

**BONITA SPRINGS FIRE CONTROL
AND RESCUE DISTRICT**

**BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR**

**YEAR ENDED
SEPTEMBER 30, 2013**

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Independent Auditor's Report

Honorable District Commissioners
Bonita Springs Fire Control and Rescue District
Bonita Springs Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Auditor's Responsibility (continued)

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of September 30, 2013, and the respective changes in financial position for the fiscal 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 3-9 and 64 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 assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 18, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Delley Brown & Co.

Punta Gorda, Florida
June 18, 2014

Bonita Springs Fire Control & Rescue District, Florida

Management's Discussion and Analysis (Unaudited)

This discussion and analysis of the Bonita Springs Fire Control & Rescue Service District (the "District") financial statements is designed to introduce the basic financial statements and provide an analytical overview of the District's financial activities for the fiscal year ended September 30, 2013. The basic financial statements are comprised of the government-wide financial statements, governmental and fiduciary fund financial statements, and footnotes. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

District Highlights

- At the close of fiscal year 2013 the District's assets exceeded its liabilities, resulting in net position of \$17,520,530.
- The District's total net position decreased \$1,837,527 or 10.5 percent, in comparison to prior year.
- The District had \$6,282,930 of general fund assigned fund balances that was used to meet the District's ongoing obligations.
- Total revenues decreased \$255,170, or 1.4 percent, in comparison to prior year.
- Total expenses decreased \$297,933, or 1.1 percent, in comparison to prior year.

Government-wide Financial Statements

Government-wide financial statements (Statement of Net Position and Statement of Activities found on pages 10 and 11) are intended to allow a reader to assess a Government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. Government-wide financial statements concentrate on the District as a whole and do not emphasize fund types.

The Statement of Net Position (Page 10) presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. The District's capital assets (property, plant and equipment) are included in this statement and reported net of their accumulated depreciation.

The Statement of Activities (Page 11) presents revenue and expense information showing how the District's net position changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when a liability is incurred).

Governmental Fund Financial Statements

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

Governmental fund financial statements (found on pages 12 and 14) are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets.

Fiduciary Fund Financial Statements

Fiduciary funds reflect the net position available for the District's firefighter retirement plan, the general employees plan and the retiree insurance trust fund plan, as well as the related financial activity. These assets are not available to fund the District's operations, but are held strictly to fund the respective retirement benefits.

Notes to the Financial Statements

The *notes* to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 22. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The government-wide financial statements were designed so that the user could determine if the District is in a better or worse financial condition from the prior year.

The following is a condensed summary of net position for the primary government for fiscal years 2013 and 2012:

Bonita Springs Fire Control and Rescue District
Summary of Net Position
September 30, 2013

Assets:	2012	2013
Current and other assets	\$ 8,531,557	\$ 7,253,069
Capital Assets	<u>17,049,167</u>	<u>16,611,675</u>
Total Assets	<u><u>\$ 25,580,724</u></u>	<u><u>\$ 23,864,744</u></u>
 Liabilities:		
Current liabilities	\$ 832,567	\$ 1,277,818
Non-current Liabilities	<u>5,390,100</u>	<u>5,066,396</u>
Total liabilities	<u><u>6,222,667</u></u>	<u><u>6,344,214</u></u>
 Net assets:		
Invested in capital assets, net		
of related debt	13,027,699	12,894,392
Restricted	170,260	32,932
Unrestricted	<u>6,160,098</u>	<u>4,593,206</u>
Total net assets	<u><u>19,358,057</u></u>	<u><u>17,520,530</u></u>
 Total liabilities and net assets	<u><u>\$ 25,580,724</u></u>	<u><u>\$ 23,864,744</u></u>

Current and other assets represent 30.4 percent of total assets. Current assets are comprised of unrestricted cash and investment balances of \$7,092,415, restricted cash of \$12,786 and other assets of \$147,868. The balances of unrestricted cash represent amounts that are available for spending at the District's discretion. Restricted cash balances are comprised of impact fee funds, which are restricted for the purchase of capital assets. The District is using the Impact fees to pay off the loan which was used to build Station 4.

The investments in capital assets, net of related debt represent 73.6 percent of net position and are comprised of land, buildings, improvements, equipment, furniture, and vehicles, net of accumulated depreciation and the outstanding related debt used to acquire the assets. The balance of restricted net position is for new capital projects related to new growth within the district otherwise known as impact fees. The unrestricted net position balance of \$4,593,206 represents resources available for the designation to reserves and replacements.

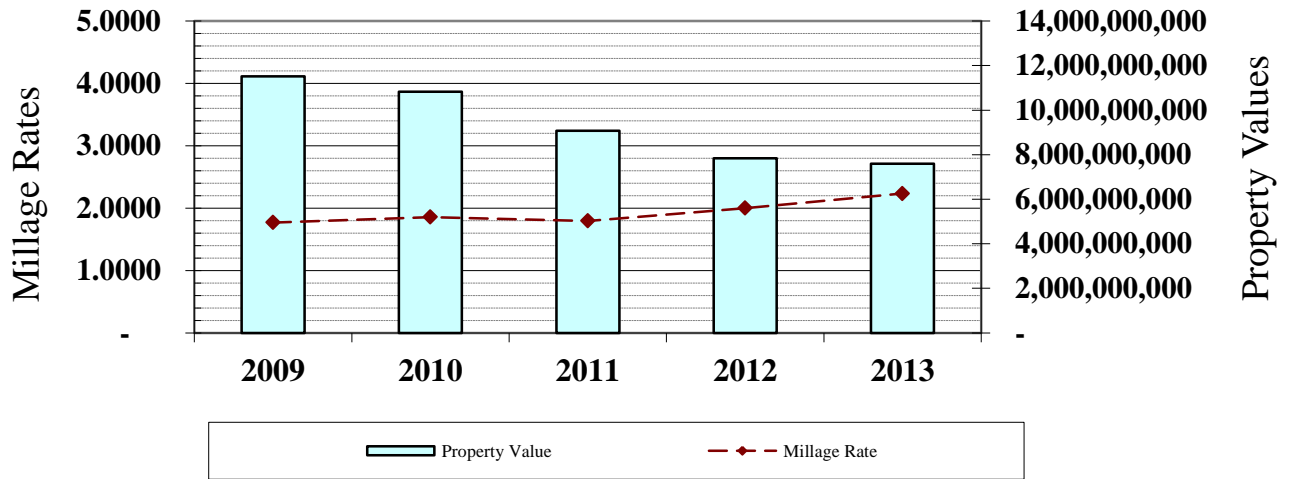
The following schedule reports the revenues, expenses, and changes in net position for the District for the current and previous fiscal year.

**Bonita Springs Fire Control and Rescue District
Summary of Revenues, Expenses and Changes in Net Position
As of September 30, 2013**

Revenues:	<u>2012</u>	<u>2013</u>
General Revenues		
Property taxes	\$ 16,470,432	\$ 16,066,424
Intergovernmental	32,395	25,220
Charges for services	161,920	292,931
Miscellaneous		
Impact fees	238,742	227,871
Investment earnings	54,042	43,161
Gain on Disposal Cap Assets	21,779	
Other	<u>85,351</u>	<u>43,112</u>
Total Revenues	<u>17,064,661</u>	<u>16,698,719</u>
Expenses:		
Public Safety - Fire and Rescue Services	<u>17,494,465</u>	<u>18,536,247</u>
Decrease in net assets	(429,804)	(1,837,528)
Net Position - Beginning of the year	<u>19,787,861</u>	<u>19,358,057</u>
Net Position - End of the year	<u><u>\$ 19,358,057</u></u>	<u><u>\$ 17,520,530</u></u>

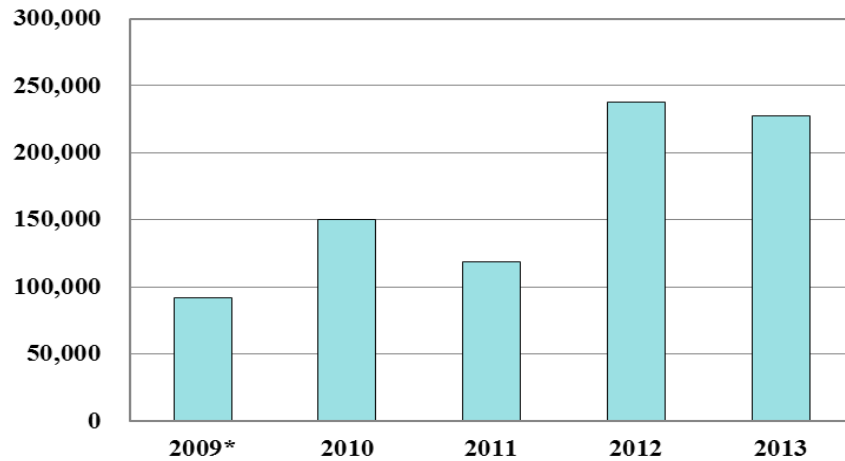
Assessed property value decreased 2.5 percent; the District left the millage rate at 2.2353. The District offset the expenditures with unused Reserves in the amount of \$1,685,037. In comparison to the prior year, this was a 2.54 percent decrease in revenue. Total expenses increased \$14,565, or .05 percent, in comparison to prior year. Property values in the past five years have decreased approximately \$3.4 billion, or 31.4 percent. Even with the decrease in values, the District was able to keep the millage rate below rollback and use unspent dollars and reserves to provide funds for the cost of growth. The following schedule compares the change in property value and millage rates for the past five years.

Property Values and Millage Assessed



Although, Impact fees decreased from the prior by \$10,926, or 4.6 percent, they have increased overall since 2009. This increase in new construction within the District's boundaries continues to illustrate the economy's recovery.

Impact Fees



Budgetary Highlights

Budget versus actual comparisons are reported in the required supplementary information on pages 62 through 67.

Capital Assets

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

The following is a schedule of the District's Capital Assets as of September 30, 2013.

**Bonita Springs Fire Control & Rescue District
Capital Assets
September 30, 2013**

CAPITAL ASSETS	2012	2013
Land	\$ 2,559,947	\$ 2,559,947
Construction in progress	-	-
Total Capital Assets not depreciated	<u>2,559,947</u>	<u>2,559,947</u>
 Buildings	 14,842,768	 14,842,768
Office equipment	573,072	534,611
Vehicles	3,725,685	3,683,840
Machinery & equipment	<u>1,937,333</u>	<u>2,101,855</u>
Total Capital Assets being depreciated	<u>21,078,858</u>	<u>21,163,074</u>
 ACCUMULATED DEPRECIATION		
Buildings	(3,290,602)	(3,817,861)
Office equipment	(437,818)	(423,046)
Vehicles	(1,655,945)	(1,740,889)
Machinery & equipment	<u>(1,205,273)</u>	<u>(1,129,550)</u>
Total accumulated depreciation	<u>(6,589,638)</u>	<u>(7,111,346)</u>
 CAPITAL ASSETS, NET	 <u>\$ 17,049,167</u>	 <u>\$ 16,611,675</u>

Noteworthy capital asset purchases/projects that took place in fiscal year 2013 were as follows:

- The District continued reviewing construction plans for San Carlos Park Fire, Estero Fire and Fort Myers Beach Fire, Lehigh Acres Fire and Iona McGregor Fire for their Plan Reviews. Inspections and Plan Reviews are also done for the City of Bonita Springs.
- The District continued to take care of Fleet Maintenance for the City of Bonita Springs, San Carlos Park Fire and USAR.
- Bonita Springs Fire continued to pursue providing ALS Transport. At year end the District and Lee County are still undergoing negotiations.

