

**GOLDEN GATE FIRE CONTROL  
AND RESCUE DISTRICT  
FINANCIAL REPORT  
FOR THE PERIOD FROM OCTOBER 1, 2014 TO  
NOVEMBER 3, 2014**

**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet – Governmental Funds	6
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Notes to the Financial Statements	10-19
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	20-21
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	22
MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	23-24



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Golden Gate Fire Control and Rescue District  
Naples, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Golden Gate Fire Control and Rescue District, Naples, Florida ("District") as of and for the period from October 1, 2014 to November 3, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion 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 the overall presentation of the financial statements.

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

### Summary of Opinions

Opinion Unit  
Governmental Activities  
General Fund  
Impact Fee Fund

Type of Opinion  
Adverse  
Unmodified  
Unmodified

### **Basis for Adverse Opinion on Governmental Activities**

Management has not implemented Governmental Accounting Standards Board ("GASB") Statement 68, Accounting and Financial Reporting for Pensions and, accordingly, has not recorded a net pension liability or net pension asset in governmental activities. Additionally, management has not calculated and recorded the District's Net Other Postemployment Benefits ("OPEB") obligation as required by GASB Statement 48, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Accounting principles generally accepted in the United States of America require that those assets and/or liabilities be recorded, which would change the assets, liabilities, net position, revenues and/or expenses of the governmental activities. The amount by which these departures would affect the assets, liabilities, net position, revenues and/or expenses of the governmental activities has not been determined.

### **Adverse Opinion**

In our opinion, because of the significance of the matters described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of Golden Gate Fire Control and Rescue District, Naples, Florida, as of November 3, 2014, or the respective changes in financial position for the period from October 1, 2014 to November 3, 2014, in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of Golden Gate Fire Control and Rescue District, Naples, Florida, as of November 3, 2014, and the respective changes in financial position for the period from October 1, 2014 to November 3, 2014, in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 10 to the basic financial statements, on November 4, 2014, the voters of East Naples Fire Control and Rescue District and the Golden Gate Fire Control and Rescue District approved by referendum, House Bill 951, merging the East Naples and Golden Gate Fire Control and Rescue Districts to create a new independent special fire control district known as the Greater Naples Fire Rescue District. The effective date of the merger is November 4, 2014.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted management's discussion and analysis, budgetary comparison information, the schedule of funding progress and employer contributions, and the money-weighted rate of return that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 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, contracts, 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 the District's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

We have also issued our report dated October 21, 2015, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

*Devar & Associates*

October 21, 2015



**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT  
STATEMENT OF NET POSITION  
NOVEMBER 3, 2014**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 785,247
Investments	2,459,578
Accounts receivable	126,205
Prepays	33,778
Restricted assets:	
Cash	45,252
Investments	81,669
Accounts receivable	16,425
Capital assets:	
Non-depreciable	774,341
Depreciable, net	5,584,536
Total assets	<u>9,907,031</u>
<b>LIABILITIES</b>	
Accounts payable	46,089
Accrued expenses	121,695
Accrued interest payable	13,039
Non-current liabilities:	
Due within one year:	
Capital leases	68,196
Notes payable	167,298
Due in more than one year:	
Capital leases	185,075
Notes payable	6,190,018
Compensated absences	447,086
Accrued insurance payable	23,742
Total liabilities	<u>7,262,238</u>
<b>NET POSITION</b>	
Net investment in capital assets	(251,710)
Restricted for:	
Capital projects	147,825
Unrestricted	2,748,678
Total net position	<u>\$ 2,644,793</u>

See notes to the financial statements

**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE PERIOD FROM OCTOBER 1, 2014 TO NOVEMBER 3, 2014**

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental activities:			
Public safety	\$ 823,030	\$ 5,285	\$ (817,745)
Interest on long-term debt	779	-	(779)
Total governmental activities	823,809	5,285	(818,524)
General revenues:			
Unrestricted investment earnings			185
Impact fees and other			19,577
Total general revenues			19,762
Change in net position			(798,762)
Net position - beginning			3,443,555
Net position - ending			\$ 2,644,793

