Debt service: | | | | |
| Principal reduction | - | 32,315 | 32,315 | - |
| Interest and fiscal charges | - | - | - | - |
| Subtotal - Debt service | - | 32,315 | 32,315 | - |
| Reserves: | | | | |
| Reserves | 11,630,235 | 13,496,164 | - | 13,496,164 |
| TOTAL EXPENDITURES | 35,214,948 | 36,262,292 | 22,305,377 | 13,956,915 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | - | 715,936 | 715,936 |
| OTHER FINANCING SOURCES AND USES | | | | |
| Proceeds from disposition of capital assets | - | - | - | - |
| Treansfer out | - | - | (557,830) | (557,830) |
| TOTAL OTHER FINANCING SOURCES AND USES | - | - | (557,830) | (557,830) |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND ITHIER FINANCING USES | \$ - | \$ - | 158,106 | \$ 158,106 |
| FUND BALANCE - Beginning | | | 13,254,282 | |
| FUND BALANCE - Ending | | | \$ 13,412,388 | |

The accompanying notes are an integral part of this statement.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND -
SUMMARY STATEMENT
Year Ended September 30, 2014

Page 59 of 69

| | Impact Fee Fund | | | |
|--|--------------------|------------------|------------------|--|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | |
| Fees: | | | | |
| Impact fees | \$ 800,000 | \$ 1,343,294 | \$ 1,863,019 | \$ 519,725 |
| Miscellaneous: | | | | |
| Proceeds from sale of land | - | - | - | - |
| Interest | 6,000 | 1,301 | 1,301 | - |
| Other | - | - | - | - |
| Subtotal - revenues | 806,000 | 1,344,595 | 1,864,320 | 519,725 |
| Cash brought forward | 6,000 | 519,724 | - | (519,724) |
| TOTAL REVENUES | <u>812,000</u> | <u>1,864,319</u> | <u>1,864,320</u> | <u>1</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | | | | |
| Operating expenditures | 12,000 | 18,903 | 22,071 | (3,168) |
| Capital outlay | 800,000 | 2,401,559 | 2,400,079 | 1,480 |
| Reserves | - | - | - | - |
| TOTAL EXPENDITURES | <u>812,000</u> | <u>2,420,462</u> | <u>2,422,150</u> | <u>(1,688)</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>-</u> | <u>(556,143)</u> | <u>(557,830)</u> | <u>(1,687)</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | - | 556,143 | 557,830 | 1,687 |
| TOTAL OTHER FINANCING SOURCES AND USES | <u>-</u> | <u>556,143</u> | <u>557,830</u> | <u>1,687</u> |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| FUND BALANCE - Beginning | | | - | |
| FUND BALANCE - Ending | | | <u>\$ -</u> | |

The accompanying notes are an integral part of this statement.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
IMPACT FEE FUND - DETAILED STATEMENT
Year Ended September 30, 2014

Page 60 of 69

| | | Impact Fee Fund | | | |
|---------------------------------------|----|-----------------|--------------|--------------|---------------|
| | | Original | Final | | Variance |
| | | Budget | Budget | Actual | Favorable |
| | | | | | (Unfavorable) |
| REVENUES | | | | | |
| Fees: | | | | | |
| Impact fees | \$ | 800,000 | \$ 1,343,294 | \$ 1,863,019 | \$ 519,725 |
| Miscellaneous: | | | | | |
| Proceeds from sale of land | | - | - | - | - |
| Interest | | 6,000 | 1,301 | 1,301 | - |
| Other | | - | - | - | - |
| Subtotal - revenues | | 806,000 | 1,344,595 | 1,864,320 | 519,725 |
| Cash brought forward | | 6,000 | 519,724 | - | (519,724) |
| TOTAL REVENUES | | 812,000 | 1,864,319 | 1,864,320 | 1 |
| EXPENDITURES | | | | | |
| Miscellaneous: | | | | | |
| Refunds | | - | - | - | - |
| Impact fee collection | | 12,000 | 18,903 | 22,071 | (3,168) |
| Subtotal - Operating expenditures | | 12,000 | 18,903 | 22,071 | (3,168) |
| Capital outlay: | | | | | |
| Station #48 | | 800,000 | 2,251,559 | 2,251,558 | 1 |
| Equipment | | - | 150,000 | 142,239 | 7,761 |
| New vehicles | | - | - | 6,282 | (6,282) |
| Subtotal - Capital outlay | | 800,000 | 2,401,559 | 2,400,079 | 1,480 |
| Reserves: | | - | - | - | - |
| TOTAL EXPENDITURES | | 812,000 | 2,420,462 | 2,422,150 | (1,688) |
| EXCESS OF REVENUES | | | | | |
| OVER EXPENDITURES | | - | (556,143) | (557,830) | (1,687) |
| OTHER FINANCING SOURCES | | | | | |
| Transfers in | | - | 556,143 | 557,830 | 1,687 |
| TOTAL OTHER FINANCING SOURCES | | | | | |
| AND USES | | - | 556,143 | 557,830 | 1,687 |
| EXCESS OF REVENUES AND OTHER | | | | | |
| FINANCING SOURCES OVER (UNDER) | | | | | |
| EXPENDITURES AND OTHER FINANCING USES | \$ | - | \$ - | - | \$ - |
| FUND BALANCE - Beginning | | | | - | |
| FUND BALANCE - Ending | | | | \$ - | |