Additional information on the District's capital assets can be found in Note E on pages 40 and 41.

Debt Administration

In July 2013, the District refinanced the debt at Station 4 with an interest rate of 2.11 percent, a reduction of 1.87 percent. At September 30, 2013, the District had \$5,407,007 of outstanding debt. The following is a schedule of the District's outstanding debt at September 30, 2013.

Bonita Springs Fire Control & Rescue District

Outstanding Debt September 30, 2013

	Amount
Station #4 Note Payable	\$ 3,717,283
Retiree Health Insurance	959,265
Compensated Absences	730,459
Total Outstanding Debt	<u>\$ 5,407,007</u>

The Impact Fee Fund and the General Fund are currently using funds in an amount equal to the principal and interest owed on the Station #4 Note Payable for payment of the debt. The Station #4 Note Payable will be repaid in fiscal year ending September 30, 2023. Retiree Health Insurance is the actuarially estimated Net OPEB (Other Postemployment Benefits) obligation at the end of the year. The current amount reported as compensated absences increased \$18,449 or 2.6 percent. This liability represents the total amount the District has due at the termination of all employees' employment.

Economic Factors and Next Year's Budget Rates

The following were factors considered when next year's budget (2013-2014) was prepared:

- Property values increased approximately \$191 million, or 2.6 percent, to \$7.6 billion. The District increased the millage rate from the previous year to 2.3805.
- The District is in the process of replacing capital equipment that has been in need of replacement, but was postponed due to the recession of 2009. As property values increase, the District will be prudent in the replacements and improvements to its capital investments.
- The District is also being mindful of additional community needs as construction is now growing. The District is assessing locations for additional stations to be built at a later date as the population demand increases.
- The District is still in negotiations with Lee County and will included a loan in the amount of \$1.04 million for the purchase of ambulances if the District is allowed to provide ALS transport, which is currently done by Lee County EMS.

Request for information

This financial report is designed to provide the reader an overview of the District. Questions regarding any information provided in this report should be directed to: Bonita Springs Fire & Rescue District, Lisa Gendron, Finance Director, 27701 Bonita Grande Drive, Bonita Springs, Florida, 34135, phone (239) 390-7953.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF NET POSITION
September 30, 2013

Page 10

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 3,973,461
Cash and cash equivalents - restricted	12,786
Investments-unrestricted	3,118,954
Account Receivable	-
Other Assets - General	-
Due from other governments	147,868
Total current assets	<u>7,253,069</u>
Noncurrent assets:	
Capital assets:	
Land	2,559,947
Depreciable buildings, equipment, office equipment and vehicles (net of \$7,111,345 accumulated depreciation)	<u>14,051,728</u>
Total noncurrent assets	<u>16,611,675</u>
TOTAL ASSETS	<u>23,864,744</u>
LIABILITIES	
Current liabilities:	
Accounts payable	445,792
Accrued expenses	491,415
Current portion of long-term obligations	<u>340,611</u>
Total current liabilities	1,277,818
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>5,066,396</u>
TOTAL LIABILITIES	<u>6,344,214</u>
NET POSITION	
Investment in capital assets, net of related debt	12,894,392
Restricted for:	
Capital projects	32,932
Unrestricted	<u>4,593,206</u>
TOTAL NET POSITION	<u>\$ 17,520,530</u>

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF ACTIVITIES
September 30, 2013

Page 11

EXPENSES

Governmental Activities	
Public Safety - Fire Protection	
Personal services	\$ 15,878,650
Operating expenses	1,659,316
Depreciation	891,531
Loss/(Gain) on Disposal of capital assets	(31,154)
Interest and fiscal charges	<u>140,441</u>

TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES 18,538,784

Charges for services	248,673
Operating Grants and Contributions	<u>44,258</u>
NET PROGRAM EXPENSES	<u>18,245,853</u>

GENERAL REVENUES

Ad Valorem taxes	16,066,424
State supplemental compensation	25,220
Impact fees	227,871
Insurance Proceeds	
Interest	43,162
FEMA Reimbursement	
Disposal of capital assets	
Other	<u>45,649</u>

TOTAL GENERAL REVENUES 16,408,326

DECREASE IN NET POSITION (1,837,527)

NET POSITION - Beginning of the year 19,358,057

NET POSITION - End of the year \$ 17,520,530

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2013

Page 12

	General Fund	Impact Fee Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 3,973,461	\$ -	\$ 3,973,461
Cash and Cash Equivalents - Restricted	-	12,786	12,786
Investments -Unrestricted	3,118,954	-	3,118,954
Accounts receivable	-	-	-
Due from other governments	127,722	20,146	147,868
Other Assets-General	-	-	-
TOTAL ASSETS	\$ 7,220,137	\$ 32,932	\$ 7,253,069
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 445,792	\$ -	\$ 445,792
Accrued expenses	491,415	-	491,415
TOTAL LIABILITIES	937,207	-	937,207
FUND BALANCES			
Capital additions (Restricted)	-	32,932	32,932
Unassigned, reported in:			-
General Fund			-
Operations	3,870,940.00		3,870,940
Emergency/disaster	200,000		200,000
Insurance	480,000.00		480,000
Repair and replacement-Future Projects	1,340,740		1,340,740
Land and buildings	699,690		699,690
New vehicles	-		-
Debt Service	500,000	-	500,000
Assigned	7,091,370		7,124,302
Unassigned	(808,440)	-	(808,440)
TOTAL FUND BALANCES	6,282,930	32,932	6,315,862
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,220,137	\$ 32,932	\$ 7,253,069

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2013

Page 13

Total fund balances for governmental funds	\$	6,315,862
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Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the governmental funds.

Capital assets not being depreciated:

Land	2,559,947
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Governmental capital assets being depreciated:

Building, Equipment and Vehicles	21,163,074	
Less accumulated depreciation	<u>(7,111,346)</u>	
		14,051,728

Long-term liabilities are not due and payable in the current period
and therefore are not reported in the funds.

Note payable	(3,717,283)	
Retiree Health Insurance	(959,265)	
Compensated absences	<u>(730,459)</u>	
		<u>(5,407,007)</u>

Total net position of governmental activities	\$	<u><u>17,520,530</u></u>
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The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
September 30, 2013

Page 14

	General Fund	Impact Fee Fund	Total Governmental Funds
REVENUES			
Ad Valorem taxes	\$ 16,066,424	\$ -	\$ 16,066,424
State supplemental compensation	25,220	-	25,220
Grant- Boat	44,258	-	44,258
Fees:	-		
Inspection fees	210,468	-	210,468
Impact fees	-	227,871	227,871
Fire flow fees	495	-	495
Fleet Maintenance	35,609	-	35,609
CPR classes	2,101	-	2,101
Disposition of fixed assets	27,000	-	27,000
USAR Reimbursement	-	-	-
Miscellaneous:	-		
Interest	42,961	201	43,162
FEMA Reimbursement	-	-	-
Insurance Proceeds	11,489	-	11,489
Other	31,623	-	31,623
TOTAL REVENUES	<u>16,497,648</u>	<u>228,072</u>	<u>16,725,720</u>
EXPENDITURES			
Current			
Public safety			
Personal services	15,878,650	-	15,878,650
Operating expenditures	1,659,316	-	1,659,316
Capital outlay	422,484		422,484
Debt service			
Principal reduction	309,866	-	309,866
Interest and fiscal charges	140,441	-	140,441
TOTAL EXPENDITURES	<u>18,410,757</u>	<u>-</u>	<u>18,410,757</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,913,109)	228,072	(1,685,037)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	365,400	-	365,400
Operating transfers out	-	(365,400)	(365,400)
Loan proceeds from Refinancing of Station 4	3,775,787		
Loan refinance payments	(3,775,787)		
TOTAL OTHER FINANCING SOURCES (USES)	<u>365,400</u>	<u>(365,400)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,547,709)	(137,328)	(1,685,037)
FUND BALANCES - Beginning of the year	<u>7,830,639</u>	<u>170,260</u>	<u>8,000,899</u>
FUND BALANCES - End of the year	<u>\$ 6,282,930</u>	<u>\$ 32,932</u>	<u>\$ 6,315,862</u>

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES
September 30, 2013

Page 15

Net change (expenditures in excess of revenues and other financing sources)	\$	(1,685,037)
in fund balances - total governmental funds		

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Additionally, dispositions of capital assets resulted in an increase to net position. The total sale proceeds provides current financial resources and reduces expenses in the governmental funds.

Expenditures for capital assets	422,484	
Depreciation expense	(891,531)	
Proceeds from disposition of capital assets		
Gain from disposition of capital assets	<u>31,154</u>	(437,893)

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

Repayments (principal retirement):	
Notes payable	4,079,639
Proceeds from refinancing of Station 4 Debt	(3,775,787)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Decrease for Retirees health Insurance	-
Increase in compensated absences	<u>(18,449)</u>
Decrease in net position of governmental activities	<u><u>\$ (1,837,527)</u></u>

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
September 30, 2013

Page 16

	Firefighters' Pension Plan
ASSETS	
Cash and Cash Equivalents	\$ 369,035
Investments	42,483,317
	<hr/>
TOTAL ASSETS	\$ 42,852,352
	<hr/>
NET POSITION	
Held in trust for pension benefits and other purposes	\$ 42,852,352
	<hr/>
TOTAL NET POSITION	\$ 42,852,352
	<hr/>

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
September 30, 2013

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	Firefighters' Pension Plan
ADDITIONS	
Contributions:	
Employer	\$ 3,334,848
Plan members	437,563
Reallocation of Funds General to Fire Fighters	
State of Florida, insurance premiums	<u>552,532</u>
Total contributions	<u>4,324,943</u>
Investment income:	
Gain/(Loss) on sale of investments	3,891,633
Net appreciation in fair value of investments	1,648,498
Interest and dividends	<u>882,699</u>
Net investment income	<u>6,422,830</u>
TOTAL ADDITIONS	<u>10,747,773</u>
DEDUCTIONS	
Benefits paid	2,474,812
Investment Management Fees	240,741
Legal Fees	7,130
Consultant Fees	15,500
Actuarial Fees	19,881
Insurance	3,803
Dues	600
Miscellaneous	<u>14,656</u>
TOTAL DEDUCTIONS	<u>2,777,123</u>
CHANGE IN NET POSITION	7,970,650
NET POSITION - BEGINNING	<u>34,881,702</u>
NET POSITION - ENDING	<u>\$ 42,852,352</u>

