

**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **TABLE OF CONTENTS**

**SEPTEMBER 30, 2014**

	<b><u>PAGE</u></b>
<b>PART I. <u>FINANCIAL SECTION</u></b>	
Independent Auditors' Report	1
Management's Discussion and Analysis (MD&A)	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Notes to Financial Statements	17
<b>PART II. <u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&amp;A</u></b>	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Governmental Funds	37
<b>PART III. <u>OTHER REPORTS SECTION</u></b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	38
Independent Auditors' Report on Compliance with Section 218.415, Florida Statutes	40
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required By OMB Circular A-133	41
Schedule of Findings and Questioned Costs – Federal Awards	43
Schedule of Expenditures of Federal Awards	45
Management Letter - Local Government Entities	46

## **INDEPENDENT AUDITORS' REPORT**

February 24, 2015

To The Board of Commissioners  
GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT  
Naples, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT as of and for the year ended September 30, 2014, and 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 District'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 District'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.

## **Opinions**

In our opinion, 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 GOLDEN GATE 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.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 37 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

Such 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. The 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 schedule of expenditures of federal awards is fairly stated, in material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Section 218.415, Florida Statutes**

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated February 24, 2015, on our consideration of GOLDEN GATE 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 GOLDEN GATE 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 February 24, 2015, on our consideration of the GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT's internal control over financial reporting and compliance.

  
PHILLIPS HARVEY GROUP, P.A.  
Certified Public Accountants  
Naples, Florida

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **MANAGEMENT'S DISCUSSION and ANALYSIS**

**SEPTEMBER 30, 2014**

The Golden Gate Fire Control & Rescue District's discussion and analysis is designed to provide an overview of the District's financial activities for the fiscal year ended September 30, 2014. In accordance with Florida Statutes, the District is required to have an annual audit.

### **FINANCIAL HIGHLIGHTS**

- Levied taxes through the TRIM process. The millage rate was set at 1.5 mills.
- The net position of the District increased by \$241,669.
- At the close of the current fiscal year, the District had a fund balance of \$4,012,453 in the General Fund.
- At the close of the current fiscal year, the District had a fund balance of \$132,545 in the Special Revenue Fund (Impact Fees).
- At the close of the current fiscal year, the District had debt and other obligations in the amount of \$7,064,895.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

GASB Statement 34 represents a monumental change from the manner in which government financial statements are recorded and presented. For the first time, it provides a concise "entity-wide" Statement of Net Assets and Statement of Activities to give the user of the financial statements a combined overview of the District's financial position and result of operations, eliminating interfund activities and "other people's money" such as pension funds, which can mislead users when incorporated in a combined manner.

Additionally, this new reporting model requires the use of accrual accounting (which focuses on economic resources) at the top most level, while maintaining modified accrual accounting (which focuses on current financial resources – budgeted resources) at the individual fund level. This is an important change in governmental accounting. For the first time, the impact of long-term financial decisions can be more properly matched to the period in which the expense or revenue is more properly attributed. In short, more fairness in presentation is achieved and the impacts of long-term decisions are promptly recorded as the transactions occur, as opposed to the traditional method of recording them when the bill is paid.

In 2013, the District adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement required that the difference between assets and liabilities be reported as net position. In addition, the impact of a deferred outflow of resources or a deferred inflow of resources must be explained. As of September 30, 2014, the District did not have deferred outflow of resources or deferred inflows of resources to be reported.

**Government-wide Statements:** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities.

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

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **MANAGEMENT'S DISCUSSION and ANALYSIS**

**SEPTEMBER 30, 2014**

### **OVERVIEW OF THE FINANCIAL STATEMENTS – Continued**

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported when the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

These two statements report the Fire District's net position and changes in them. One can think of the District's net position-the difference between assets and liabilities-as one way to measure the District's financial health, or financial position.

Fund financial statements: A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Fire District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds can be divided into two categories: general fund and special revenue fund (impact fees).

*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* is used to account for impact fees required to be used for future capital outlays in response to growth of the community.

Notes to the financial statements: The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-36 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The individual fund statements with budget to actual are found on page 37 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Statement of Net Position: As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$3,443,555 at the close of the most recent fiscal year. The largest portion of the District's net position reflects its investment in capital assets (e.g. land, building, apparatus and equipment); less any related debt used to acquire those assets that are still outstanding. The Golden Gate Fire District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The table below reflects the condensed government-wide Statement of Net Position.

# GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT

## MANAGEMENT'S DISCUSSION and ANALYSIS

SEPTEMBER 30, 2014

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

#### GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT NET POSITION AS OF SEPTEMBER 30, 2014

	<u>FY 2013</u>	<u>FY 2014</u>	<u>%</u>
Current and Other Assets	\$ 4,127,725	\$ 4,395,381	6.5%
Capital Assets	<u>6,875,334</u>	<u>6,400,233</u>	-6.9%
Total Assets	<u>11,003,059</u>	<u>10,795,614</u>	-1.9% (1)
Current and Other Liabilities	250,028	287,164	14.9%
Long-Term Liabilities	<u>7,551,145</u>	<u>7,064,895</u>	-6.4% (2)
Total Liabilities	<u>7,801,173</u>	<u>7,352,059</u>	-5.8%
Net Position:			
Invested in Capital Assets, net	(242,093)	(217,576)	-10.1%
Restricted	54,725	115,910	111.8%
Unrestricted	<u>3,389,254</u>	<u>3,545,221</u>	4.6%
Total Net Position	<u>\$ 3,201,886</u>	<u>\$ 3,443,555</u>	7.5%

- Net position shows the difference between the Fire District's assets and liabilities.
- The bulk of General funds and Impact Fee funds (Special Revenue Fund) are kept in separate saving accounts at the State Board of Administration in Tallahassee until needed.

- (1) During fiscal year 2014 total assets decreased due to the annual depreciation recording of \$499,397.
- (2) Long term liabilities went down due to payments made on existing loans and normal debt amortization as well as cancellation of interest-swap agreement.



**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

**MANAGEMENT'S DISCUSSION and ANALYSIS**

**SEPTEMBER 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

Statement of Activities: The Fire District's net position increased by \$241,669 during the current fiscal year. The table below compares the revenues and expenses for the two activity types for the current fiscal year.

**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>FY 2013</u>	<u>FY 2014</u>	<u>%</u>
Program Revenues:			
Charges for services	\$ 93,788	\$ 104,348	11.3%
Operating Grants	815,157	730,173	-10.4%
General Revenues:			
Ad Valorem Taxes	6,769,092	6,987,527	3.2%
Investment Earnings	9,401	4,604	-51.0%
Impact Fees and Other	<u>829,112</u>	<u>398,808</u>	-51.9%
Total Revenue	<u>8,516,550</u>	<u>8,225,460</u>	-3.4%
Expenses:			
Public safety:			
Employee costs	6,376,469	6,453,904	1.2%
Outside services	747,911	687,399	-8.1%
Materials and supplies	387,243	209,729	-45.8%
Depreciation	577,830	499,397	-13.6%
Debt service:			
Interest expense	312,762	133,362	-57.4%
Loss on disposal of capital assets	<u>0</u>	<u>0</u>	0.0%
Total Expenses	<u>8,402,215</u>	<u>7,983,791</u>	-5.0%
Change in net position	114,335	241,669	111.4%
Net Position - Beginning of Year	<u>3,087,551</u>	<u>3,201,886</u>	3.7%
Net Position - Ending of Year	<u>\$ 3,201,886</u>	<u>\$ 3,443,555</u>	7.5%

**General Revenues**

During fiscal year of 2014 the Fire District received a 3.2% increase in Ad Valorem tax dollars over the prior fiscal year. Investment earnings decreased 51.0% due to the decrease of funds kept in savings and interest rates over the prior fiscal year. With interest rates being low a larger portion of funds were kept in the checking accounts to offset banking charges. Operating grants decreased 10.4% due to fewer funds available from the Safer Cost Reimbursement Grant. Other revenues decreased 51.9% over the prior fiscal year mainly due to the loss of derivative income (termination of interest swap).

# GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT

## MANAGEMENT'S DISCUSSION and ANALYSIS

SEPTEMBER 30, 2014

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

#### Expenses

During fiscal year of 2014 outside services decreased by 8.1% over the prior fiscal year due to cutting back on expenditures wherever possible. Materials and supplies decreased by 45.8% over the prior fiscal year due to cutting back on expenditures wherever possible. Depreciation declined 13.6% due to fully depreciated capital assets.

#### Net Position

During fiscal year 2014 net position increased due to the Safer Cost Reimbursement Grant as well as the full year of depreciation of \$499,397. Total 2014 expenses were less than total revenues by \$241,669.

#### Liabilities

Long term liabilities went down due to payments being made on existing loans and compensated absences.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

By motion, transfers of unencumbered appropriation balances are made at midyear to reflect changes in anticipated revenues and/or expenditures.

The following compares original general fund budget to final budget:

	<u>ORIGINAL</u>	<u>FINAL</u>
• Revenues	<u>\$ 11,271,554</u>	<u>\$ 11,834,912</u>
• Expenditures	<u>\$ 11,271,554</u>	<u>\$ 11,834,912</u>

### **SPECIAL REVENUE FUND BUDGETARY HIGHLIGHTS**

The following compares original special revenue fund budget to final budget:

	<u>ORIGINAL</u>	<u>FINAL</u>
• Revenues	<u>\$ 150,000</u>	<u>\$ 268,338</u>
• Expenditures	<u>\$ 150,000</u>	<u>\$ 268,338</u>

# GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT

## MANAGEMENT'S DISCUSSION and ANALYSIS

SEPTEMBER 30, 2014

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets: The Fire District's investment in capital assets as of September 30, 2014, amounts to \$6,400,233 (net of accumulated depreciation). The investment in capital assets includes land, buildings, apparatus and equipment.

Long-term Debt: At the end of the current fiscal year, the Golden Gate Fire District had total debt outstanding of \$7,064,895.

Long-term debt at the end of the current fiscal year included (see page 29 – 31 for further details):

- Lease purchase agreement for Station #70.
- Loan for purchase of new fire truck (Pumper at Station #71).
- Construction Loan at Fifth Third Bank for \$8mil for building two fire stations.
- Compensated absences.
- Loan for purchase of LED lighting fixtures for Stations #71, #72, #73

### **GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

#### **Changes in General Fund Balances**

	<u>2013</u>	<u>2014</u>	<u>PERCENT CHANGE</u>
<u>Revenues</u>			
Ad Valorem and County Taxes	\$ 6,769,092	\$ 6,987,527	3.2%
Grant Income	815,157	730,173	-10.4%
Impact and Other Fees	93,788	104,348	11.3%
Investment Income	9,372	4,561	-51.3% (1)
Miscellaneous	167,343	193,357	15.5%
Total Revenues	<u>7,854,752</u>	<u>8,019,966</u>	2.1%
<u>Expenses</u>			
Public Safety	7,558,770	7,355,417	-2.9%
Capital Outlay	133,221	27,942	-79.0% (2)
Debt Service	399,958	487,862	22.0% (3)
Total Expenses	<u>8,091,949</u>	<u>7,871,221</u>	-2.7%
<u>Other Financing Sources (Uses)</u>			
Proceeds from Capital Lease	120,588	0	-100.0%
Change in Fund Balance	(116,609)	148,745	227.6%
Fund Balance - Beginning of Year	3,980,317	3,863,708	-2.9%
Fund Balance - End of Year	<u>\$ 3,863,708</u>	<u>\$ 4,012,453</u>	3.8%

- (1) Investment income decreased due to lower interest rates and fewer funds for investment in 2014.  
(2) Capital Outlay decreased due to fewer capital item purchases.  
(3) Debt Service increased due to resuming payment of principal amount on 5<sup>th</sup>/3<sup>rd</sup> Bank Construction Loan.

**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

**MANAGEMENT'S DISCUSSION and ANALYSIS**

**SEPTEMBER 30, 2014**

**GOVERNMENTAL FUNDS FINANCIAL ANALYSIS – Continued**

**Changes in Special Revenue (Impact Fee) Fund Balances**

	<u>2013</u>	<u>2014</u>	<u>PERCENT CHANGE</u>
<u>Revenues</u>			
Impact and Other Fees	\$ 148,362	\$ 205,451	38.5% (1)
Investment Income	29	43	48.3%
Total Revenues	<u>148,391</u>	<u>205,494</u>	38.5%
<u>Expenses</u>			
Debt Service	<u>130,000</u>	<u>145,952</u>	12.3%
Total Expenses	<u>130,000</u>	<u>145,952</u>	12.3%
Change in Fund Balance	18,391	59,542	423.8%
Fund Balance - Beginning of Year	54,612	73,003	33.7%
Fund Balance - End of Year	<u>\$ 73,003</u>	<u>\$ 132,545</u>	81.6%

(1) Impact and other fees revenue increased due to return of new construction in our area.

**FUND BALANCE DISCLOSURE**

In accordance with GASB No. 54, the District classifies governmental fund balances as follows:

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUES</u>	<u>TOTAL FUNDS</u>
Non-spendable	\$ 120,934	\$ 0	\$ 120,934
Restricted	4,675	132,545	137,220
Committed	0	0	0
Assigned:			
Revenue and contingency reserve	3,368,849	0	3,368,849
Unassigned	<u>517,995</u>	<u>0</u>	<u>517,995</u>
Total	<u>\$ 4,012,453</u>	<u>\$ 132,545</u>	<u>\$ 4,144,998</u>

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **MANAGEMENT'S DISCUSSION and ANALYSIS**

**SEPTEMBER 30, 2014**

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

When preparing the fiscal year 2015 budget, the District considered the increase in cost for just doing business and any anticipated changes in the development of our area that would make an impact on the tax dollars received. The District obtains most of its funding from ad valorem tax dollars. The Property Appraiser has forecasted an increase in tax rolls for FY 2015. Impact fees continue to increase which has an impact on the District's budget. This in turn means that the District will have more funds available for necessary operating expenses which include personnel costs.

General Fund Budget: The Collier County Property Appraiser certified the preliminary FY 2015 tax roll on June 27, 2014. The District's assessed taxable value is at 5,057,814,343 an increase of 323,131,083 or 6.8% from the prior year's final tax roll. The Fire Board approved setting the millage rate at 1.5 mills for FY 2015. The Fire District will receive an increase in tax dollars of \$347,181 or 5.0%.

Use of Prior Year General Fund Cash: The fund balance for FY 2014 is being used to fund the necessary reserve portions of the FY 2015 General Fund Budget.

Special Revenue Fund Budget: The District is anticipating an increase of \$75,000 to be collected from impact fees in FY 2015 plus an increase in the fund balance. During FY 2011, the District started receiving a small increase in the amount of impact fees collected after having received decreases for five years. During FY 2014, the District continued to see an increase in impact fees collected. This is all due to a return of new construction in our area. It is new construction that generates the impact fees.

On November 4, 2014, the voters approved the merger of Golden Gate Fire District and East Naples Fire District into one special fire district to be known as Greater Naples Fire Rescue District.