The accompanying notes are an integral part of this statement.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - INSPECTION FEE FUND -
SUMMARY STATEMENT
Year ended September 30, 2014

Page 61 of 69

| | Inspection Fee Fund | | | |
|---------------------------------|---------------------|-----------------|------------|--|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | |
| Charges for services | | | | |
| Inspection fees | \$ 415,000 | \$ 681,557 | \$ 681,557 | \$ - |
| Plan review fees | | 246,714 | 246,714 | - |
| Miscellaneous: | | | | |
| Interest | 500 | 357 | 357 | - |
| Subtotal - revenues | 415,500 | 928,628 | 928,628 | - |
| Cash brought forward | 14,486 | 7,615 | - | (7,615) |
| TOTAL REVENUES | 429,986 | 936,243 | 928,628 | (7,615) |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | | | | |
| Personnel services | 376,399 | 910,658 | 905,899 | 4,759 |
| Operating expenditures | - | 16,666 | 21,274 | (4,608) |
| Capital outlay | - | - | - | - |
| Reserves | 53,587 | 8,919 | - | 8,919 |
| TOTAL EXPENDITURES | 429,986 | 936,243 | 927,173 | 9,070 |
| EXCESS OF REVENUES | | | | |
| OVER (UNDER) EXPENDITURES | \$ - | \$ - | 1,455 | \$ 1,455 |
| FUND BALANCE - Beginning | | | 7,615 | |
| FUND BALANCE - Ending | | | \$ 9,070 | |

The accompanying notes are an integral part of this statement.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INSPECTION FEE FUND - DETAILED STATEMENT
Year ended September 30, 2014

Page 62 of 69

| Inspection Fee Fund | | | | |
|---|----------------|----------------|----------------|----------------|
| | Original | Final | | Variance |
| | Budget | Budget | Actual | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Charges for services: | | | | |
| Inspection fees | \$ 415,000 | \$ 681,557 | \$ 681,557 | \$ - |
| Plan review fees | - | 246,714 | 246,714 | - |
| Miscellaneous: | | | | |
| Interest | 500 | 357 | 357 | - |
| Subtotal - revenues | 415,500 | 928,628 | 928,628 | - |
| Cash brought forward | 14,486 | 7,615 | - | (7,615) |
| TOTAL REVENUES | 429,986 | 936,243 | 928,628 | (7,615) |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | | | | |
| Personnel services: | | | | |
| Salaries | | | | |
| Regular | 341,851 | 612,611 | 612,611 | - |
| Overtime | - | 15,337 | 15,337 | - |
| Professional/Incentives and holiday pay | 7,800 | 7,800 | 7,650 | 150 |
| Payroll taxes | | | - | |
| Social Security | 26,748 | 51,618 | 51,290 | 328 |
| Benefits | | | - | |
| Retirement | - | 112,804 | 112,804 | - |
| Health insurance | - | 56,345 | 56,345 | - |
| Disability insurance | - | - | - | - |
| Employee physicals | - | - | - | - |
| Sick leave | - | 15,668 | 11,387 | 4,281 |
| Vacation pay | - | 23,475 | 23,475 | - |
| Unemployment compensation | - | - | - | - |
| Workers compensation | - | 15,000 | 15,000 | - |
| Subtotal - Personnel services | 376,399 | 910,658 | 905,899 | 4,759 |

The accompanying notes are an integral part of this statement.

NORTH NAPLES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
INSPECTION FEE FUND - DETAILED STATEMENT (CONTINUED)
Year ended September 30, 2014