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
September 30, 2013

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	General Employees' Retirement System
ASSETS	
Cash and Cash Equivalents	\$ 5,148
Investments	2,486,999
TOTAL ASSETS	<u>\$ 2,492,147</u>
NET POSITION	
Held in trust for pension benefits and other purposes	<u>\$ 2,492,147</u>
TOTAL NET POSITION	<u><u>\$ 2,492,147</u></u>

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY POSITION -
FIDUCIARY FUNDS
September 30, 2013

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	General Employees' Retirement System
ADDITIONS	
Contributions:	
Employer	\$ 119,951
Plan members	31,394
Total contributions	<u>151,345</u>
Investment income:	
Gain (loss) on sale of investments	60,987
Net appreciation in fair value of investments	150,118
Interest and dividends	<u>41,494</u>
Net investment income	<u>252,599</u>
TOTAL ADDITIONS	<u>403,944</u>
DEDUCTIONS	
Legal Fees	12,167
Investment Management Fees	6,756
Consultant Fees	13,125
Pension Payments	105,810
Actuarial Fees	2,075
Insurance	1,517
Miscellaneous	<u>600</u>
TOTAL DEDUCTIONS	<u>142,050</u>
CHANGE IN NET POSITION	261,894
NET POSITION - BEGINNING	<u>2,230,253</u>
NET POSITION - ENDING	<u><u>\$ 2,492,147</u></u>

The accompanying notes are an integral part of this statement.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
September 30, 2013**

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	Retiree Insurance Trust Fund
ASSETS	
Cash and Cash Equivalents	\$ 42,088
Investments	<u>1,697,192</u>
TOTAL ASSETS	<u><u>\$ 1,739,280</u></u>
 NET POSITION	
Held in trust for VEBA Retiree Health Insurance Benefits	<u>1,739,280</u>
TOTAL NET POSITION	<u><u>\$ 1,739,280</u></u>

Note: VEBA trust was established in September 2010.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
September 30, 2013**

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	<u>Retiree Insurance Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 238,935
Employees	
Total contributions	<u>238,935</u>
Investment income:	
Gain/(Loss) on sale of investments	37,386
Interest and dividends	<u>17,417</u>
Net investment income	<u>54,803</u>
TOTAL ADDITIONS	<u>293,738</u>
DEDUCTIONS	
Benefits paid	
Administrative Expenses	4,681
Legal Fees	956
Actuarial Fees	-
Investment Management Fees	13,354
TOTAL DEDUCTIONS	<u>18,991</u>
CHANGE IN NET POSITION	274,747
NET POSITION - BEGINNING	<u>1,464,533</u>
NET POSITION - ENDING	<u>\$ 1,739,280</u>

Note: VEBA trust was established in September 2010.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Organization

The Bonita Springs Fire Control and Rescue District (the "District") is an independent special taxing district located in southern Lee County, Florida. The District was originally established by Laws of Florida, Chapter 65-1828 and was then amended several times including Laws of Florida Chapter 97-340, as amended. The District's governing legislation was recreated, re-enacted and codified by Laws of Florida, Chapter 98-464 on May 28, 1998. The District is governed by a five-member (5) elected Board of Commissioners. Commissioners serve on a staggered four-year (4) term basis.

The District provides fire control and protection services, fire safety inspections, code enforcement, fire hydrant maintenance, firefighter training, and fire rescue services as well as advanced life support services. In providing these services, the District operates and maintains five (5) stations and the related equipment and employs approximately 104 full-time professional firefighters, administrative staff and Board members.

Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used in the preparation of these basic financial statements.

The basic financial statements of the District are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information other than MD&A

Reporting Entity

The District adheres to Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity," as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units." This Statement requires the financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB 14, as amended, there are no component units required to be included.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Government-wide Financial Statements

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

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

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

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

Program revenues are considered to be revenues generated by service performed and/or by fees charged such as inspection fees, plan review, flow testing and fleet maintenance

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Fund Financial Statements

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

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

Governmental Funds

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

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

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Fiduciary Fund

The pension trust fund accounts for the activities of the Firefighters' Pension Plan and the General Employees' Retirement System Plan. These plans accumulate resources for the pension benefit payments to qualified firefighters and the fire chief and the qualified General Employees respectively. The Retiree Insurance Trust Fund (VEBA) accounts for health insurance for retirees of both the General and Firefighters upon retirement.

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources management focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenues to be available if they are collected within sixty days of the end of the current fiscal period.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus and Basis of Accounting, continued

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.

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

Non-current Government Assets/Liabilities

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

Major Funds

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

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

Fiduciary Fund

Fiduciary funds are excluded from the government-wide financial statements, because the resources of those funds are not available to support the District's programs. The types of fiduciary funds the District maintains are a Firefighters' Pension Plan Fund, a General Employees Retirement System Fund and a Retirement Insurance Trust Fund. These funds account for retirement assets held by the Plan that are payable to eligible full-time certified firefighter personnel upon retirement as well as eligible general employees upon retirement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Budgetary Information

The District has elected to report budgetary comparison of major funds as required supplementary information (RSI).

Investments

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

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

Capital Assets

Capital assets, which include land, construction in progress, buildings, equipment and vehicles, are reported in the government-wide financial statements in the statement of net assets.

The District follows a capitalization policy which calls for capitalization of all fixed assets that have a cost or donated value of \$750 or more and have a useful life in excess of one year.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets, continued

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

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

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

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

<u>Asset</u>	<u>Years</u>
Buildings	10-30
Improvements Other Than Buildings	10-20
Equipment	3-20
Vehicles	7-20

Budgets and Budgetary Accounting

The District has adopted an annual budget for the General Fund, which included budgeted expenditures over revenue of \$8,165,258 which was intended to be funded through prior year unreserved, undesignated fund balance.

The District has also adopted an annual budget for the Special Revenue Fund - Impact Fee, which included budgeted expenditures over revenue of \$165,000 which was anticipated to be funded through prior year fund balance.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

Impact Fees

Through an inter-local agreement, the District levies an impact fee on new construction within the District via a City of Bonita Springs ordinance. The intent of the fee is for growth within the District to pay for capital improvements needed due to the growth. The fee is collected by the City of Bonita Springs and remitted to the District monthly. The fee is refundable if not expended by the District within (6) years from the date of collection. The District, therefore, records this fee as restricted cash. When the funds are expended they are charged to capital outlay in the fund financial statements and capital assets in the government-wide financial statements. Lee County collects any fees that are outside of the City boundaries but are within the District and remits quarterly.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Due To/From Other Funds

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

Due From Other Governments

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

Compensated Absences

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

Encumbrances

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

Management Estimates

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund equity

In the governmental fund financial statements, reservation of fund balance indicates amounts that are limited for a specific purpose, not appropriable for expenditure, or are legally segregated for a specific future use. Designations of fund balance represent tentative management plans. Unreserved, undesignated fund balance indicates funds that are available for current expenditure.

Interfund Transactions

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

New Accounting Standards

Beginning with fiscal year 2013, the District implemented GASB No.63; Financial Reporting of Deferred Outflows for Resources, Deferred Inflows of Resources, and Net Position. This statement amends the net asset reporting requirements in Statement No.34, Basic Financial Statements-and Management Discussion and Analysis- for State and Local Governments, and other pronouncements. This statement requires a Statement of Net Position (rather than net assets) format which segregates deferred inflows and deferred outflows from assets and liabilities respectively. Specific items required to be broken out as deferred inflows or deferred outflows are discussed in GASB Statements 53 and 60. These items are Derivative Investments and Service Concession Arrangements respectively. None of these items affect the District at this time. The other portion of GASB Statement 63 is nomenclature. Statement No. 64; Derivative Instruments: Application of Hedge Accounting Termination Provisions is not applicable to the Bonita Springs Fire District.

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

"Total fund balance" as reported on the District's Governmental Funds Balance Sheet of \$6,315,862 differs from the "Net Position" of governmental activities of \$17,520,530 that are reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the Governmental Funds Balance Sheet. The effect of the difference is illustrated below.

Capital related items

When capital assets (land, buildings and improvements, and machinery and equipment that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds.

However, the Statement of Net Position includes those capital assets among the assets of the District as a whole at September 30, 2013.

	<u>Amount</u>
Cost of capital assets	\$ 23,723,021
Accumulated depreciation	<u>(7,111,346)</u>
Total	<u>\$ 16,611,675</u>

Long-term debt transactions

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position.

Balances at September 30, 2013 were:

	<u>Amount</u>
Note payable	\$ 3,717,283
Retiree Health Insurance	959,265
Compensated absences	<u>730,459</u>
Total	<u>\$ 5,407,007</u>

Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" for government fund of (\$1,685,037) (expenditures in excess of revenues) differs from the "decrease in Net Position" for governmental activities of (\$1,837,527) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated on the following page:

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, CONTINUED

Capital related items

When capital assets are purchased or constructed for governmental activities, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of assets are allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas Net Position decrease by the amount of depreciation expense charged for the year. Additionally, dispositions of capital assets resulted in an increase to net position. The total sale proceeds provides current financial resources and reduces expenses in the governmental funds.

Capital outlay - expenditures	\$	422,484
Gain on disposition of capital assets		58,154
Depreciation expense		<u>(891,531)</u>
Difference	\$	<u><u>(410,893)</u></u>

Long-term debt transactions

Repayments of principal on notes and capital leases are reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. Principal payments reduce the liabilities in the Statement of Net Position, but do not result in an expense in the Statement of Activities.

Notes payable - principal payments	\$	4,079,639
Retiree Health Insurance		-
Increase in current year compensated absences		<u>(18,449)</u>
Total	\$	<u><u>4,061,190</u></u>

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents were \$3,986,245 of which \$12,785 was restricted. Total cash and cash equivalents included cash on hand of \$300 at September 30, 2013.

Deposits

The District's deposit policy allows deposits to be held in demand deposit accounts. All District depositories are institutions designated as qualified depositories by the State Treasurer at September 30, 2013.

District deposits consist of the following at September 30, 2013:

	Carrying Amount	Bank Balance
<u>Unrestricted Cash</u>		
General Fund		
Depository Accounts	\$ 3,973,161	\$ 4,440,667
Total Unrestricted Deposits	3,973,161	4,440,667
Plus Petty Cash (1)	300	-
Total Unrestricted Cash	<u>3,973,461</u>	<u>4,440,667</u>
<u>Restricted Cash</u>		
Special Revenue Fund		
Impact Fee		
Depository Account	12,786	12,785
Total Special Revenue Fund	<u>12,786</u>	<u>12,785</u>
Total Restricted Deposits	<u>12,786</u>	<u>12,785</u>
 TOTAL CASH AND CASH EQUIVALENTS	 <u>\$ 3,986,247</u>	 <u>\$ 4,453,452</u>

(1) Held in General Fund - not considered a deposit

These deposits were entirely covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act (Florida Statute 280) of the State of Florida. Bank balances approximate market value.