See notes to the financial statements

**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
NOVEMBER 3, 2014**

	Major Funds		Total
	General	Special Revenue	Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 785,247	\$ 45,252	\$ 830,499
Investments	2,459,578	81,669	2,541,247
Accounts receivable	126,205	16,425	142,630
Due from other fund	-	4,584	4,584
Prepays	33,778	-	33,778
Total assets	<u>\$ 3,404,808</u>	<u>\$ 147,930</u>	<u>\$ 3,552,738</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 45,984	\$ 105	\$ 46,089
Accrued expenses	121,695	-	121,695
Due to other fund	4,584	-	4,584
Total liabilities	<u>172,263</u>	<u>105</u>	<u>172,368</u>
Fund balances:			
Nonspendable:			
Prepaid expenses	33,778	-	33,778
Restricted to:			
Capital projects	-	147,825	147,825
Unassigned	3,198,767	-	3,198,767
Total fund balances	<u>3,232,545</u>	<u>147,825</u>	<u>3,380,370</u>
Total liabilities and fund balances	<u>\$ 3,404,808</u>	<u>\$ 147,930</u>	<u>\$ 3,552,738</u>

See notes to the financial statements



**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
NOVEMBER 3, 2014**

Fund balance - governmental funds \$ 3,380,370

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 as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	19,524,371	
Accumulated depreciation	<u>(13,165,494)</u>	6,358,877

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest payable	(13,039)	
Accrued insurance payable	(23,742)	
Compensated absences	(447,086)	
Capital leases	(253,271)	
Long-term debt	<u>(6,357,316)</u>	(7,094,454)

Net position of governmental activities		<u><u>\$ 2,644,793</u></u>
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See notes to the financial statements

**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE PERIOD FROM OCTOBER 1, 2014 TO NOVEMBER 3, 2014**

	Major Funds		Total
	General	Special Revenue	Governmental Funds
<b>REVENUES</b>			
Impact fees	\$ -	\$ 16,423	\$ 16,423
Charges for services	5,285	-	5,285
Interest	173	12	185
Miscellaneous	3,154	-	3,154
Total revenues	8,612	16,435	25,047
<b>EXPENDITURES</b>			
Current:			
Public safety			
Personnel service	681,366	-	681,366
Operating expenditures	100,308	-	100,308
Debt service:			
Principal payments	6,067	1,155	7,222
Interest expense	779	-	779
Total expenditures	788,520	1,155	789,675
Excess (deficiency) of revenues over (under) expenditures	(779,908)	15,280	(764,628)
Fund balances - beginning	4,012,453	132,545	4,144,998
Fund balances - ending	\$ 3,232,545	\$ 147,825	\$ 3,380,370

See notes to the financial statements

**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE PERIOD FROM OCTOBER 1, 2014 TO NOVEMBER 3, 2014**

Net change in fund balances - total governmental funds	\$ (764,628)
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Amounts reported for governmental activities in the statement of activities are different because:

Depreciation on capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(41,356)
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Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated from the statement of activities.	7,222
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Change in net position of governmental activities	<u>\$ (798,762)</u>
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See notes to the financial statements

**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY**

Golden Gate Fire Control and Rescue District ("the District") is a local governmental unit created by the Florida Legislature to provide fire and rescue services to a certain prescribing area in Collier County, Florida, and is an independent special district authorized and existing under Florida House Bill 0865.

The District is operated by a Board of Commissioners ("Board"). The Board is elected by the owners of the property within the District. The Board of the District exercises all powers granted to the District pursuant to Chapter 191, Florida Statutes.

The Board has the responsibility for:

1. Assessing and levying property taxes
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund 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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment (operating-type special assessments for maintenance and debt service are treated as charges for services); and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

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

### **Property Taxes**

Property taxes are ad valorem and levied each November 1 on property as of the previous January 1. The fiscal year for which annual assessments are levied begins on October 1 with a maximum discount available for payments through November 30 and become delinquent on April 1. The taxes are billed and collected by the County Tax Assessor/Collector on behalf of the District. The amounts remitted to the District are net of applicable discounts or fees.