### **Kingman D. Schuldt**

Chief Kingman D. Schuldt  
Golden Gate Fire Control and Rescue District

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide Golden Gate Fire Control & Rescue District's citizens and taxpayers with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fire Chief, Golden Gate Fire Control & Rescue District, 14575 Collier Blvd., Naples, FL 34119 or phone at 239-348-7540.

**PART I. FINANCIAL STATEMENTS**

**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

**STATEMENT OF NET POSITION**

**SEPTEMBER 30, 2014**

	<b><u>GOVERNMENTAL ACTIVITIES</u></b>
<b>ASSETS</b>	
Cash	\$ 1,287,321
Investments	2,459,245
Receivables (Note 4)	411,971
Prepaid expenses	120,934
Cash, restricted for lease interest (Note 7)	4,675
Cash and investments, restricted for impact fee	111,235
Capital assets, not being depreciated:	
Land	774,341
Capital assets, net of accumulated depreciation:	
Buildings and improvements	4,560,424
Autos and trucks	740,384
Furniture, fixtures, and equipment	<u>325,084</u>
Total capital assets, net (Note 5)	<u>6,400,233</u>
Total assets	<u>10,795,614</u>
<b>LIABILITIES</b>	
Accounts payable	63,184
Salaries and benefits payable (Note 6)	210,941
Interest payable	13,039
Compensated absences (Note 7):	
Expected to be paid within one year	8,859
Expected to be paid after one year	438,227
Notes and capital leases payable (Note 7):	
Portion due within one year	408,695
Portion due after one year	<u>6,209,114</u>
Total liabilities	<u>7,352,059</u>
<b>NET POSITION</b>	
Net investment in capital assets	(217,576)
Restricted for lease interest	4,675
Restricted for impact fees	111,235
Unrestricted	<u>3,545,221</u>
Total net position	<u>\$ 3,443,555</u>

The accompanying notes are an integral part of these financial statements.

**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b><u>GOVERNMENTAL ACTIVITIES</u></b>
Expenses:	
Public safety - fire protection:	
Personal services	\$ 6,453,904
Outside services	687,399
Materials and supplies	209,729
Depreciation	499,397
Interest on long-term debt and capital leases	<u>133,362</u>
Total program expenses	<u>7,983,791</u>
Program revenues:	
Charges for services	104,348
Operating grants (Note 12)	<u>730,173</u>
	<u>834,521</u>
Net program expense	<u>7,149,270</u>
General revenues:	
Property taxes	6,987,527
Impact fee revenue	205,451
Interest income	4,604
Tower leases	153,120
Miscellaneous	<u>40,237</u>
Total general revenues	<u>7,390,939</u>
Change in net position	241,669
Net position, September 30, 2013	<u>3,201,886</u>
Net position, September 30, 2014	<u>\$ 3,443,555</u>

The accompanying notes are an integral part of these financial statements.



**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2014**

	<b><u>GOVERNMENTAL FUND TYPES</u></b>		<b><u>TOTAL</u></b>
	<b><u>GENERAL</u></b>	<b><u>SPECIAL REVENUE</u></b>	<b><u>GOVERNMENTAL FUNDS</u></b>
<b><u>ASSETS</u></b>			
Cash (Note 3)	\$ 1,287,321	\$ 29,577	\$ 1,316,898
Cash, restricted (Note 7)	4,675	0	4,675
Investments (Note 3)	2,459,245	81,658	2,540,903
Receivables (Note 4)	395,245	16,726	411,971
Prepaid expenses	120,934	0	120,934
Due from the General Fund	<u>0</u>	<u>4,584</u>	<u>4,584</u>
Total Assets	<u>\$ 4,267,420</u>	<u>\$ 132,545</u>	<u>\$ 4,399,965</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 63,184	\$ 0	\$ 63,184
Accrued liabilities (Note 6)	187,199	0	187,199
Due to Special Revenue Fund	<u>4,584</u>	<u>0</u>	<u>4,584</u>
Total Liabilities	<u>254,967</u>	<u>0</u>	<u>254,967</u>
Fund Balances (Note 11):			
Non-spendable	120,934	0	120,934
Restricted	4,675	132,545	137,220
Committed	0	0	0
Assigned	3,368,849	0	3,368,849
Unassigned	<u>517,995</u>	<u>0</u>	<u>517,995</u>
Total Fund Balances	<u>4,012,453</u>	<u>132,545</u>	<u>4,144,998</u>
Total Liabilities and Fund Balances	<u>\$ 4,267,420</u>	<u>\$ 132,545</u>	<u>\$ 4,399,965</u>

**Amounts reported for governmental activities in the  
statement of net position are different because:**

Fund balances - governmental funds	4,144,998
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,400,233
Long-term liabilities, including capital leases payable, a promissory note obligation, related interest payable, termination benefits/other are not due and payable in the current period and therefore are not reported in the funds.	<u>(7,101,676)</u>
Net position of governmental activities	<u>\$ 3,443,555</u>

The accompanying notes are an integral part of these financial statements.

**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b><u>GOVERNMENTAL FUND TYPES</u></b>		<b><u>TOTAL GOVERNMENTAL FUNDS</u></b>
	<b><u>GENERAL</u></b>	<b><u>SPECIAL REVENUE</u></b>	
Revenues:			
Ad valorem and county taxes	\$ 6,987,527	\$ 0	\$ 6,987,527
Grant income	730,173	0	730,173
Impact and other fees	104,348	205,451	309,799
Interest and dividends	4,561	43	4,604
Tower leases and miscellaneous	<u>193,357</u>	<u>0</u>	<u>193,357</u>
Total Revenues	<u>8,019,966</u>	<u>205,494</u>	<u>8,225,460</u>
Expenditures:			
Current			
Public safety:			
Employee costs	6,453,076	0	6,453,076
Outside services	696,258	0	696,258
Materials and supplies	206,083	0	206,083
Capital outlay	27,942	0	27,942
Debt service:			
Principal retirement	473,994	25,624	499,618
Interest and fiscal charges	<u>13,868</u>	<u>120,328</u>	<u>134,196</u>
Total Expenditures	<u>7,871,221</u>	<u>145,952</u>	<u>8,017,173</u>
Excess revenues over expenditures	148,745	59,542	208,287
Fund Balances, September 30, 2013	<u>3,863,708</u>	<u>73,003</u>	<u>3,936,711</u>
Fund Balances, September 30, 2014	<u>\$ 4,012,453</u>	<u>\$ 132,545</u>	<u>\$ 4,144,998</u>

The accompanying notes are an integral part of these 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 YEAR ENDED SEPTEMBER 30, 2014**

Amounts reported for governmental activities in the statement of activities (page 13)  
are different because:

Net change in fund balances - total governmental funds (page 15)	\$	208,287
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(471,455)
The issuance of long-term debt (e.g., notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.		499,618
Some items reported in the statement of activities including interest, vacation/sick leave, termination benefits, and the disposal of capital assets do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>5,219</u>
Change in net position of governmental activities (page 13)	\$	<u>241,669</u>

The accompanying notes are an integral part of these financial statements.

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

### **NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Reporting entity**

GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT (the District) is a local governmental unit created by the Florida State Legislature to provide fire and rescue services to a certain prescribed 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 three-person board of commissioners. The government-wide balance sheet and statement of activities and the General and Special Revenue include all of the operations and activities relevant to the District.