NOTE C - CASH AND CASH EQUIVALENTS, CONTINUED

Restricted Cash and Cash Equivalents

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

The General Fund holds loan proceeds specifically restricted for the construction of station #4 and the related equipment.

The Impact Fee Fund is used to account for the deposit of impact fees received and is restricted for certain capital asset acquisitions associated with growth within the District. Impact fees are collected by the City of Bonita Springs for the District pursuant to an ordinance and District resolution.

NOTE D - INVESTMENTS

Investments were \$50,202,733 at September 30, 2013, of which \$3,118,954, was held in Governmental Funds (the General Fund), \$42,852,352 was held in the Firefighters' Pension Plan, \$2,492,147 was held in the General Employees Pension Plan and \$1,739,280 was held in the Retiree Insurance Trust Fund.

The District's investment policy allows investments in certificates of deposit for its Governmental Funds. Investments held in the Firefighters' Pension Plan, the General Employees' Pension Plan and the Retiree Insurance Fund are controlled by their respective Board Policies. The Plan investments are not considered available and usable by the District. The Pension Plan policies provide for investments in treasury notes, federal agency guaranteed securities, and corporate bonds, notes and/or equities and real estate.

Certificates of deposit whose value exceeds the amount of federal depository insurance are collateralized pursuant to the Public Depository Securities Act (Florida Statute 280) of the State of Florida.

The District's Governmental Fund (General Fund) investments consist of the following at September 30, 2013.

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Carrying Value</u>
Certificate of Deposit	12/3/2012	12/5/2013	0.80%	\$ 2,115,378
Certificate of Deposit	4/26/2013	5/26/2013	0.85%	\$ 1,003,576
				<u><u>\$ 3,118,954</u></u>

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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NOTE D - INVESTMENTS, CONTINUED

In accordance with GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Purchase Agreements, " as amended by GASB Statement No. 40, the District's Investments are categorized as follows to give an indication of the level of risk assumed by the District:

- Category 1 Includes investments that are insured or registered, or securities held by the District or its agents in the District's name, or held by the District's agents in a Depository Trust Company custodial account.
- Category 2 Includes uninsured and unregistered investments held by a counterparty's trust department or agent in the District's name.
- Category 3 Includes uninsured and unregistered investments for which securities are held by a counterparty, its trust department or agent, but not in the District's name.

There were no losses during the period due to default by counterparties to investment transactions, and the District had no other types of investments during the year other than those listed below.

	Market Value/Carrying Value		Total	Cost
	Category 1	Category 3		
Governmental Funds				
Certificates of Deposit	\$ 3,118,954		\$ 3,118,954	\$ 3,118,954
Firefighters' Pension Trust Fund				
Cash & Money Market Funds	-	369,035	369,035	369,035
Corporate Bonds	-	12,187,029	12,187,029	10,003,846
Corporate Security Equities	-	20,372,851	20,372,851	17,916,299
Real Estate Investments		3,488,249	3,488,249	3,204,062
RBC Global Mutual Funds	-	6,435,188	6,435,188	4,719,419
Total Firefighters' Pension Trust Fund	-	42,852,352	42,852,352	36,212,661
General Employees' Retirement System				
Cash & Money Market Funds	-	8,450	8,450	8,450
Rockwood Cap Adv. Fixed Units	-	815,707	815,707	803,936
Rockwood Cap Adv. Equity Units	-	427,606	427,606	347,189
Vanguard Mutual Funds-Fixed Units		120,877	120,877	121,235
Vanguard Mutual Funds-Equity	-	1,119,507	1,119,507	918,409
Total General Employees' Retirement System	-	2,492,147	2,492,147	2,199,219
Retiree Insurance Trust Fund (VEBA)				
Cash & Money Market Funds	-	42,088	42,088	42,088
Investments in Equities & Bonds	-	1,697,192	1,697,192	1,690,003
Total Retiree Insurance Trust Fund	-	1,739,280	1,739,280	1,732,091
TOTAL INVESTMENTS	\$ 3,118,954	\$ 47,083,779	\$ 50,202,733	\$ 43,262,925

Foreign Currency Risk:

The District's Firefighters' Pension Trust Fund and General Employees' Retirement Fund assets are partially comprised of investments in international equities thereby exposing the assets to foreign currency risk.

NOTE D - INVESTMENTS, CONTINUED

Authorized Plan Investment Limitations:

The following is a summary of investment limitations for the Firefighters' Pension Plan and The General Employees' Retirement System:

	<u>Firefighters' Pension Plan</u>	<u>General Employees' Retirement System</u>
The aggregate investment in common stock, capital stock or convertible securities of any one issuing company shall not exceed the following percentage of the fund assets	5%	5%
The aggregate investment in any one issuing company shall not exceed the following percentage of the outstanding capital stock of that company	5%	5%
The value of bonds issued by any single corporation shall not exceed the following percentage of the total fund	10%	10%
Investments in common stock and convertible bonds shall not exceed the following percentage of the fund assets	60% Cost or 70% Market	60% Cost or 70% Market
Investments in foreign securities shall not exceed the following percentage of the fund assets	10%	10%

Concentration of Credit Risk:

The investment policies of the Firefighters' Pension Plan and the General Employees' Retirement System contain limitations on the amount that can be invested in any one issuer. There were no individual investments that represented 5% or more of plan net position at September 30, 2013 for either the Firefighters' Pension Plan or the General Employees' Retirement System.

NOTE D - INVESTMENTS, CONTINUED

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. As a means of limiting its exposure to interest rate risk, the Firefighters' Pension Plan and General Employees' Retirement System diversify their investment by security type and institution, and limit holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of each Plan's fixed income investments to market interest rate fluctuations is provided by the following table that shows the distribution of each Plan's investment by maturity at September 30, 2013:

Investment Maturities (in years)- Firefighters' Pension Plan					
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Corporate Bonds	\$ 10,528,670	\$ 964,626	\$ 4,990,872	\$ 4,082,446	\$ 490,726
	<u>\$ 10,528,670</u>	<u>\$ 964,626</u>	<u>\$ 4,990,872</u>	<u>\$ 4,082,446</u>	<u>\$ 490,726</u>

Investment Maturities (in years)- General Employees' Retirement System					
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
* Corporate Bonds	\$ 815,707	\$ 18,598	\$ 497,826	\$ 105,308	\$ 193,975
	<u>\$ 815,707</u>	<u>\$ 18,598</u>	<u>\$ 497,826</u>	<u>\$ 105,308</u>	<u>\$ 193,975</u>

- * Note: There is no ownership of the bonds. They are part of a co-mingled fund which the District owns units of the underlying bonds.

NOTE D - INVESTMENTS, CONTINUED

Credit Risk:

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The investment policy of the Firefighters' Pension Plan and the General Employees' Retirement System utilized portfolio diversification in order to control this risk.

The following table discloses credit rating by fixed income investment type at September 30, 2013, if applicable:

	Firefighters' Pension Plan			General Employees' Retirement System	
	Fair Value	Percentage of Portfolio		Fair Value	Percentage of Portfolio
U.S. government guaranteed*	N/A	0.0%		N/A	0%
Quality rating of credit risk debt securities			Rating		
AAA	\$ 823,046	7.6%	AAA	\$ 278,482	34.1%
AA	446,437	4.2%	AA2	9,136	1.1%
AA+	1,141,921	10.8%	A1	17,701	2.2%
AA-	345,582	3.4%	A2	30,589	3.8%
A+	593,870	5.6%	A3	11,909	1.5%
A-	2,705,897	25.7%	BAA1	63,217	7.8%
A	1,606,742	15.4%	BAA2	104,574	12.8%
BB+			BAA3	101,229	12.4%
BBB	1,099,920	10.5%	N/A	194,791	23.9%
BBB+	1,155,081	11.0%	WR	4,079	0.5%
BBB-	313,560	3.0%			
NR	102,570	1.0%			
Total credit risk debt securities	10,334,626	98.2%		815,707	100.0%
Money Market	194,044	1.8%		-	0.0%
Total Bond Fund	\$ 10,528,670	100.0%		\$ 815,707	100.0%

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

Custodial Credit Risk:

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

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
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NOTE E - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2013:

	Balance October 1 <u>2012</u>	Increases/ <u>Additions</u>	Decreases/ <u>Deletions</u>	Adjustments/ <u>Reclassifications</u>	Balance September 30 <u>2013</u>
Capital Assets Not Being Depreciated:					
Land	\$ 2,559,947	\$ -	\$ -	\$ -	\$ 2,559,947
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>2,559,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,559,947</u>
Capital Assets Being Depreciated:					
Buildings	14,842,768	11,155	(11,155)	-	14,842,768
Office Equipment	573,072	13,349	(51,810)	-	534,611
Vehicles	3,725,685	110,027	(151,872)	-	3,683,840
Equipment & Machinery	<u>1,937,333</u>	<u>351,333</u>	<u>(189,643)</u>	<u>2,832</u>	<u>2,101,855</u>
Total Capital Assets Being Depreciated	<u>21,078,858</u>	<u>485,864</u>	<u>(404,480)</u>	<u>2,832</u>	<u>21,163,074</u>
Less Accumulated Depreciation:					
Buildings	(3,290,602)	(527,259)	-	-	(3,817,861)
Office Equipment	(437,818)	(35,890)	50,662	-	(423,046)
Vehicles	(1,655,945)	(217,025)	132,081	-	(1,740,889)
Equipment & Machinery	<u>(1,205,273)</u>	<u>(111,357)</u>	<u>189,511</u>	<u>(2,431)</u>	<u>(1,129,550)</u>
Total Accumulated Depreciation	<u>(6,589,638)</u>	<u>(891,531)</u>	<u>372,254</u>	<u>(2,431)</u>	<u>(7,111,346)</u>
Total Capital Assets Being Depreciated, Net	<u>14,489,220</u>	<u>(405,667)</u>	<u>(32,226)</u>	<u>401</u>	<u>14,051,728</u>
Capital Assets, Net	<u>\$ 17,049,167</u>	<u>\$ (405,667)</u>	<u>\$ (32,226)</u>	<u>\$ 401</u>	<u>\$ 16,611,675</u>

Adjustments/reclassifications in capital assets represent reclassifications from
Donated items and reclassification of an asset from disposed to active.
Additions under Equipment and Machinery; and vehicles includes the trade in allowance
on the Zoll Defibrillators for \$40,480 and the Boat for \$22,900.