Ad valorem property taxes are recorded as revenues in the fiscal year in which the taxes are due and collected within 60 days of fiscal year-end. Investment earnings are recognized when earned. All other revenue items are recognized when cash is received by the District, as any potential receivable amounts are not significant.

As the fiscal year 2015 property taxes are not due until March 31, 2015 and no fiscal year 2015 property taxes were received during the period from October 1, 2014 to November 3, 2014, no property taxes have been recorded during the period from October 1, 2014 to November 3, 2014.

### **Impact Fees**

The District receives impact fees in accordance with an Interlocal agreement with Collier County, Florida. Impact fees are remitted on a monthly basis to the District. The District may expend amounts collected on qualifying capital expenditures.

Property taxes, impact fees, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

### **General Fund**

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

### **Special Revenue Fund:**

The special revenue fund is used to account for impact fees that are legally restricted to expenditure for a particular purpose.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Position or Equity**

#### **Restricted Assets**

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

#### **Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

The State Board of Administration's Local Government Surplus Funds Trust Fund (Florida PRIME) is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. Rule 2a-7 is the rule that allows money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. The District has reported its investment in Florida PRIME at the same value as the pooled shares allocated to the District.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

#### **Inventories and Prepaid Items**

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### **Capital Assets**

Capital assets which include property, plant and equipment, are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.



## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Position or Equity (Continued)**

#### **Capital Assets (Continued)**

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

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

<u>Asset</u>	<u>Years</u>
Building improvements	5 – 39
Vehicles and trucks	5 – 15
Furniture, fixtures and equipment	3 – 20

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

#### **Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

#### **Compensated Absences**

The District's employees accumulate paid personal leave based on years of continuous service and work day classification. Upon termination of employment, employees will receive compensation at regular rates of pay for all accumulated paid personal leave. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Liability for accrued compensated absences of the governmental activities represents a reconciling item between the fund and government-wide presentations. Payments are generally paid out of the general fund.

#### **Long-Term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the District would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the District reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Position or Equity (Continued)**

#### **Fund Equity/Net Position**

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

**Committed fund balance** – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

**Assigned fund balance** – Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

### **Other Disclosures**

#### **Use of Estimates**

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

## **NOTE 3 – BUDGETARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, except as discussed in the Notes to Required Supplementary Information. All annual appropriations lapse at fiscal year end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) Each year the District Fire Chief submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America, except as discussed in the Notes to Required Supplementary Information.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

## NOTE 4 – DEPOSITS AND INVESTMENTS

### Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

### Investments

The District's investments were held as follows at November 3, 2014:

	Fair Value	Credit Risk	Maturities
Local Government Surplus			Weighted average of the fund
Funds Trust Fund (Florida PRIME)	\$ 2,541,247	S&P AAAm	portfolio: 39 days
Total investments	<u>\$ 2,541,247</u>		

*Credit risk* – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

*Concentration risk* – The District places no limit on the amount the District may invest in any one issuer.

*Interest rate risk* – The District does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

## NOTE 5 – CAPITAL ASSETS

Capital asset activity for the period from October 1, 2014 to November 3, 2014 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 774,341	\$ -	\$ -	\$ 774,341
Total capital assets, not being depreciated	<u>774,341</u>	<u>-</u>	<u>-</u>	<u>774,341</u>
Capital assets, being depreciated				
Buildings and improvements	12,019,857	-	-	12,019,857
Furniture, fixtures, and equipment	2,130,201	-	-	2,130,201
Vehicles and trucks	4,599,972	-	-	4,599,972
Total capital assets, being depreciated	<u>18,750,030</u>	<u>-</u>	<u>-</u>	<u>18,750,030</u>
Less accumulated depreciation for:				
Buildings and improvements	7,459,433	21,110	-	7,480,543
Furniture, fixtures, and equipment	1,805,117	8,936	-	1,814,053
Vehicles and trucks	3,859,588	11,310	-	3,870,898
Total accumulated depreciation	<u>13,124,138</u>	<u>41,356</u>	<u>-</u>	<u>13,165,494</u>
Total capital assets, being depreciated, net	<u>5,625,892</u>	<u>(41,356)</u>	<u>-</u>	<u>5,584,536</u>
Governmental activities capital assets, net	<u>\$ 6,400,233</u>	<u>\$ (41,356)</u>	<u>\$ -</u>	<u>\$ 6,358,877</u>