During 2004, the District implemented Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*; Omnibus Statement No.38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financials*. GASB Statement No. 34 and these related pronouncements established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, district-wide financial statements, required supplementary information and the elimination of the effects of internal service activities, if any, and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that district-wide financial statements are needed to allow users of financial reports to assess a government's operational accountability. The new GASB model integrates fund-based financial reporting and district-wide financial reporting as complementary components of a single comprehensive financial reporting model.

As required by U.S. Generally Accepted Accounting Principles (GAAP), these financial statements present Golden Gate Fire Control and Rescue District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of the government in which the District's Board of Commissioners exercises oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above mentioned criteria as set forth in Governmental Accounting Standards Board Statement Number 14, *The Financial Reporting Entity*, as amended by GASB No. 39, *Determining Whether Certain Organizations Are Component Units*, the District has identified no component units.

#### **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 activities of the primary government. *Governmental activities*, which normally are supported by taxes, are reported separately from *business-type activities* of which the District had no such activities during 2014.

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

### **NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Government-wide and fund financial statements (continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, even though such funds are excluded from the government-wide financial statements. All governmental funds of the District are reported as major individual funds.

#### **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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government 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. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The primary revenue sources that are susceptible to accrual are ad valorem taxes, impact fees, inspection fees and interest. Other receipts and fees become measurable and available when cash is received by the District and are recognized as revenue at that time.

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 District's policy to use restricted resources first, then unrestricted resources as they are needed.

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 required to be used for future capital outlays in response to growth of the community.

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

### **NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Budgetary process**

The budget and amendments, if any, are approved by the Commissioners. The budget is prepared on the cash basis, which is considered not to be materially different from the modified accrual basis in accordance with U.S. generally accepted accounting principles. The annual budget serves as the legal authorization for expenditures. Expenditures cannot legally exceed the total amount budgeted. All budget amendments, which change the legally adopted total appropriation, are approved by the Commissioners.

#### **Encumbrances**

Encumbrance accounting under which purchase orders and other commitments for expenditures of monies are recorded is not employed by the District and thus no amount has been included in these basic financial statements for encumbrances.

#### **Due to and 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. There were amounts due to and from other funds at September 30, 2014 in the accompanying fund statements.

#### **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. where 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 fund financial statements, but the revenue is unavailable, the District report a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

As of September 30, 2014, the District did not have deferred outflows of resources or deferred inflows of resources to be reported.

#### **Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types**

The budget column of this statement is prepared from the District's adopted annual budget, as amended during the year, which reflects budgeted revenues and expenditures in total for all governmental fund types on a cash basis which is comparable to the modified accrual basis of accounting for the year ended September 30, 2014. Appropriations lapse at year-end.

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

### **NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Property tax calendar**

The calendar is composed of the following dates:

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

#### **Total Column on the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**

The total columns on the balance sheet and the statement of revenues, expenditures and changes in fund balances is presented only to facilitate financial analysis and also is utilized for reconciliation purposes to the government-wide financial statements. Data in this column does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles, and such data is not comparable to a consolidation.

#### **Investments**

Investments are reported and are equal or equivalent to market value. Florida Statutes allows the District to invest surplus funds in:

- a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s.163.01.
- 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, as defined in s. 280.02.
- d) Direct obligations of the U.S. Treasury.

Certain funds are invested with the State Board of Administration (SBA) of Florida in the Local Government Surplus Funds Trust Fund Investment Pool. These funds are recorded at cost, which according to the State Board of Administration of Florida is approximately equal to the fair value of the investments for financial reporting purposes.

#### **Taxes and fees receivable**

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

#### **Prepaid items**

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

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

### **NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Payables and accruals**

Such payable and accrual amounts are recorded as expenses and liabilities when incurred in the government wide financial statements and as expenditures and liabilities in the fund financial statements when paid and when expected to be liquidated with available expendable financial resources.

#### **Restricted assets**

Certain resources set aside for impact fee expenditures, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by laws and regulations. The "cash and investments restricted for impact fees" are solely required to be used for growth capital expenditures. Cash restricted for prepaid interest was originally established pursuant to the Lease Agreement dated April 2011, Note 7.

#### **Capital assets**

Capital assets, which include land, buildings and improvements, autos and trucks, and furniture, fixtures, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

In the case of initial capitalization of District capital assets and within the guidelines promulgated by GASB 34, the District was able to use historical cost and original purchase date for all such assets. As the District constructs or acquires additional capital assets each period, such assets are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life. In the case of donations, the District values these capital assets at the estimated fair value of the item at the date of donation. There were no such donated assets during 2014.

Interest on debt cannot meaningfully be associated with individual District functions and, consequently, is reported as a separate line within governmental activities in the government-wide statement of activities. Such treatment also applies to interest incurred on capital leases. The practical effect of capitalizing interest incurred during the construction of capital assets used in governmental activities would be to allocate interest cost to whatever function reported the related depreciation expense. However, the allocation of interest to individual functions within governmental activities is not appropriate. Consequently, no such interest costs incurred related to the construction of stations #72 and #73 were capitalized.

Capital assets of the District are depreciated using the straight line method over the following estimated useful lives:

	<b><u>YEARS</u></b>
Buildings and improvements	5 - 39
Autos and trucks	5 - 15
Furniture, fixtures and equipment	3 - 20



# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

### **NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **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. In the fund financial statements, the face amount of debt issued and debt principal and interest payments are reported as other financing sources and principal and interest expenditures, respectively, in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

#### **Compensated absences**

The District's employees earn vacation which may either be taken or accumulated, up to certain amounts, until paid upon retirement or termination. Unused sick leave accumulates and is subject to a reduction if paid in cash upon retirement or termination. The liability for compensated absences reflects amounts attributable to employee services already rendered on a cumulative basis which is probable for payment.

#### **Fund equity**

The District displays its fund equity pursuant GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Fund balance classifications, under GASB 54, are: Nonspendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restrictions placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of various fund balance classifications, refer to Note 11.

Net position in the government-wide statements is categorized as invested in capital assets, net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt, represents net position related to land, building and improvements, vehicles, and furniture, fixtures and equipment, net of any related debt. Restricted net position for impact fees are funds legally mandated to be set aside solely for growth capital expenditures.

#### **Risk management**

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Insurance coverage for such losses is purchased from third-party carriers. The financial impact of the District's risk management activities are reported in the general fund. For the fiscal year ended September 30, 2014, the District paid \$194,555 to third-party carriers to insure for these purposes. There has been no reduction in coverage from the prior year. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There was no such type of occurrence during fiscal 2014. No accrual has been provided for claims and incidents not reported to the insurer. Claims made have not exceeded the insurance coverage for the current year.

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

### **NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

#### **Explanation of certain differences between the government-wide statement of net position and the governmental fund balance sheet**

The government fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.”

#### **Capital assets:**

The details of this \$6,400,233 difference are as follows:

Total historical cost of fixed assets at September 30, 2014 (Note 5)	\$ 19,524,371
Accumulated depreciation at September 30, 2014 (Note 5)	<u>(13,124,138)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 6,400,233</u>

#### **Debt and other liabilities:**

Another element of that reconciliation explains that “long term liabilities, including capital leases payable, a promissory note obligation, interest payable, and termination benefits are not due and payable in the current period and therefore are not reported in the funds.”