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NOTE E - CAPITAL ASSETS ACTIVITY, CONTINUED

Depreciation expense was charged to the following functions during the year ended September 30, 2013:

General Government	\$ 891,531
Total Depreciation Expense	<u>\$ 891,531</u>

NOTE F - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the fiscal year ended September 30, 2013:

	Balance October 1 <u>2012</u>	Additions	Retirements / Adjustments	Balance September 30 <u>2013</u>	Amounts Due Within <u>One Year</u>
Note Payable (1)	\$ 4,021,468		\$ (4,021,468)	\$ -	
Note Payable (2)	-	3,775,787	(58,504)	3,717,283	340,611
Retiree Health Insurance	959,265	-		959,265	-
Compensated Absences	<u>712,010</u>	<u>18,449</u>	<u>-</u>	<u>730,459</u>	<u>-</u>
	<u>\$ 5,692,743</u>	<u>\$ 3,794,236</u>	<u>\$ (4,079,972)</u>	<u>\$ 5,407,007</u>	<u>\$ 340,611</u>

During the year ended September 30, 2013, \$365,400 was transferred from the Impact Fee fund and \$91,815 was paid from the General Fund to pay the principal of \$309,866. and interest of \$140,441 on the \$6,298,494 note payable.

(1) Debt is serviced through the use of Impact Fees and the General Fund as needed.

(2) During the year ended September 30, 2013, the District reissued District's Promissory Note, Series 2003. The amount of this re-issue was \$3,775,787

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NOTE F - LONG-TERM LIABILITIES, CONTINUED

The following is a summary of the long-term obligations at September 30, 2013:

\$6,298,494 note, payable monthly to a financial institution in the amount of \$38,101 including interest at 3.98% to finance the construction of Station #4. The note is uncollateralized. Final payment was made July 26, 2013. In the amount of \$3,770,11	-
On July 26, 2013, the District refinanced the original promissory note, Series 2003 for \$3,775,787, payable monthly to a financial institution in the amount of \$34,647, including interest at 2.11%. The note is uncollateralized. Final maturity is August 15, 2023	\$ 3,717,283
Retiree Health Insurance - Districts Net OPEB Obligation	959,265
Non-current portion of compensated absences. Employees of the District are entitled to paid leave based on length of service and job classification.	730,459
	<u>\$ 5,407,007</u>

The annual debt service requirements at September 30, 2013 were as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Note Payable (1)</u> <u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 340,611.00	\$ 75,153.22	\$ 415,764.22
2015	347,868	67,896	415,764
2016	355,279	60,485	415,764
2017	362,849	52,915	415,764
2018	370,579	45,185	415,764
2019	378,474	37,290	415,764
2020	386,538	29,226	415,764
2021	394,773	20,991	415,764
2022	403,184	12,580	415,764
2023	377,128	3,990	381,118
	<u>3,717,283</u>	<u>405,711</u>	<u>4,122,994</u>
Total Notes Payable	3,717,283	405,711	4,122,994
Retiree Health Insurance	959,265	-	959,265
Accrued Compensated Absences	730,459	-	730,459
	<u>\$ 5,407,007</u>	<u>\$ 405,711</u>	<u>\$ 5,812,718</u>

(1) Debt service is paid from Impact Fees which are transferred to and paid via the General Fund.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
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NOTE G - RETIREMENT PLANS

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

- Plan 1 - Florida Retirement System (FRS) - Elected Officials
- Plan 2 - Firefighters' Pension Trust Fund (Florida Statute 175)
- Plan 3 - General Employees' Retirement System

Employee participation in a specific plan is based on the respective employee's classification.

Plan 1 - Plan Description and Provisions - Florida Retirement System

All District Board of Commissioners members, beginning January 1, 2002, became participants in the statewide Florida Retirement System (FRS) under the Authority of Article X, Section 14 of the State Constitution and Florida Statutes, Chapters 112 and 121. The District's Board of Commissioners were not participants in any retirement plan prior to enrollment in the FRS. The Plan provides for all District Board of Commission members to become eligible to participate in the Plan immediately upon election, beginning January 1, 2002 per District resolution number 02-01-05. The FRS is now a contributory plan and is totally administered by the State of Florida. The District contributed 100% of the required contributions for the years ended September 30, 2013, September 30, 2012, and the period ended September 30, 2011. Pension cost for the District was 14.29% for the year ended September 30, 2013. The District's covered payroll for the years ended September 30, 2013, 2012, 2011 was \$29,362 \$30,000, and \$30,000, respectively. The Districts contributions to the FRS were \$4,195, \$2,899, and \$4,705, for the years ended September 30, 2013, 2012, and 2011, respectively, which represents approximately 14.3%, 9.7% and 15.7% of covered payroll, respectively. As of July 1, 2011, employees were required to make contributions of 3% of salary to FRS. Currently one Commissioner is a member of DROP.

Employees who retire at or after age 62 with 6 years of creditable service or 30 years of service regardless of age, are entitled to a retirement benefit, payable for life, equal to 1.5% to 3.3% per year of creditable service, depending on the class of employee (regular, special risk, etc.) based on average final compensation of the five (5) highest fiscal years' compensation.

Benefits vest after six years of credited service. Vested employees may retire anytime after vesting and incur a 5% benefit reduction for each year prior to normal retirement age.

NOTE G - RETIREMENT PLANS, CONTINUED

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

Early retirement, disability, death and survivor benefits are also offered. Benefits are established by State Statute. The plan provides for a constant 3% cost-of-living adjustment for retirees.

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

Description of funding policy

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

Trend information

A copy of the FRS's June 30, 2013 annual report can be obtained by writing the Florida Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (850) 488-5706.

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

The following brief description of the Bonita Springs Fire Control and Rescue District Firefighters' Pension Plan (the "Plan") is provided for general information purposes only. Participants should refer to the plan agreement for a more complete description of the Plan. Under the authority of Florida Statute 175 and Laws of Florida, Chapter 95-338, the District's Board of Commissioners passed Resolution 95-05-30 and subsequently amended the Plan through resolutions 02-03-07, 03-10-15 and 05-01-01 to provide for the establishment and funding of a single-employer defined benefit retirement plan and trust for all full-time eligible certified firefighter personnel. The resolution establishes that all full-time eligible certified firefighters employed on May 30, 1995 and all full-time eligible certified firefighters hired thereafter are to become participants in the District's Firefighters' Pension Trust Fund. The Plan is totally administered, including all investment management, by the Plan's appointed Pension Board or its designee. The Board has designated a third party investment manager.

NOTE G - RETIREMENT PLANS, CONTINUED

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

The Plan provides for full-time eligible certified firefighting personnel to become eligible to participate in the Plan immediately upon hire and successful completion of a medical examination. Employees are eligible for normal retirement at the earlier of the attainment of age 50 with 25 years of creditable services or attainment of age 55 with 10 years of credited service. Employees may elect early retirement after 10 years of creditable service and attainment of age 50 with a reduction in benefit not to exceed 3% for each year before normal retirement. The Plan also includes certain disability and death benefits.

Contributions

Contributions to the Plan are derived from three sources: employees: 7% of compensation paid by the employee, State funds: (insurance premium tax per Florida Statute Chapter 175) and the employer: remaining amount necessary to meet actuarial funding requirement, however, in no event shall the employer contribution be less than 15%. The State contribution is based on property fire insurance premiums collected within the District and is applied up to an approved "frozen" limit of \$1,000,155. The District (employer) is required to fund the difference each year between the total contributions from all other sources for the year and the total funding cost for the year pursuant to the most recent actuarial valuation of the Plan. The total cost for any year equals total normal cost plus the additional amounts sufficient to amortize the unfunded past service liability over a 30 year period commencing the first year of the Plan's inception.

Pursuant to the revised actuarial study dated October 1, 2013, the District's fiscal year 2013 contribution requirement was 59.2% of estimated covered payroll. Actual District contributions to the Plan for the year ended September 30, 2013 were \$3,354,178. The actual required contribution was \$4,319,311 of which the difference of \$5,632 will be utilized to help offset the requirement for Fiscal Year 2014. Employee contributions for the year ended September 30, 2013 were \$437,563 and the State of Florida contributions for the year were \$552,532

The employees and the employer contributed 100% of their respective required contributions to the Plan during the year ended September 30, 2013.

Pension benefits

Employees with 10 or more years of service are entitled to annual pension benefits, beginning at the earlier of age 55 with 10 years of credited service or 25 years credited service and attainment of age 50, equal to 3.58% of their average final compensation

NOTE G - RETIREMENT PLANS, CONTINUED

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

Pension benefits, continued

(AFC) multiplied by the number of years of credited service. AFC is defined as one twelfth (1/12) of the average salary of the five (5) highest years of the last ten (10) years of credited service or the career average as a full-time firefighter, whichever is greater. Maximum benefit is 100% of AFC, paid during the retirees life time with a minimum of 120 monthly benefit payments. The plan permits early retirement at age 50 with 10 years of credited service with a maximum 3% reduction for each year the member's retirement proceeds the normal retirement age. Employees may elect to receive their pension benefits in the form of a 10-year certain and life annuity. If employees terminate before rendering 10 years of credited service, they forfeit the right to receive the portion of their accumulated plan benefits. The maximum annual member benefit shall not exceed \$200,000.

Death and Disability benefits

Upon the death of any vested member, whether or not still in active employment, a survivor benefit is payable to the beneficiary starting when the member would have reached retirement age. The benefit is equal to the vested pension benefit and is payable for 10 years.

Active employees who become totally disabled receive the greater of a monthly benefit equal to 3.58% of AFC times number of years of credited service, but not less than 42% of AFC for line of duty disabilities. A non service connected disability with at least 10 years of credited service will receive a monthly benefit equal to 3.58% of AFC times the number of years of credited service.

Income recognition

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

NOTE G - RETIREMENT PLANS, CONTINUED

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

Actuarial present value of accumulated plan benefits

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

The actuarial present value of accumulated plan benefits is determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of September 30, 2012 were (a) life expectancy of participants (the RP-2000 Mortality Table was used) (b) retirement age assumptions (the assumed average retirement age was 55) and (c) investment return. (Assumed investment return was 8%). The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan terminated, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Payment of benefits

Benefit payments to participants are recorded upon distribution. At September 30, 2013, the plan held a prepaid contribution of \$63,821 which will be used to help offset the Districts funding requirements. A summary of certain Plan details and trend information is included in the following pages.

No separate Plan audit is issued. A copy of the District audited financial statements including the Plan for September 30, 2013 can be obtained by writing the District at 27701 Bonita Grande Drive, Bonita Springs, Florida 34135, or by calling (239) 949-6200. The Audit Report can also be found on the District website (www.bonitafire.org) under the heading of Finance.

NOTE G - RETIREMENT PLANS, CONTINUED

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

The following is a summary of the Single Employer-Defined Benefits Plan, including funding policies, contribution methods, benefit provisions and trend information:

	Firefighters' Pension Trust Fund - Plan 2
Year established and governing authority	District Resolution #95-05-30 (Effective 5/30/95) as amended by District resolutions 02-03-07, 03-10-15, 05-01-01 05-12-06, 07-03-01 & 07-08-02 08-05-03, 09-07-02, 10-4-2 10-4-3, 10-4-4, 10-4-5, 11-08-04
Governing entity	Board of Trustees of Plan
Determination of contribution requirements:	Actuarially determined; however,
Employer (District)	not less than 15% of covered payroll, based upon age of employees. Contributions are required in addition to State revenue under Chapter 175 (insurance premium tax refunds) received. (approximately 57.3% for the year ended September 30, 2013.)
Plan members	7% of Salary
Funding of administrative costs	Employer
Period required to vest	10 years
Post retirement benefit increase	Cost of living increase of 3% each year for 17 years (12 years for Firefighters hired after June 1, 2010) commencing 1 year after retirement.
Eligibility for distribution (Normal retirement)	Earlier of age 55 with 10 years of credited service or age 50 and 25 years credited service.
Normal retirement benefit	3.58% (3% for Firefighters hired after June 1, 2010) of Average Final Compensation times Credited Service.