Page 63 of 69

| | Inspection Fee Fund | | | |
|-----------------------------------|---------------------|----------------|-----------------|----------------------------|
| | Original | Final | | Variance |
| | Budget | Budget | Actual | Favorable (Unfavorable) |
| Operating expenditures: | | | | |
| Uniforms | - | - | - | - |
| Telephone | - | - | 1,383 | (1,383) |
| Utilities | - | - | 1,844 | (1,844) |
| Rent | - | 16,666 | 16,666 | |
| Maintenance | | - | | |
| Contract labor | - | - | - | - |
| Hydrant | - | - | - | - |
| Supplies | | | | |
| Office | - | - | 922 | (922) |
| Miscellaneous | | | | |
| Employee physicals | - | - | - | - |
| Dues & subscriptions | - | - | - | - |
| Fire prevention | - | - | - | - |
| Training | - | - | 459 | (459) |
| Miscellaneous | - | - | - | - |
| Subtotal - Operating expenditures | - | 16,666 | 21,274 | (4,608) |
| Capital outlay: | | | | |
| Office facility | - | - | - | - |
| Vehicles | - | - | - | - |
| Subtotal - Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal reduction | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Subtotal - Debt service | - | - | - | - |
| Reserves: | 53,587 | 8,919 | - | 8,919 |
| TOTAL EXPENDITURES | 429,986 | 936,243 | 927,173 | 9,070 |
| EXCESS OF REVENUES | | | | |
| OVER (UNDER) EXPENDITURES | \$ - | \$ - | 1,455 | \$ 1,455 |
| FUND BALANCE - Beginning | | | 7,615 | |
| FUND BALANCE - Ending | | | \$ 9,070 | |

The accompanying notes are an integral part of this statement.

ADDITIONAL REPORTS

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

Board of Commissioners
North Naples Fire Control and Rescue District
1885 Veterans Park Drive
Naples, Florida 34109-0492

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America, the basic financial statements of the governmental activities and each major fund of North Naples Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2014, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated April 24, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 basic 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

INTEGRITY SERVICE EXPERIENCE

to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Naples Fire Control and Rescue 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 that are required to be reported under Government Auditing Standards.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing internal control and compliance and the results of that testing, and not to provide an opinion on 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.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." in a cursive script.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

April 24, 2015

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

Board of Commissioners
North Naples Fire Control and Rescue District
1885 Veterans Park Drive
Naples, Florida 34109-0492

We have examined North Naples Fire Control and Rescue District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2014. Management is responsible for North Naples Fire Control and Rescue District's compliance with those requirements. Our responsibility is to express an opinion on North Naples Fire Control and Rescue District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about North Naples Fire Control and Rescue District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on North Naples Fire Control and Rescue District's compliance with specified requirements.

In our opinion, North Naples Fire Control and Rescue District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of the North Naples Fire Control and Rescue District and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
April 24, 2015

INTEGRITY SERVICE EXPERIENCE

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Commissioners
North Naples Fire Control and Rescue District
1885 Veterans Park Drive
Naples, Florida 34109-0492

We have audited the accompanying basic financial statements of North Naples Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2014 and have issued our report thereon dated April 24, 2015.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with Government Auditing Standards and Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which were dated April 24, 2015, should be considered in conjunction with this report to management.

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 included the following information, which is not included in the aforementioned auditor's report:

- 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 findings and recommendations made in the preceding annual financial audit report. The prior year report contained no financially significant comments.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No such recommendations were noted to improve financial management.

INTEGRITY SERVICE EXPERIENCE

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address violations or noncompliance with provisions of contracts or grant agreements, or abuse, 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)4., Rule 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 the notes to the financial statements.

- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement 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)5.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2012, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.
 - Pursuant to Sections 10.554(1)(i)5.c. and 10.556(7), Rules of the Auditor General, we applied financial condition 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 management.
 - Pursuant to Section 10.554(1)(i)5.d., Rules of the Auditor General, requires a statement indicating a failure, if any, of a component unit Special District to provide financial information necessary to a proper reporting of the component unit within the audited financial statements of this entity (F.S. Section 218.39(3)(b)). There are no known component special districts required to report within these financial statements.

Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the entity's compliance with 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 as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated April 24, 2015, included herein.

PRIOR YEAR COMMENTS:

There were no financially significant prior year comments.

CURRENT YEAR COMMENTS:

There were no financially significant comments noted.

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 the Board of Commissioners, management, the Auditor General of the State of Florida and other federal and state agencies. This report is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." in a cursive script.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

April 24, 2015

EXHIBIT



NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT

BOARD OF FIRE COMMISSION

J. Christopher Lombardo, Chairman ■ Norman E. Feder, Vice Chairman ■ Richard Hoffman, Secretary-Treasurer
James Burke ■ Ramon E. Chao ■ Christopher L. Crossan ■ Margaret Hanson ■ John O. McGowan

June 4, 2015

Auditor General's Office
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450

We are pleased to note that the audit report for the fiscal year 2013/2014 for the North Naples Fire Control and Rescue District reflected no current year or prior comments which require management's response.

The Board of Fire Commissioners and management staff of the North Naples Fire Control & Rescue District have worked diligently to resolve past audit comments and address deficiencies in internal controls, and policy and procedures to insure the financial stability of the District.

The audit report for the fiscal year ended September 30, 2014 reflects the commitment of the Board and staff to successfully resolve prior year issues.

Sincerely,

NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT
NORTH NAPLES SERVICE DELIVERY AREA



ORLY C. STOLTS
Fire Chief



REBECAH BRONSDON
Assistant Chief of Administrative Services