The details of this (\$7,101,676), (Notes 6 and 7) difference are as follows:

Capital lease payable - facility - Station #70	\$ (109,162)
Capital lease payable - fire truck and equipment (P71)	(71,305)
Capital lease obligations - LED lighting	(80,026)
Promissory note obligation payable - Station #72 and #73	(6,357,316)
Compensated absences	(447,086)
Accrued insurance benefits - previous retired Chief (Note 6)	(23,742)
Accrued interest payable	<u>(13,039)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (7,101,676)</u>

# GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

### NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

#### *Explanation of certain differences between the government-wide statement of activities and governmental fund statement of revenues, expenditures and changes in fund balances*

##### **Capital outlay:**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense."

The details of this \$(471,455) difference are as follows:

Capital outlay	\$ 27,942
Depreciation expense (Note 5)	<u>(499,397)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (471,455)</u>

##### **Long-term debt:**

Another element of that reconciliation states that, "The issuance of long-term debt (e.g., notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds."

The details of this \$499,618 (Note 7) difference are as follows:

Principal repayments:	
Capital lease - facility	\$ 16,794
Capital leases - fire truck and equipment	148,228
Promissory note - stations # 72 and # 73	<u>334,596</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 499,618</u>

# GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

### NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(Continued)

#### **Compensated Absence, Other Accruals and Other Items:**

Another element of that reconciliation states that, "some expenses reported in the statement of activities including interest, vacation/sick leave expense, termination benefits, and others do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds."

The details of this \$5,219 difference are as follows:

Net effect of differences in accounting treatment of accrued termination benefits	\$	5,937
Net compensated absences changes (Note 7)		8,859
Disposal of capital items and capital lease equipment		(10,411)
Net effect of differences in accounting treatment of long-term debt related interest and other accruals		<u>834</u>
Net adjustment to increase <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$	<u>5,219</u>

### NOTE 3 - CASH AND INVESTMENTS

#### Cash

Cash held at September 30, 2014 consisted of the following:

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL</u>
Demand Deposits	\$ 1,291,896	\$ 29,577	\$ 1,321,473
Petty Cash	<u>100</u>	<u>0</u>	<u>100</u>
	<u>\$ 1,291,996</u>	<u>\$ 29,577</u>	<u>\$ 1,321,573</u>

All deposits with banks are entirely insured by Federal Depository Insurance. All District depositories are designated by the Florida State Treasurer as qualified public depositories. Chapter 280 of the Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to ensure public monies in banks and savings and loans are collateralized with the Treasurer as agent for the public entities. Financial institutions qualifying as public depositories shall deposit with the Treasurer eligible collateral having a market value equal to or in excess of the average daily balance of public deposits times the depository collateral pledging level required pursuant to Chapter 280 as computed and reported monthly or 25 percent of the average monthly balance, whichever is greater. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and certificates of deposit.

# GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

### NOTE 3 - CASH AND INVESTMENTS (Continued)

#### Cash (continued)

The District does not have a formal deposit policy that dictates deposits as a means of managing its exposure to losses and follows the guidance stipulated by Chapter 280 of Florida Statutes.

At September 30, 2014, the District's cash carrying amounts and bank balances were \$1,321,573 and \$1,412,143, respectively.

#### Investments

The District has no written policy and/or adopted formal investment policy and consequently adheres to the investment guidelines as set forth in Section 218.415(17) of the Florida Statutes. All the District's investments at September 30, 2014 are invested in the Local Government Surplus Funds Trust Fund (labeled as "Florida PRIME"). These funds are not categorized because it is not evidenced by securities that exist in physical or book entry form. All monies deposited in the surplus funds are collateralized as required under law.

The District invests funds throughout the year with the Local Government Surplus Funds Trust Fund, which is administered by the State Board of Administration (SBA), under the regulatory oversight of the State of Florida. As of September 30, 2014, the investment pool closed with the total investments of approximately \$7.2 billion with the District's investment in the SBA totaling \$2,540,903 which was entirely invested in Florida PRIME.

The Local Government Surplus Funds Trust Fund is governed by Ch. 19-7.001-through 19.7.017 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration.

Florida Prime is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 like fund. Consequently, such investments are recorded at amortized costs consistent with GASB Statement #31. In accordance with regulations of a 2a-7 like fund, the method used to determine the participants' shares sold and redeemed is the amortized cost method as a means to maintain a constant net asset value (NAV) of \$1 per share. The Florida PRIME account fair value equals the value in the account of \$2,540,903 at September 30, 2014.

At September 30, 2014, the District's investment balance was as follows:

Florida PRIME	<u>\$ 2,540,903</u>
---------------	---------------------

Historical information showing the Local Government Surplus Funds Trust Fund's performance is presented in the June 30, 2014 Comprehensive Annual Financial Report, which can be found at the State Board of Administration's website.

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

### **NOTE 3 - CASH AND INVESTMENTS (Continued)**

#### **Interest rate risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Florida PRIME weighted average days to maturity at September 30, 2014 was 39 days.

#### **Credit risk**

Florida Statutes Section 218.415(17) authorizes certain investment instruments that the District is permitted to invest in since the District does not have a formal investment policy. Consequently, the District has no investment policy that would further limit its investment choices. The Florida PRIME is rated by Standard and Poors and is its current rating is AAAm.

#### **Concentration of credit risk**

The District places no limit on the amount it may invest in any one issuer. All the District investments are in the Florida PRIME.

### **NOTE 4 - RECEIVABLES**

Receivables at September 30, 2014 consisted of the following:

Grant receivable (Safer Grant) - general fund (Note 12)	\$	318,329
Ad valorem taxes - general fund		50,990
Inspection fees - general fund		5,020
Impact fees - special revenue fund		16,726
Property appraisal fees - general fund		9,211
Tower lease		6,577
Other		<u>5,118</u>
Total	\$	<u>411,971</u>

# GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

### NOTE 5 - CAPITAL ASSETS, NET

Capital asset activity for the year ended September 30, 2014 was as follows:

	<u>BALANCE SEPT. 30, 2013</u>	<u>ADDITIONS</u>	<u>OTHER/ DELETIONS</u>	<u>BALANCE SEPT. 30, 2014</u>
Capital assets, not being depreciated:				
Land	\$ 774,341	\$ 0	\$ 0	\$ 774,341
Construction in progress	0	0	0	0
Total capital assets, not being depreciated	<u>774,341</u>	<u>0</u>	<u>0</u>	<u>774,341</u>
Capital assets, being depreciated:				
Buildings and improvements	12,019,857	0	0	12,019,857
Autos and trucks	4,606,738	0	(6,766)	4,599,972
Furniture, fixtures and equipment	<u>2,102,259</u>	<u>27,942</u>	<u>0</u>	<u>2,130,201</u>
Total capital assets being depreciated	<u>18,728,854</u>	<u>27,942</u>	<u>(6,766)</u>	<u>18,750,030</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,206,114)	(253,319)	0	(7,459,433)
Autos and trucks	(3,723,865)	(138,843)	3,120	(3,859,588)
Furniture, fixtures and equipment	<u>(1,697,882)</u>	<u>(107,235)</u>	<u>0</u>	<u>(1,805,117)</u>
Total accumulated depreciation	<u>(12,627,861)</u>	<u>(499,397)</u>	<u>3,120</u>	<u>(13,124,138)</u>
Total capital assets being depreciated, net	<u>6,100,993</u>	<u>(471,455)</u>	<u>0</u>	<u>5,625,892</u>
Total capital assets, net	<u>\$ 6,875,334</u>	<u>\$ (471,455)</u>	<u>\$ (3,646)</u>	<u>\$ 6,400,233</u>

The cost of assets under capital lease arrangements totaled \$2,199,229 with accumulated depreciation of \$1,558,398 at September 30, 2014.