NOTE G - RETIREMENT PLANS, CONTINUED

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

Provisions for:

Disability benefits	Yes
Death benefits	Yes
Early retirement	Yes

Membership of the Plan consisted of the following at September 30, 2013:

	Firefighters' Pension Trust Fund - Plan 2
Retirees receiving benefits	31
Beneficiaries	1
Terminated Plan members receiving benefits	1
Terminated Plan members entitled to but not yet receiving benefits	2
Vested active members	31
Non-vested active members	45
Total active participants	<u>76</u>
DROP members	10
Number of participating employers	1
Number of participating state agencies	1

Annual Pension Cost, Net Pension Obligation and Reserves

Current year annual pension costs for the Firefighters' Pension Trust Fund are shown in the trend information provided. There were no net pension obligations for the Plan at September 30, 2013.

The plan assets are legally reserved for the payment of the respective plan member benefits within each Plan. There are no assets legally restricted for plan benefits other than those assets within the respective Plans. The Firefighters' Pension Trust Fund held certain investments at year end. There are no long-term contracts for contributions.

Trend Information

Actuarial Study Date	Firefighters' Pension Trust Fund						
	Annual Required District/State Contribution	Required Annual District Contribution	Actuarially Determined Contribution	Actual District Contribution	Actual District Percentage Contributed	State Contribution	Net Pension Obligation
2013	\$ 3,887,380	\$ 3,334,848	\$ 3,334,848	\$ 3,334,848	100%	\$ 552,532	* \$ (585,219)
2012	3,672,829	3,103,337	3,103,337	3,103,337	100%	\$ 569,492	* \$ (611,282)
2011	3,028,144	2,479,516	2,479,516	2,479,516	100%	548,628	* (638,506)
2010	2,916,281	2,390,574	2,390,574	2,390,574	100%	525,707	* (666,943)
2009	2,432,513	1,876,034	1,876,034	1,942,025	104%	556,479	* (696,646)
2008	2,196,522	1,778,014	1,640,043	1,798,343	110%	556,479	* (720,532)
2007	1,733,682	1,362,790	1,315,174	1,513,480	117%	418,508	* (492,748)

*Frozen per Florida Statute Chapter # 175, as amended.

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NOTE G - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, continued
Pension Trust Required Supplementary Information, September 30, 2012

Schedule of Funding Progress Firefighters' Pension Plan:

Actuarial Study Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded (AAL) (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2013	38,677,586	66,863,964	28,186,378	58%	6,372,000	442%
10/1/2012	33,048,672	62,437,016	29,388,344	53%	6,060,748	485%
10/1/2011	31,017,767	60,986,013	29,968,246	51%	6,482,298	462%
10/1/2010	28,705,369	50,856,516	22,151,147	56%	7,924,994	280%
10/1/2009	26,130,449	43,873,729	17,743,280	60%	7,485,571	237%
10/1/2008	22,692,288	39,391,948	16,699,660	58%	7,167,721	233%
10/1/2007	20,346,521	34,386,409	14,039,888	59%	6,940,727	202%

	Firefighters' Pension Trust Fund - Plan 2
Valuation date	10/1/2011
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	28 years as of 10/1/11
Actuarial asset valuation method	4 year smooth
Actuarial assumptions:	
Investment rate	8%
Projected salary	6%
Inflation	3%
Cost of living adjustment	3%, for 17 years commencing after retirement

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 3 - Plan Descriptions and Provisions-General Employees' Retirement System

The District established a Single-Employer defined retirement benefit plan on December 12, 2005 via Resolution 05-12-07 for its general employees who are not employed as certified firefighters and are not participants in any other District retirement plan. The General Employees' Retirement System (the "Plan") replaced the previous Governmental Money Purchase Plan for General Employees.

The following brief description of the Bonita Springs Fire Control and Rescue District General Employees' Retirement System is provided for general information purposes only. Participants should refer to the plan agreement for a more complete description of the Plan. The Plan is totally administered, including all investment management, by the Plan's appointed Pension Board or its designee. The Plan provides for the District's general employees who are not employed as certified firefighters and are not participants in any other District retirement plan to participate upon their hire date. The Plan also includes certain disability and death benefits.

Contributions

Contributions to the Plan are derived from two sources: employees: 7% on compensation paid by the employee, and the employer: remaining amount, paid quarterly, necessary to meet actuarial funding requirement, however, in no event shall the employer contribution be less than 15% of the combined salaries of the Plan members. Pursuant to the actuary study dated September 30, 2011 the District's fiscal year 2013 contribution requirement was \$119,951 which approximated 25.4% of estimated covered payroll. Actual District contributions to the Plan for the year ended September 30, 2013 were \$119,951 which was approximately 25.4% of covered payroll. Employee contributions for the year ended September 30, 2013 were \$31,394. The employees and the employer contributed 100% of their respective required contributions to the Plan during the year ended September 30, 2013.

Pension benefits

Employees are entitled to annual pension benefits, (early retirement) beginning at the earlier of age 50 with 7 years of creditable services or 20 years of service regardless of age. Normal retirement is defined as the earlier of age 55 and 7 years of credited service or 25 years of credited service, regardless of age. Benefits are equal to 2.48% of average final compensation (AFC) times credited service. AFC is defined as average salary of the five (5) highest years of the last ten (10) years immediately preceding retirement or termination. Benefits shall be paid monthly with a minimum of one hundred twenty (120) monthly payments guaranteed. Employees may elect early retirement at the earlier of age 50 and 7 years of credible service or 20 years of credible service, regardless of age with a 7.0% reduction of the accrued benefit per year. Employees may elect to receive their pension benefits in the form of a 10 year certain and life annuity. Normal and early retirees and their beneficiaries receive a 1.35% increase in their benefits each October 1st following retirement.

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 3 - Plan Descriptions and Provisions-General Employees'
Retirement System-continued

Death and Disability Benefits

Upon the death of any vested member a survivor benefit is payable to the beneficiary for 10 years at member's normal or early retirement date. Upon the death of any non-vested member the accumulated member's contributions are refunded without interest.

In-service incurred disability provides a benefit equal to 2.48% of AFC times years of service. The benefit paid is that which had been accrued to date of disability payable for 10 years or until recovery. Non service incurred disability is covered after 7 years of credited service. The benefit paid is that which had been accrued to date of disability payable for 10 years or until recovery.

Actuarial present value of accumulated plan benefits

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

The actuarial present value of accumulated plan benefits is determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payments (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of October 1, 2009 were (a) life expectancy of participants (the RP-2000 Mortality Table was used) (b) retirement age assumptions (the assumed average retirement age was 55 and 7 years of credited service or 25 years of service regardless of age) (c) investment return (assumed investment return was 8%) (d) salary increases (6% per year until assumed retirement age) and (e) early retirement (member eligible will retire at the rate of 5% per year). The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan terminated, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 3 - Plan Descriptions and Provisions-General Employees'
Retirement System-continued

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

No separate Plan audit is issued. A copy of the District audited financial statements including the Plan for September 30, 2012 can be obtained by writing the District at 27701 Bonita Grande Drive, Bonita Springs, Florida 34135, or by calling (239) 949-6200.

The following is a summary of the Single Employer-Defined Benefits Plan, including funding policies, contribution methods, benefit provisions and trend information:

	<u>General Employees'</u> <u>Retirement System-Plan 3</u>
Year established and governing authority	District Resolution #05-12-07 (Effective 12/12/05) #11-08-03
Governing entity	Board of Trustees of Plan
Determination of contribution requirements:	Actuarially determined; however,
Employer (District)	not less than 15% of covered payroll, based upon age of employees.
Average final compensation	Average salary for the best 5 years during the 10 years immediately preceding retirement or termination.
Funding of administrative costs	Employer
Period required to vest	100% after 7 years of credited service

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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NOTE G - RETIREMENT PLANS, CONTINUED

Plan 3 - Plan Descriptions and Provisions-General Employees'
Retirement System-continued

	<u>General Employees'</u> <u>Retirement System-Plan 3</u>
Post retirement benefit increase	Cost of living increase of 1.35% each year commencing after retirement
Eligibility for distribution	
Normal retirement	Earlier of age 55 with 7 years of credited service or 25 years credited services, regardless of age
Normal retirement benefit	2.48% of average final compensation times credited service.
Early retirement	Earlier of age 50 with 7 years of credited service or 20 years credited service, regardless of age
Early retirement benefit	Accrued benefit, reduced 7% per year
Provisions for:	
Disability benefits	Yes
Death benefits	Yes
Early retirement	Yes

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 3 - Plan Descriptions and Provisions-General Employees'
Retirement System-continued

Membership of the Plan consisted of the following at September 30, 2013:

	General Employees' Retirement System-Plan 3
Active Members	9
Service retirees	3
Entered Drop	1
Disability Retirement	1
Terminated non-vested	0
Total	14

Annual Pension Cost, Net Pension Obligation and Reserves

Current year annual pension costs for the General Employees' Retirement System are shown in the trend information provided. There were no net pension obligations for the Plan at September 30, 2013.

The plan assets are legally reserved for the payment of the respective plan member benefits within each Plan. There are no assets legally restricted for plan benefits other than those assets within the respective Plans. The General Employees' Retirement System held certain investments at year end. There are no long-term contracts for contributions.