## NOTE 6 – LONG-TERM LIABILITIES

### Station County Lease

The District and Collier County have a lease agreement for the facility previously constructed by Collier County to be shared by the District, the Sheriff's Department and Emergency Medical Services. Based on the lease agreement, the lease has been recorded as a non-interest bearing capital lease in the accompanying financial statements at a cost of \$564,823. Accumulated depreciation associated with this lease totaled \$425,187 at November 3, 2014. The District agreed to pay a monthly minimum rent of approximately \$1,400 for the facility.

### Oshkosh Capital Firefighter Truck Lease

In January 2006, the District entered into a capital lease agreement with Oshkosh Capital for the purchase of one firefighter truck including related equipment totaling \$299,200. Accumulated depreciation associated with this lease totaled \$255,900 at November 3, 2014. Interest is being charged at a rate of 4.7%. Payment, consisting of principal and interest, is due on each February 10 from February 10, 2007 to February 10, 2016.

### CSI Leasing, Inc. LED Lighting Lease

In October 2012, the District entered into three five-year capital lease agreements with CSI Leasing Inc. for the purchase of certain interior and exterior LED lighting fixtures (726 fixtures in total) for Stations #71, #72, and #73 totaling \$120,588. Accumulated depreciation associated with this lease totaled \$16,748 at November 3, 2014. Interest is being charged at a rate of 4.6%. Payment, consisting of principal and interest, is due monthly from November 12, 2012 to October 12, 2017.

### Promissory Note

In August 2003, the District entered into a promissory note with Fifth Third Bank totaling \$8 million. Pursuant to the loan agreement, the District was required to use the loan proceeds for the purpose of constructing two fire station facilities (Known as "Station #72" and "Station #73") located in the Golden Gate Fire District. The loan is unsecured and interest is being charged at the sum of 90 day Libor interest rate plus 1.65%. The District's operating funds and impact fees received each year are used as the source of debt service for such loan.

On April 1, 2011, the District entered into a Lease-Purchase Agreement with Fifth Third Bank as a means to refinance the then outstanding principal balance of \$6,691,912 of the original \$8 million promissory note, the proceeds of which were originally used to finance the construction and equipping of two fire stations #72 and #73. Pursuant to the agreement, the District provided the Bank a leasehold interest in the real property and related improvements and equipment of these two specific fire stations as defined, and agreed to pay the Bank quarterly base rent amounts (consisting of principal and interest) for the use of these leased properties as defined in the agreement. The interest component of the base rent is due quarterly on the 20th of each month commencing May 20, 2011 bearing interest at the three month Libor plus 1.65% (defined as "adjusted rate") and the principal component of the base rent totaling \$83,649 is due quarterly on 20th of each month commenced November 20, 2013 with a final balloon payment of \$5,939,071 due on February 20, 2016.

Changes in long-term liability activity for the period from October 1, 2014 to November 3, 2014 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Promissory note	\$ 6,357,316	\$ -	\$ -	\$ 6,357,316	\$ 167,298
Capital leases	260,493	-	7,222	253,271	68,196
Compensated absences	447,086	-	-	447,086	-
Total	\$ 7,064,895	\$ -	\$ 7,222	\$ 7,057,673	\$ 235,494



## NOTE 6 – LONG-TERM LIABILITIES (Continued)

At November 3, 2014, the future minimum lease payments on the capital lease obligations were as follows:

	Fiscal year ended September 30,	
	2015	\$ 75,626
	2016	82,848
	2017	44,663
	2018	19,116
	2019	16,794
	2020-2021	25,192
Total minimum lease payments		\$ 264,239
Less: amounts representing interest		(10,968)
Present value of minimum lease payments		<u>\$ 253,271</u>