### NOTE 6 - ACCRUED LIABILITIES

Accrued liabilities at September 30, 2014, were comprised of the following:

Accrued wages payable	\$ 149,560
Payroll taxes payable	10,782
Retirement contribution payable	26,710
Other miscellaneous	<u>147</u>
Total Accrued Liabilities - General Fund	<u>187,199</u>

### Insurance obligations

Accrued insurance benefits - previously retired Chief (Note 10)	<u>23,742</u>
Total Accrued Liabilities - Statement of Net Position	<u>\$ 210,941</u>

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

### **NOTE 7 - LEASES AND OTHER LONG-TERM DEBT**

#### **Capital Lease Obligations**

The District is committed to three capital leases: (1) Station #70 Collier County lease, (2) Oshkosh Capital firefighter truck lease, (3) CSI, Leasing, Inc. LED lighting for Stations #71, #72 and #73. Capital leases are generally defined as leases which transfer benefits and risks of ownership to the lessees.

#### **(1) Station #70 Collier 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.

Following is a schedule of the future minimum lease payments on the facility capital lease as of September 30, 2014:

<b><u>YEAR ENDED</u></b> <b><u>SEPTEMBER 30,</u></b>	
2015	\$ 16,794
2016	16,794
2017	16,794
2018	16,794
2019	16,794
2020 - 2021	<u>25,192</u>
	<u><u>\$ 109,162</u></u>

#### **(2) 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. Following is a schedule of the present value of the net future minimum lease payments on this lease obligation at September 30, 2014:

<b><u>YEAR ENDED</u></b> <b><u>SEPTEMBER 30,</u></b>	
2015	\$ 38,185
2016	<u>38,185</u>
	76,370
Less: Amount representing interest	<u>(5,065)</u>
Present value of net minimum lease payments	<u><u>\$ 71,305</u></u>



# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

### **NOTE 7 - LEASES AND OTHER LONG-TERM DEBT (Continued)**

#### **Capital Lease Obligations (Continued)**

##### **(3) CSI Leasing, Inc. - LED Lighting**

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. Following is a combined schedule of the present value of the net future minimum lease payments on the three lease obligations at September 30, 2014:

<b><u>YEAR ENDED</u></b> <b><u>SEPTEMBER 30,</u></b>	
2015	\$ 27,869
2016	27,869
2017	27,689
2018	<u>2,322</u>
	85,929
Less: Amount representing interest	<u>(5,903)</u>
Present value of net minimum lease payments	<u>\$ 80,026</u>

#### **Promissory Note Obligation**

In August 2003, the District entered into a promissory note with Fifth Third Bank totaling \$8,000,000. 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 original \$8M Promissory Note with a current outstanding principal balance of \$6,357,316 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 20<sup>th</sup> 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 20<sup>th</sup> of each month commenced November 20, 2013 with a final balloon payment of \$5,939,071 due on February 20, 2016. The District agreed to maintain certain required insurance policies and amounts as defined in the Agreement.

In April 2011, the District's interpretation was to initially establish and fund an "Interest Account" held by the Bank totaling \$124,680 representing the first 12 months of the respective interest component of the base rent. These funds were solely utilized to pay interest for the first 12 months as agreed. At September 30, 2014, the remaining cash balance in this Interest Account was \$4,675 and was reflected as a restricted fund balance, see Note 11.

# GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

### NOTE 7 - LEASES AND OTHER LONG-TERM DEBT (Continued)

#### Promissory Note Obligation (Continued)

Following is a schedule of future principal debt service payments (per 4/1/2011 Lease Agreement denoted above) as of September 30, 2014 based on an overall synthetic rate of 3.81% (3.44 fixed plus Libor rate spread of 0.374%):

<u>YEAR ENDED</u> <u>SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2015	\$ 334,596	\$ 126,535
2016	6,022,720	61,215
	<u>\$ 6,357,316</u>	<u>\$ 187,750</u>

Long-term liability activity for the year ended September 30, 2014 was as follows:

	<u>BALANCE</u> <u>SEPT. 30,</u> <u>2013</u>	<u>ADDITIONS</u>	<u>PAYMENTS/</u> <u>OTHER</u>	<u>BALANCE</u> <u>SEPT. 30,</u> <u>2014</u>	<u>DUE</u> <u>WITHIN</u> <u>ONE</u> <u>YEAR</u>
Capital lease - Station #70 building	\$ 125,956	\$ 0	\$ (16,794)	\$ 109,162	\$ 16,794
Capital lease @ 4.7% w/Oshkosh Capital, principal and interest due annually, secured and matures February 2016.	104,575	0	(33,270)	71,305	34,834
Capital lease @ 4.55% w/Leasing 2, principal and interest due annually, secured and matures March 2014.	94,377	0	(94,377)	0	0
Capital leases @ 4.6% w/CSI Leasing, Inc. principal and interest due monthly, secured and matures October 2017.	100,607	0	(20,581)	80,026	22,471
Promissory note payable, interest and principal due quarterly at Libor plus 1.65%, secured, source of repayment-impact fees, matures February 2016.	<u>6,691,912</u>	<u>0</u>	<u>(334,596)</u>	<u>6,357,316</u>	<u>334,596</u>
	<u>7,117,427</u>	<u>0</u>	<u>(499,618)</u>	<u>6,617,809</u>	<u>408,695</u>
Compensated absences	<u>433,718</u>	<u>22,227</u>	<u>(8,859)</u>	<u>447,086</u>	<u>8,859</u>
	<u>\$ 7,551,145</u>	<u>\$ 22,227</u>	<u>\$ (508,477)</u>	<u>\$ 7,064,895</u>	<u>\$ 417,554</u>

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

### **NOTE 8 - PENSION PLAN OBLIGATIONS**

All paid District employees are participants in the Florida Retirement System (System), a defined benefit non-contributory multiple-employer, cost-sharing public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The plan covers a total of approximately 1,007,000 employees of various governmental units within the State of Florida.

The System provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 6 or more years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit, where average compensation is computed as the average of an individual's defined highest fiscal years' earnings ( i.e., either five or eight years) depending on enrollment date.

Participating employer contributions are based upon State-wide rates established by the State of Florida. These rates effective July 1, 2014 are applied to employee salaries as follows: regular employees – 7.37% and special risk employees – 19.82% of which the employee contribution rate of 3% is included in these rates.

The funding policy provides for monthly employer contributions at actuarially determined rates that are determined using the entry age actuarial cost method.

The District's contribution to the plan for the year ended September 30, 2014 was \$764,179 and was paid by the due date for the contribution. This represents approximately 18% of the District's 2014 covered payroll of \$4,236,138. The total payroll for fiscal 2013 was \$4,283,753. In addition, the District's contribution to the plan for fiscal 2013 was \$642,283.

The pension benefit obligation for the System as a whole, determined through an actuarial valuation was \$138.6 billion at July 1, 2014, the date of the most recent actuarial report. The report also indicates that the System had total actuarial accrued liability of approximately \$160.1 billion at that date resulting in an underfunded pension obligation of \$21.5 billion. The pension benefit obligation is a standardized disclosure measure of the present value of plan benefits, adjusted for the effects of projected salary increases and step-rate benefits estimated to be payable in the future as a result of employee service to date. A variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation and these assumptions are summarized below:

- a) a rate of return on the investment of present and future assets of 7.65% per year compounded annually;
- b) projected salary increases of 3.25% per year compounded annually, attributable to inflation of 3%; and
- c) cost-of-living adjustments of 2.60% or as defined in the Plan based on certain timeframes,

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

### **NOTE 8 - PENSION PLAN OBLIGATIONS (Continued)**

The measure is intended to help users assess the System's funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among retirement systems and among employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers. Significant assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension obligation.

Ten year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 2014 Comprehensive Annual Financial Report.