Trend Information

General Employees' Retirement System					
Fiscal Year	Required Annual District Contribution	Actuarially Determined Contribution	Actual District Contribution	Actual District Percentage Contributed	Net Pension Obligation
* 2011	\$ 198,314	\$ 208,764	\$ 198,314	95%	\$ (67,703)
2010	185,626	197,185	185,626	94%	(78,153)
2009	184,185	195,608	184,185	94%	(89,712)
2008	105,375	95,505	140,832	147%	(101,135)
2007	86,790	93,313	129,340	139%	(55,810)
2006	70,704	55,856	75,780	136%	(19,924)

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 3 - Plan Descriptions and Provisions-General Employees'
Retirement System-continued

Plan Required Supplementary Information, October 1, 2012

Schedule of Funding Progress General Employees' Retirement System:

Actuarial Study Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded (AAL) (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
* 10/1/2011	\$ 1,955,409	\$ 1,907,343	\$ (48,066)	102.5%	\$ 540,894	-8.9%
10/1/2010	1,764,960	1,719,658	(45,302)	102.6%	937,679	-4.8%
10/1/2009	1,531,755	1,475,497	(56,258)	103.8%	889,966	-6.3%
10/1/2008	1,313,731	1,294,700	(19,031)	101.5%	860,996	-2.2%
10/1/2007	1,113,966	1,216,089	102,123	91.6%	820,686	12.4%
10/1/2006	817,581	856,569	38,988	95.4%	755,405	5.2%
6/1/2005	561,380	619,001	57,621	90.7%	473,892	12.2%

* **No Valuation was done for General Plan for 2012 or 2013**

**General Employees' Retirement
System-Plan 3**

Valuation Date	10/1/2009
Amortization method	Level Percentage of Pay, Closed
Remaining amortization period	34 Years (as of 10/01/11)
Actuarial asset valuation method	4-Year Smoothed Market
Actuarial assumptions:	
Mortality rate	RP-2000 Mortality Table
Investment rate	8%
Projected salary increases	6%
Cost of living adjustment	1.35%
Inflation	3%
Funding Method	Frozen Initial Liability Actuarial Cost Method

NOTE H: POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The District provides insurance (health insurance) benefits to its retired employees. All retired full-time employees are eligible for benefits if actively employed by the District immediately before retirement. The benefits are provided both with and without contractual or labor agreements. The benefits may require contributions from the retirees, depending on certain specified criteria and, in particular, length of creditable employment. The District pays up to 100% of retiree coverage. The District currently finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time the premiums are due. The district paid \$723,504 on behalf of the retirees for these benefits during the year ended September 30, 2013.

The District offered an early retirement incentive during the year ending September 30, 2011 which offered two years of health insurance paid for by the District. There were 18 employees that decided to take the retirement incentive.

During the year ended September 30, 2010, the District established a separate trust to fund the cost of medical, dental, and prescription drug benefits for retirees. The trust is not scheduled to begin paying benefits until October 1, 2013. The District will continue to pay the benefits for the 35 current retirees on a pay-as-you-go basis until September 30, 2013.

Plan Description and Provisions - Retiree Insurance Trust Fund

The Bonita Springs Fire Department Retiree Insurance Trust Fund, a defined contribution plan, was established in 2010. This is a voluntary employee beneficiary association ("VEBA") which was established under Internal Revenue Section 501(c)(9) and related benefit plan (the "Plan"). The following is a brief description of the Plan which is provided for general information purposes only.

The VEBA trust consists of a Board of Trustees which is governed by five trustees. The trustees consist of the Fire Chief, the President of the Union, one person appointed by the Union President, one person appointed by the Fire Chief, and one person appointed by the preceding four members of the Board of Trustees.

Funding Policy - The District and the Union agreed to amend the collective bargaining agreement to provide for the creation and establishment of the VEBA. The District agreed to provide an initial contribution of one million dollars (\$1,000,000) to the trust in fiscal year 2009/2010. Also effective October 1, 2010, all employees had their base annual pay as set forth in the collective bargaining agreement reduced by one percent (1%). The 1% of base pay was deposited into the VEBA. On October 1, 2011 the District contributed \$167,400 to the VEBA as provided for in this amendment. Effective October 1, 2011, all employees had their base annual pay reduced by an additional one percent (1%). From that point on, in behalf of each employee, a contribution equal to two percent (2%) will made by the District to the VEBA. During the fiscal the year beginning October 1, 2012, the District shall contribute \$87,400 to the VEBA.

NOTE I - RISK MANAGEMENT

The District participates in a self-insurance program for health insurance claims beginning November 1999. The self-insurance program has stated annual individual stop loss limits (\$40,000 per individual employee for fiscal year ending 2013) and aggregate loss limits (approximately \$1,610,294 claims only-does not include administrative premium/fees) for fiscal year ending 2013 (but varies with number of covered employees) and retains third party excess coverage (reinsurance) for claims in excess of the loss limits. The District incurred \$2,213,565 in health insurance claims and third party administration costs and reinsurance premiums during the fiscal year ending September 30, 2013 for the self-insurance program. No accrual has been made as of September 30, 2013 or estimates of amounts to be paid for actual and incurred but not reported (IBNR) claims as it is not possible to determine claims incurred and not reported. The policy is based on a fiscal year and does not require the District to initially fund the claim, then determine if stop loss limits were exceeded or reinsurance refunds are due. The District's estimated remaining maximum cost exposure for the year ending September 30, 2013 was \$0. The actual claims cost incurred did not exceed the aggregate stop loss limits.

It is the policy of the District to purchase commercial insurance for other remaining forms of potential risks to which it is exposed. The District's risk management activities are reported in the General Fund. The District did reduce its Umbrella limits from \$5,000,000 occurrence/\$10,000,000 aggregate to \$2,000,000 occurrence/\$4,000,000 aggregate.

Reported claims have not exceeded the insurance coverage for the years ended September 30, 1999 through September 30, 2013. The District's total liability within any one year is limited to the annual loss limit. The District has no plan to terminate coverage; therefore, The District has no plan to terminate coverage; therefore, no such accrual has been recorded in the financial statements.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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NOTE J- PROPERTY TAXES

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid taxes and must be sold not later than June 1 of each year. The billing, collection, and related record keeping of all property taxes is performed for the District by the Lee County Tax Collector. No accrual for the property tax levy becoming due in November 2013 is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

Procedures for collecting delinquent taxes, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2013, \$114,235 was due from the Lee County Tax Collector to the District for ad valorem taxes and excess fees.

Important dates in the property tax cycle are as follows:

Assessment roll certified	July 1
Millage resolution approved	No later than 100 days following certification of assessment roll
Taxes due and payable (Levy date)	November/with various discount provisions through March 31
Property taxes payable - maximum discount (4 percent)	30 days after levy date
Beginning of fiscal year for which taxes have been levied	October 1
Due date	March 31
Taxes become delinquent (lien date)	April 1
Tax certificates sold by the Lee County Tax Collector	Prior to June 1

For the year ended September 30, 2013, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$2.2353 per \$1,000 (2.2353) of the 2012 net taxable value of real property located within the District.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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NOTE K - DESIGNATED AND/OR RESERVED FUND BALANCE

Fund balance was assigned for the following purposes at September 30, 2013:

<u>Assigned Fund Balance - General Fund</u>	
Operations	\$ 3,870,940
Emergency/disaster	200,000
Insurance	480,000.00
Repair and replacement-Future Projects	1,340,740
Land and buildings	699,690
Debt Service	<u>500,000</u>
Total Assigned Fund Balance	<u>\$ 7,091,370</u> *

* **Assignments consist of limits as approved by the Board of Commissioners.**

Operating - minimum of 60 days and maximum of 90 days of operating expenses.

Emergency/Disaster - minimum of 2% and maximum of 10% of Wages and FICA.

Repair & Replacement - minimum of 25% and maximum 100% of accumulated depreciation.

Land & Buildings - minimum of 15% and maximum of 50% of building accumulated depreciation.

Debt Service - minimum of 1 year and maximum of 2 years of principal & interest on debt.

The assigned fund balance for the General Fund was made up from the fund balance of \$6,282,930 and \$808,440 was used from the increase in the millage rate on the 2013-2014 Budget

<u>Reserved Fund Balances - Impact Fee Fund</u>	
Impact Fee Fund	<u>32,931</u>
Total Reserved Fund Balance	<u>\$ 32,931</u>

NOTE L - IMPACT FEE FUND ACTIVITY

During the year ended September 30, 2013, the Impact Fee Fund had the following activity:

Fund Balance, October 1, 2012	\$ 170,260
Impact fee receipts	207,724
Due from Other Governments	20,146
Interest Receipts	201
Refunds	
Operating transfers out	<u>(365,400) *</u>
Fund Balance, September 30, 2013	<u>\$ 32,931</u>

- * Impact fees in the amount of \$365,400 were transferred to the General Fund to pay debt service on the \$6,298,494 note payable for the construction of Station # 4. The difference of \$91,815 was paid out of the General Fund.

NOTE M - COMMITMENTS AND CONTINGENCIES

The District is involved from time to time in certain routine litigation, the substance of which either as liabilities or recoveries, would not materially affect the financial position of the District. Although the final outcome of the lawsuits, assertions and claims or the exact amount of costs and/or potential recovery is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a materially adverse affect on the financial condition of the District. As a general policy, the District plans to vigorously contest any such matters. The District currently has no litigation pending.

NOTE N - IMPLEMENTATION OF GASB STATEMENT NO. 45

The Governmental Accounting Standards Board has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions (OPEB)." This Statement has changed the manner in which a governmental entity funds and records its post retirement benefit costs other than pension. Specifically, governments will have to actuarially accrue costs rather than fund them on a pay-as-you-go basis, as was the previous method used. To comply with the requirements of GASB No. 45, the District created the Retiree Insurance Trust Fund (VEBA) during the year ended September 30, 2010. For further discussion, see NOTE H. The VEBA is not scheduled to start paying funds until October 1, 2013 to the Retirees. The District had an actuary valuation in FY11/12 which found that the Net OPEB liability at the end of the year would be \$959,265. The VEBA helped reduce the actuarial accrued liability by approximately \$16.5 million.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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NOTE N - IMPLEMENTATION OF GASB STATEMENT NO. 45 (Continued)

Applicable for Fiscal year Ending	10/1/2012 9/30/2013
Annual Required Contribution	\$ 551,523
Interest on Net OPEB Obligation	52,412
Adjustment to Annual Required Contribution	<u>(47,506)</u>
Annual OPEB Cost/(Expense)	\$ 556,429
Expected Contributions	<u>(761,880)</u>
Anticipated Increase/(Decrease) in Net OPEB Obligation	\$ (205,451)
Net OPEB Obligation - Beginning of Year	<u>1,164,716</u>
Net OPEB Obligation - End of Year	\$ 959,265

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2013	\$ 556,429	136.9%	\$ 959,265

Funded Status as of Valuation Date

Actuarial Accrued Liability (AAL)	\$ 6,839,565
Actuarial Value of Assets (AVA)	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$ 6,839,565
Funded Ratio	0.0%
Covered Payroll	\$ 6,966,926
Ratio of UAAL to Covered Payroll	98.2%

NOTE N - IMPLEMENTATION OF GASB STATEMENT NO. 45 (Continued)

STATISTICAL DATA

	<u>10/1/2011</u>
Number of Active Participants	88
Average Current Age	40.5
Average Age at Employment	30.7
Average Past Service	9.8
Average Annual Salary	\$ 79,170
Number of Retirees (With Medical Coverage)	
Pre-Medicare	33
Post-Medicare	<u>1</u>
Total	34
Average Current Age of Retirees	53.2
Number of Covered Spouses (Includes Beneficiaries of Deceased Retirees)	
Pre-Medicare	15
Post-Medicare	<u>1</u>
Total	16
Average Current Age of Spouses	45.6

Valuation Methods and Assumptions

Normal cost and the allocation of benefit values between services rendered before and after the valuation date was determined using the Entry Age Normal Actuarial Cost Method. The rate of return on investments is 4.5% compounded annually and the payroll growth/inflation rate is 3.0% per annum.