At November 3, 2014, the scheduled debt service requirements on the promissory note were as follows:

Fiscal year ending September 30:	Principal	Interest	Total
2015	\$ 334,596	\$ 126,535	\$ 461,131
2016	6,022,720	61,215	6,083,935
Total	<u>\$ 6,357,316</u>	<u>\$ 187,750</u>	<u>\$ 6,545,066</u>

## NOTE 7 – RETIREMENT PLAN

### Plan Description

All full time District employees are participants in the State of Florida Retirement System ("System"), a cost-sharing multiple-employer public employee independent retirement system. The primary System is a defined benefit plan for all state, county, district, community college and university employees.

Employees of the District participate in the System as members of the Special Risk and Regular Class. The Special Risk Class was created due to the physical and mental demands placed on fire fighters and emergency medical technicians, which prohibits them from performing their required duties until normal retirement age.

Employees, in the special risk class, may normally retire under several circumstances, including: at 25 years of special risk credited service, regardless of age; or at age 55 with 6 years of special risk credited service; or after 30 years of any creditable service, regardless of age. Regular class employees may normally retire at or after age 62 with 6 years of service or after 30 years of service, regardless of age. Early retirement may be taken after a member has vested and is within 20 years of the member's normal retirement age. Since July 1, 2001, vesting occurs after 6 years of creditable service.

Benefits are payable monthly for life, based on the applicable percentage, times the number of years of credited service, times the average of the member's five highest years of earnings. The applicable benefit percentages for employees in the special risk class and regular employee class are 3% and 1.6%, respectively, for employees who retire normally. For employees who retire under the early retirement provisions above, benefits are reduced by 5% for each year remaining from the employee's normal retirement age. The System also provides death and disability benefits. Benefits are established by Chapter 121, Florida Statutes and Chapter 22B, Florida Administrative Code.

## NOTE 7 – RETIREMENT PLAN (Continued)

### Plan Description (Continued)

The Deferred Retirement Option Program ("DROP") is a program that provides an alternative method for payment of retirement benefits for a specified and limited period for members of the System, effective July 1, 1998. Under this program, the employee may retire and have their benefits accumulate in the Florida Retirement System Trust Fund earning interest, while continuing to work for a system employer. The participation in the program does not change conditions of employment. When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits, and begin receiving their monthly retirement benefit (in the same amount determined at retirement, plus annual cost-of-living increase).

Effective July 1, 2002, the Public Employee Optional Retirement Program (PEORP) was implemented as a defined contribution plan alternative available to all System members in lieu of the defined benefit plan. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Special Risk Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

The System publishes an unaudited annual report that provides ten-year historical trend information about progress made in accumulating sufficient assets to pay benefits when due. The most recent available report is for the plan year ended June 30, 2014, which includes additional financial reporting requirements of GASB 67, *Financial Reporting for Pension Plans*, including the annual money-weighted rate of return on pension plan investments. That report may be obtained by writing to Research Education and Policy Section, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560 or by calling (850) 488-2872, or accessing their Internet site at [www.frs.state.fl.us](http://www.frs.state.fl.us).

### Basis of Accounting

The System fiduciary financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Member contributions are recognized in the period of time for which the contributions are assessed. Employer contributions are recognized when due in the period in which employee services are performed and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

### Funding Policy and Contributions

Pension contribution rates for the District are as a percentage of covered payroll. The District's contribution rates to the System were amended July 1, 2014. At November 3, 2014, the required contribution rates were:

	Special Risk	Regular	DROP
Contribution Rate	19.82%	7.37%	12.28%

For the fiscal years ended September 30, 2014, 2013 and 2012 the District contributed 100% of the required contributions and those contributions totaled \$764,149, \$642,283, and \$544,105, respectively. Additionally, as of July 2011, employees are required to contribute 3.00% to the plan.