### **NOTE 9 - LEASE AND CONSTRUCTION AGREEMENTS**

In June 1999, the District entered into a lease and construction agreement with Sprint Spectrum, L.P. (SSLP) for an initial five-year term. The District agreed to allow SSLP to construct a certain communications tower on a portion of the District's property. Upon completion of the construction of the tower, SSLP agreed to transfer title to the tower and all related rights to the District. Upon title transfer, SSLP would lease such tower space to maintain and operate at SSLP's sole expense a personal communication service system facility. In consideration of this arrangement, the District agreed to charge an annual rent of \$10,800. Such annual rent was waived for the initial term and for four additional terms of five years each since SSLP paid for all construction costs associated with construction of the tower.

In August 2000, the District entered into a lease agreement with Omnipoint Holdings, Inc., presently T-Mobile USA, Inc. ("T-Mobile"), for an initial five-year period. The District agreed to lease tower antenna space located at the Golden Gate Fire Station to T-Mobile. As consideration for this arrangement, T-Mobile agreed to pay the District annual rent of \$22,800 plus applicable sales tax. This lease agreement has a renewable clause for four additional terms of five-years each with certain defined annual rent adjustments. The lease was renewed for an additional term with a 20% increase during fiscal year 2005, resulting in an annual rental payment of \$27,360. This lease was renewed for a second additional term in fiscal year 2010. The rent was increased by 20%, resulting in an annual rental payment of \$32,832 received by the District in August 2014.

In August 2000, the District entered into a lease and construction agreement with Verizon Wireless ("Verizon") for an initial five-year term. The District agreed to lease to Verizon certain tower antenna space located at the Golden Gate Fire Station. Pursuant to the agreement, Verizon agreed to pay to the District annual rent during the initial five-year term of \$16,800 plus applicable sales tax. As consideration separate from and in addition to the mentioned annual rent, Verizon agreed to pay for the installation of VHF cabling in Station #71 costing \$50,000, in lieu of installing a certain shelter, generator and antennas as defined in the original agreement. At September 30, 2001, such installation had been completed. This lease agreement has a renewable clause for four additional terms of five-years each with certain defined annual rent adjustments. The lease was renewed for an additional term with a 20% increase during fiscal year 2005, resulting in an annual rental payment of \$20,160. This lease was renewed for a second additional term in fiscal year 2010. The rent was increased by 20%, resulting in an annual rental payment of \$24,192 received by the District in July 2014.

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

### **NOTE 9 - LEASE AND CONSTRUCTION AGREEMENTS (Continued)**

In August 2005, the District entered into a communications site lease agreement related to the communications tower located at Golden Gate Fire Station #71 with Alltel Communications, presently known as Verizon, for an initial five-year term. The lessee is granted five additional five-year renewal terms following the initial five-year term. Pursuant to the agreement, Alltel agreed to pay the District monthly rent totaling \$2,500 plus applicable sales tax. The rent will be increased each year thereafter by four percent. A first amendment to the lease agreement was entered into on December 11, 2008, in order to reduce the tenants rent. This amendment commences on January 1, 2009, and expires on December 31, 2013. On January 1, 2009, the rent was decreased to \$2,200 per month. The rent shall be increased by 2% every anniversary thereafter. Alltel, presently known as Verizon, will pay all utility charges applicable to the tower. In April 2011, the monthly rent was increased an additional \$556 per month due to improvements made to their antenna holdings on the communication tower. The prior year monthly rent of \$2,960 was increased by 2% to \$3,019 in January 2014.

In September 2005, the District entered into a communications site lease agreement related to the communications tower located at Golden Gate Fire Station #71 with Metro PCS, presently known as T-Mobile, for an initial five-year term. The lessee is granted five additional five-year renewal terms following the initial five year term. Pursuant to the agreement, Metro PCS, presently known as T-Mobile, agreed to pay the District monthly rent totaling \$2,500 plus applicable sales tax. The rent will be increased each year thereafter by four percent. Metro PCS, presently known as T-Mobile, pays all utility charges applicable to the tower. The prior year monthly rent was increased by 4% to \$3,558 in September 2014.

### **NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The Governmental Accounting Standards Board has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions." This Statement changes the manner in which the District funds and records its post retirement benefit cost other than pension ("OPEB"). During 2010, the District implemented the standard and accrued and fund costs rather than fund them on a pay-as-you-go basis. The District had less than 100 employees at September 30, 2010 and met the criteria for the simplified "Alternative Measurement Method", which excuses the District from obtaining an actuarial valuation for the post-employment benefit liability and allowed the District to perform a simple present value calculation. The following significant assumptions and methods were used in updating the 2014 present value calculation of the post-employment benefit liability under the "Alternative Measurement Method" for one previously retired Chief:

- a) One receiving benefits for approximately 21 years;
- b) Cost of benefits are approximately \$488 per month for the second recipient;
- c) Long-term growth rate estimated to equal long-term inflation estimate of approximately 2%;
- d) Estimated discount rate of 2% which is the yield on a 10-year Treasury security at September 30, 2014;
- e) Discounted on a monthly basis.
- f) Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation.

At September 30, 2014, total accrued insurance benefits- previously retired chief was \$23,742, see Note 6.

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

### **NOTE 11 - FUND BALANCE DISCLOSURE**

In accordance with GASB No. 54, the District classifies governmental fund balances (as applicable) as follows:

- Non-spendable - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements (i.e., prepaid items)
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, lenders or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through a formal action of the highest level of decision making authority.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned through the following: (1) the District's Chief is authorized by the Commissioners to assign amounts for specific purpose as denoted in the annual budget; (2) the Commissioners have authorized the District's Chief, in coordination with the District's auditors, to recapture excess fund balance that is not restricted or committed.
- Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned classifications. Unassigned fund balance may include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents and /or contracts that prohibit doing this, such as grant agreements requiring certain dollars spent. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made, with the exception of the emergency reserve established by the Commissioners. Under normal circumstances, the District would first elect to utilize the Operating Reserve (Unassigned fund balance in the General Fund) before considering use of its Emergency Reserve.

The District does not have a formal minimum fund balance policy. However, the District addresses various targeted reserve balances via the annual budget process and calculates targets and actuals to report the results to the Commissioners annually.

# **GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

### **NOTE 11 - FUND BALANCE DISCLOSURE (Continued)**

A schedule of the District's fund balances at September 30, 2014 is as follows:

	<b>MAJOR FUNDS</b>		
	<b>GENERAL FUND</b>	<b>SPECIAL REVENUES</b>	<b>TOTAL FUNDS</b>
Non-spendable	\$ 120,934	\$ 0	\$ 120,934
Restricted	4,675	132,545	137,220
Committed	0	0	0
Assigned	3,368,849	0	3,368,849
Unassigned	517,995	0	517,995
Total	<u>\$ 4,012,453</u>	<u>\$ 132,545</u>	<u>\$ 4,144,998</u>

### **NOTE 12 - SAFER GRANT**

In September 2012, the District was awarded the Staffing for Adequate Fire and Emergency Response ("SAFER") cost reimbursement grant totaling \$1,417,935 with U.S Department of Homeland Security. The purpose of the SAFER grant was to provide funding directly to fire departments in order to help them increase the number of trained "front-line" firefighters or to rehire firefighters that have been laid-off. The SAFER grant performance period is from September 29, 2012 through September 28, 2014. The District is required to comply with the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and other certain defined financial rules and regulations. This SAFER grant is on a cost reimbursement basis and requires the District to submit quarterly forms with supporting documentation for reimbursement. In conjunction with the SAFER grant agreement, the District agreed to certain reporting and compliance requirements and related monitoring benchmarks. As of September 30, 2014 and for the year then ended, the District has complied with these specific requirements. In 2014, the District reported total SAFER grant income of \$730,173 of which \$318,329 was included in receivables at September 30, 2014 (Note 4). This receivable was paid by November 13, 2014.

### **NOTE 13 - 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.

### **NOTE 14 - SUBSEQUENT EVENT**

On November 4, 2014, the voters approved the merger of Golden Gate Fire District and East Naples Fire District into one special fire district to be known as Greater Naples Fire Rescue District.

**PART II. REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**



**SPECIAL REVENUE FUND**

<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNT</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
<b>ORIGINAL</b>	<b>FINAL</b>		
\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0
100,000	213,726	205,451	(8,275)
0	0	43	43
<u>50,000</u>	<u>54,612</u>	<u>0</u>	<u>(54,612)</u>
<u>150,000</u>	<u>268,338</u>	<u>205,494</u>	<u>(62,844)</u>
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
25,624	143,962	25,624	118,338
<u>124,376</u>	<u>124,376</u>	<u>120,328</u>	<u>4,048</u>
<u>150,000</u>	<u>268,338</u>	<u>145,952</u>	<u>122,386</u>
<u>\$ 0</u>	<u>\$ 0</u>	59,542	<u>\$ 59,542</u>
		<u>\$ 73,003</u>	
		<u>\$ 132,545</u>	

The accompanying notes are an integral part of these financial statements.

### **PART III. OTHER REPORTS SECTION**

Nathan A. Phillips, CPA

Deborah L. Harvey, CPA

---

Stephanie J. Feldman, CPA

Shannon Huber, CPA

Clara V. Lopez, CPA

Michelle L. Vastola, CPA

**INDEPENDENT AUDITORS' 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**

February 24, 2015

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, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT's basic financial statements, and have issued our report thereon dated February 24, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT's internal control over financial reporting (internal control) to determine the auditing 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 GOLDEN GATE FIRE CONTROL AND RESCUE 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 District's internal control or on compliance. The 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.

  
PHILLIPS HARVEY GROUP, P.A.  
Certified Public Accountants  
Naples, Florida

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

Nathan A. Phillips, CPA

Deborah L. Harvey, CPA

---

Stephanie J. Feldman, CPA

Shannon Huber, CPA

Clara V. Lopez, CPA

Michelle L. Vastola, CPA

February 24, 2015


To the Board of Commissioners  
GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT  
Naples, Florida

We have examined GOLDEN GATE 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 GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT's compliance with those requirements. Our responsibility is to express an opinion on GOLDEN GATE 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 GOLDEN GATE 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 GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT's compliance with specified requirements.

In our opinion, GOLDEN GATE 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 GOLDEN GATE 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.

  
PHILLIPS HARVEY GROUP, P.A.  
Certified Public Accountants  
Naples, Florida

Nathan A. Phillips, CPA

Deborah L. Harvey, CPA

---

Stephanie J. Feldman, CPA

Shannon Huber, CPA

Clara V. Lopez, CPA

Michelle L. Vastola, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

February 24, 2015

To the Board of Commissioners  
GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT  
Naples, Florida

**Report on Compliance for Each Major Federal Program**

We have audited GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT's major federal programs for the year ended September 30, 2014. The GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the GOLDEN GATE 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 audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT's compliance.

***Opinion on Each Major Federal Program***

In our opinion, GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.


**Report on Internal Control over Compliance**

Management of the GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of OMB A-133 Circular. Accordingly, this report is not suitable for any other purpose.

  
PHILLIPS HARVEY GROUP, P.A.  
Certified Public Accountants  
Naples, Florida

**GOLDEN GATE FIRE AND RESCUE CONTROL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -**  
**FEDERAL AWARDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2014**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the GOLDEN GATE FIRE AND RESCUE CONTROL's financial statements.
2. No instances of significant deficiencies and/or material weaknesses in internal control were identified during the audit.
3. No instances of noncompliance material to the financial statements of the GOLDEN GATE FIRE AND RESCUE CONTROL which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No instances of significant deficiencies and/or material weaknesses in internal control over the District's major federal award program were identified during the audit.
5. The auditor's report on compliance for the major federal award program for the GOLDEN GATE FIRE AND RESCUE CONTROL expresses an unmodified opinion on its one major federal award program.
6. Our audit disclosed no findings required to be reported in accordance with Section 510(a) of OMB-Circular A-133.
7. The District's one federal award program tested as a major program is as follows:

<b><u>CFDA NUMBER</u></b>	<b><u>NAME OF FEDERAL AWARDS</u></b>	<b><u>YEAR</u></b>
97.044	Assistance to Fire Fighters	2014

8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
9. GOLDEN GATE FIRE AND RESCUE CONTROL was not determined to be a low-risk auditee.



**GOLDEN GATE FIRE AND RESCUE CONTROL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARDS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2014**

**B. FINDINGS - FINANCIAL STATEMENTS**

Findings

There were no financial statement findings during the year.

**C. FINDINGS AND QUESTIONED COSTS -  
MAJOR FEDERAL AWARD PROGRAM**

Findings

There were no audit findings related to the District's one federal award program to be reported by Section 510(A) of OMB Circular A-133.

**D. STATUS OF PRIOR YEAR'S AUDIT FINDINGS**

All prior year's audit findings have been implemented and corrected in the current year.

**GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2014**

<b><u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u></b>	<b><u>FEDERAL CFDA NUMBER</u></b>	<b><u>PASS THROUGH ENTITY IDENTIFYING NUMBER</u></b>	<b><u>FEDERAL EXPENDITURES</u></b>
U.S. Department of Homeland Security Direct Programs			
Staffing for Adequate Fire & Emergency Response (SAFER)	97.044	None	\$ <u>730,173</u>
Total Department of Homeland Security			<u>730,173</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>730,173</u></b>

**NOTE A - BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards has been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and is in accordance with the OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Expenditures reported on the Schedule of Expenditures of Federal Awards include cash disbursements and expenses during the fiscal year as well as grant related amounts recorded as payable at year end. Expenditures are recognized following cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, where in certain types of expenditures are not allowable or are limited as to reimbursement. Revenues reported on the Schedule of Expenditures of Federal Awards include cash receipts and revenues as well as grant receivables recorded at year end.

**NOTE B - INDIRECT COSTS**

The District does routinely allocate costs to Federal Awards. Costs charged to such programs were direct costs unless specifically incurred for the program and allowed and indicated as such. Indirect costs are allocated to the functions and programs based upon various methods which reflect appropriate cost, usage and/or benefit by the function and program.

**MANAGEMENT LETTER - LOCAL GOVERNMENT ENTITIES**

February 24, 2015

To the Board of Commissioners  
GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT  
Naples, Florida

Board of Commissioners:

**Report on the Financial Statements**

We have audited the financial statements of the governmental activities and each major fund of GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT as of and for the fiscal year ended September 30, 2014 and have issued our report thereon dated February 24, 2015.

**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 *Government Auditing Standards*, and Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports and schedule, which are dated February 24, 2015, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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. There were no findings and/or recommendations reported in the preceding annual financial audit report.

### **Financial Condition**

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in the Section 218.503(1), Florida Statutes, and identification of the specific condition met. In connection with our audit, we determined that GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT'S financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

### **Annual Financial Report**

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the GOLDEN GATE FIRE CONTROL AND RESCUE DISTRICT for the fiscal year ended September 30, 2014, 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.


### **Other Matters**

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. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **Purpose of this Letter**

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

  
PHILLIPS HARVEY GROUP, P.A.  
Certified Public Accountants  
Naples, Florida