## **NOTE 7 – RETIREMENT PLAN (Continued)**

### **Investments**

Investments are reported at fair value. Quoted market prices are used when available to value investments. Different methods may be used for determining an investment's fair value if it is not available from quoted market prices, depending on the type of investment. For example, when a portfolio includes securities or instruments for which fair value information is unavailable from its vendor pricing source, a "non-vendor pricing source" may be used. Examples include, but are not limited to, limited partnerships or similar private investment vehicles that do not actively trade through established exchange mechanisms; other private placements where there is limited or no information in the market place; and unique fixed income and equity instruments. Some securities, including U.S. government, municipal bonds, and mortgage-backed and asset backed securities, may be priced using evaluated bid prices. For private market investments, where no readily ascertainable market value exists, fair values for the individual investments are based on the net asset value (capital account balance) at the closest available reporting period.

## **NOTE 8 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

## **NOTE 9 – INTERLOCAL AGREEMENT**

On April 23, 2013, the District entered into an interlocal agreement with East Naples Fire Control and Rescue District ("ENFD") to consolidate defined services provided by each of the respective independent districts in anticipation of a proposed joint merger of the Districts. As stipulated in the agreement, the ENFD's Fire Chief would be appointed as Fire Chief of both Districts and the Fire Chief of Golden Gate Fire Control and Rescue District would be appointed as Assistant Fire Chief and second in command of both Districts. Under their supervision, they would assemble a management team from existing personnel of the District and ENFD. The management team is responsible for providing certain consolidated administrative and operational services. Also, the agreement requires separate governance, accounting and employees of both Districts. See Note 10 for more information about the joint merger subsequent to period end.

## **NOTE 10 – SUBSEQUENT EVENTS**

On November 4, 2014, the voters of East Naples Fire Control and Rescue District and the Golden Gate Fire Control and Rescue District approved by referendum, House Bill 951, merging the East Naples and Golden Gate Fire Control and Rescue Districts to create a new independent special fire control district known as the Greater Naples Fire Rescue District. The effective date of the merger is November 4, 2014.



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

To the Board of Commissioners  
Golden Gate Fire Control and Rescue District  
Naples, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Golden Gate Fire Control and Rescue District, Naples, Florida ("District") as of and for the period from October 1, 2014 to November 3, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated October 21, 2015, which include an adverse opinion on the governmental activities and an emphasis of matter paragraph.

**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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Shaw & Associates*

October 21, 2015





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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY  
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Commissioners  
Golden Gate Fire Control and Rescue District  
Naples, Florida

We have examined Golden Gate Fire control and Rescue District, Naples, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the period from October 1, 2014 to November 3, 2014. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on 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 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 District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the period from October 1, 2014 to November 3, 2014.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of Golden Gate Fire Control and Rescue District, Naples, Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Grau & Associates*

October 21, 2015



# Grau & Associates

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## MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL FOR THE STATE OF FLORIDA

To the Board of Commissioners  
Golden Gate Fire Control and Rescue District  
Naples, Florida

### Report on the Financial Statements

We have audited the accompanying basic financial statements of Golden Gate Fire Control and Rescue District, Naples, Florida ("District") as of and for the period from October 1, 2014 to November 3, 2014, and have issued our report thereon dated October 21, 2015, which include an adverse opinion on the governmental activities and an emphasis of matter paragraph.

### Auditor's Responsibility

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; and Chapter 10.550, Rules of the Florida Auditor General.

### Other Reports and Schedule

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 Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated October 21, 2015, should be considered in conjunction with this management letter.

### Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.
- II. Status of prior year findings and recommendations.
- III. Compliance with the Provisions of the Auditor General of the State of Florida.

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

We wish to thank Golden Gate Fire Control and Rescue District, Naples, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

*Grau & Associates*

October 21, 2015

## **REPORT TO MANAGEMENT**

### **I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

None

### **II. PRIOR YEAR FINDINGS**

None

### **III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2014.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the period from October 1, 2014 to November 3, 2014.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the period from October 1, 2014 to November 3, 2014.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the financial audit report for the period from October 1, 2014 to November 3, 2014.
6. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.