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

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
SUMMARY STATEMENT
September 30, 2013

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	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$ 16,152,674	\$ 16,152,674	\$ 16,066,424	\$ (86,250)
Intergovernmental Revenues:				
State Supplemental Compensation	33,600	33,600	25,220	(8,380)
Fees:				
Inspection Fees	140,000	140,000	210,468	70,468
Fire Flow Fees	3,000	3,000	495	(2,505)
CPR Classes	2,500	2,500	2,101	(399)
Fleet Maintenance	47,500	47,500	35,609	(11,891)
Disposition of Fixed Assets	27,900	27,900	27,000	(900)
Grants-Marine	44,258	44,258	44,258	-
Insurance Proceeds	-	-	11,489	11,489
Loan Proceeds	1,040,000	1,040,000	-	(1,040,000)
Interest	37,500	37,500	42,961	5,461
Other	306,435	306,435	31,623	(274,812)
TOTAL REVENUES	17,835,367	17,835,367	16,497,648	(1,337,719)
EXPENDITURES				
Current				
Public Safety				
Personal Services	15,837,135	15,837,135	15,878,650	(41,515)
Operating Expenditures	8,380,108	8,380,108	1,659,316	6,720,792
Capital Outlay	1,691,567	1,691,567	422,484	1,269,083
Debt Service				
Principal Reduction	302,643	302,643	309,866	(7,223)
Interest and Fiscal Charges	154,572	154,572	140,441	14,131
TOTAL EXPENDITURES	26,366,025	26,366,025	18,410,757	7,955,268
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,530,658)	(8,530,658)	(1,913,109)	6,617,549
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	365,400	365,400	365,400	-
Operating Transfers Out	-	-	-	-
Loan proceeds from Refinancing of Station 4			3,775,787	
Loan refinance payments			(3,775,787)	
TOTAL OTHER FINANCING SOURCES (USES)	365,400	365,400	365,400	-
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(8,165,258)	(8,165,258)	(1,547,709)	6,617,549
FUND BALANCE - Beginning	8,165,258	8,165,258	7,830,639	(334,619)
FUND BALANCE - Ending	\$ -	\$ -	\$ 6,282,930	\$ 6,282,930

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT
September 30, 2013

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	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ 16,152,674	\$ 16,152,674	\$ 16,066,424	\$ (86,250)
Intergovernmental Revenues:				
State Supplemental Compensation	33,600	33,600	25,220	(8,380)
Fees:				
Inspection Fees	140,000	140,000	210,468	70,468
Fire Flow Fees	3,000	3,000	495	(2,505)
CPR Classes	2,500	2,500	2,101	(399)
Fleet Maintenance	47,500	47,500	35,609	(11,891)
Disposition of Fixed Assets	27,900	27,900	27,000	(900)
Matching Grants	44,258	44,258	44,258	-
Miscellaneous:				
Insurance Proceeds		-	11,489	11,489
Interest	37,500	37,500	42,961	5,461
Loan Proceeds	1,040,000	1,040,000	-	(1,040,000)
Other	306,435	306,435	31,623	(274,812)
TOTAL REVENUES	17,835,367	17,835,367	16,497,648	(1,337,719)
EXPENDITURES				
Current				
Public safety				
Personal services:				
Salaries				
Firefighters & admin.	6,845,423	6,845,423	6,666,869	178,554
Commissioners	30,000	30,000	29,362	638
Overtime	551,622	551,622	543,736	7,886
Incentives and Holiday Pay	856,308	856,308	833,947	22,361
VEBA - Retiree Health Insurance	238,935	238,935	238,935	-
Payroll Taxes		-		
Social Security & Medicare	623,487	623,487	609,598	13,889
Benefits and Other Costs		-		
Retirement - Firefighters	3,457,253	3,457,253	3,386,636	70,617
Retirement - Administration & FRS	154,106	154,106	126,348	27,758
Health/Life/Disability Ins.	2,700,000	2,700,000	3,113,781	(413,781)
Unemployment Compensation	5,000	5,000	28	4,972
Workers Compensation	375,000	375,000	329,410	45,590
Subtotal - Personal services	15,837,135	15,837,135	15,878,650	(41,515)

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
September 30, 2013

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	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Operating Expenditures:				
Professional and Other Fees				
Professional Fees	25,000	25,000	17,723	7,277
Legal Fees	75,000	75,000	91,246	(16,246)
Property Appraiser Fees	154,641	154,641	137,067	17,574
Tax Collector Fees	331,351	331,351	320,596	10,755
Auditing and Accounting	26,000	26,000	25,600	400
Medical Director	15,000	15,000	15,000	-
Annual Physicals	70,000	70,000	51,135	18,865
ALS Transport Contingency	429,200	429,200	-	429,200
Travel and Training				
Educational Seminars	35,510	35,510	16,759	18,751
Training Books & Supplies	77,400	77,400	46,197	31,203
Communications				
Radio Tower Fees/Pagers	27,972	27,972	27,764	208
Station Expenditures				
Telephones and Cellular's	35,000	35,000	28,826	6,174
Electricity	72,000	72,000	64,742	7,258
Water and Sewer	24,800	24,800	17,881	6,919
Garbage	11,250	11,250	8,590	2,660
Gas and Oil	110,500	110,500	90,405	20,095
Pest Control	8,900	8,900	5,436	3,464
Insurance				
Liability Policy	125,000	125,000	83,708	41,292
Repairs and Maintenance				
Building	79,800	79,800	59,967	19,833
Truck	168,500	168,500	160,392	8,108
Equipment	53,250	53,250	45,097	8,153
Communications	10,000	10,000	4,317	5,683
Special Operations	10,500	10,500	2,358	8,142
USAR District Expenses	16,500	16,500	15,890	610
Office Equipment	12,880	12,880	5,889	6,991
Computer Support	130,740	130,740	83,752	46,988
Fire Prevention	-	-	-	-

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
September 30, 2013

Page 67

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
CPR Classes	5,000	5,000	4,810	190
Car Seat Expense	2,937	2,937		2,937
Public Education	23,700	23,700	15,730	7,970
Explorer Post 5513	5,000	5,000	261	4,739
Smoke Alarms	4,000	4,000		4,000
Supplies				
Legal Ads	3,500	3,500	3,099	401
Office Supplies	20,000	20,000	7,618	12,382
Postage and Freight	3,000	3,000	1,306	1,694
Administration	15,675	15,675	12,870	2,805
Station Supplies	13,000	13,000	19,988	(6,988)
Fire and Medical	82,200	82,200	77,386	4,814
Uniforms and Bunker Gear	53,250	53,250	54,275	(1,025)
Office Equipment	2,300	2,300	2,255	45
Personal Protection Unif./Bunker Gear	81,500	81,500	9,408	72,092
Food Consumables/Supplies	3,000	3,000	691	2,309
Books and Dues	14,100	14,100	13,478	622
PETC Hiring	750	750	-	750
Equipment < \$750	12,700	12,700	7,451	5,249
CERT Training	4,000	4,000	2,353	1,647
Operating Reserves/Contingencies				
Operating	3,899,664	3,899,664	-	3,899,664
Emergency Disaster	200,000	200,000	-	200,000
Repair and Replacement	879,637	879,637	-	879,637
Land and Building	414,501	414,501	-	414,501
Debt Service	500,000	500,000	-	500,000
Subtotal - Operating Expenditures	8,380,108	8,380,108	1,659,316	6,720,792
Capital Outlay:				
Buildings	206,100	206,100	11,155	194,945
Office Equipment	25,900	25,900	13,349	12,551
Machinery and Equipment	306,050	306,050	310,853	(4,803)
Vehicles	1,153,517	1,153,517	87,127	1,066,390
Subtotal - Capital Outlay	1,691,567	1,691,567	422,484	1,269,083

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
September 30, 2013

Page 68

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
DEBT SERVICE				
Principal Reduction	302,643	302,643	309,866	(7,223)
Interest and Fiscal Charges	154,572	154,572	140,441	14,131
TOTAL EXPENDITURES	26,366,025	26,366,025	18,410,757	7,955,268
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,530,658)	(8,530,658)	(1,913,109)	6,617,549
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	365,400	365,400	365,400	-
TOTAL OTHER FINANCING SOURCES (USES)	365,400	365,400	365,400	-
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(8,165,258)	(8,165,258)	(1,547,709)	6,617,549
FUND BALANCE - BEGINNING	8,165,258	8,165,258	7,830,639	(334,619)
FUND BALANCE - ENDING	\$ -	\$ -	\$ 6,282,930	\$ 6,282,930

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND
September 30, 2013

Page 69

	Impact Fee Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fees:				
Impact Fees	\$ 200,000.00	\$ 200,000.00	\$ 227,871.00	\$ 27,871.00
Miscellaneous:				
Interest	400	400	201	(199)
TOTAL REVENUES	<u>200,400</u>	<u>200,400</u>	<u>228,072</u>	<u>27,672</u>
EXPENDITURES				
Expenses				
Refunds	-	-	-	-
Capital Outlay	365,400	365,400	365,400	
Station 4 Reserves	-	-	-	-
TOTAL EXPENDITURES	<u>365,400</u>	<u>365,400</u>	<u>365,400</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	(165,000)	(165,000)	(137,328)	27,672
OTHER FINANCING SOURCES (USES)				
Transfers Out				
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(165,000)	(165,000)	(137,328)	27,672
FUND BALANCE - Beginning	<u>165,000</u>	<u>165,000</u>	<u>170,260</u>	<u>5,260</u>
FUND BALANCE - Ending	<u>-</u>	<u>-</u>	<u>\$ 32,932.00</u>	<u>\$ 32,932.00</u>

The accompanying notes are an integral part of this statement.

366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Honorable District Commissioners
Bonita Springs Fire Control and Rescue District
Bonita Springs 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 of the Bonita Springs Fire Control and Rescue District, (the "District") as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 18, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ashley Brown & Co.

Punta Gorda, Florida
June 18, 2014

366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

MANAGEMENT LETTER

Honorable District Commissioners
Bonita Springs Fire Control and Rescue District
Bonita Springs, Florida

We have audited the financial statements of the Bonita Springs Fire Control and Rescue District (the "District"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 18, 2014.

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. We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report which is dated June 18, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- 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 recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Bonita Springs Fire Control and Rescue District complied with Section 218.415, Florida Statutes.

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)6.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 Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Ashley Brown & Co.

June 18, 2014



BONITA SPRINGS FIRE CONTROL & RESCUE DISTRICT

27701 BONITA GRANDE DRIVE, BONITA SPRINGS, FL 34135

ADMINISTRATION
TEL: (239) 949-6200
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FIRE PREVENTION
TEL: (239) 949-6211
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STEVE LOHAN
CHAIRMAN

EVANS CONFORTI
VICE-CHAIRMAN

FRED FORBES
SECRETARY
TREASURER

EDWARD P. FITZGERALD
COMMISSIONER

LAWRENCE P. KOSILLA, JR.
COMMISSIONER

JOSEPH V. DAIGLE
FIRE CHIEF

www.bonitafire.org

June 20, 2014

David W. Martin, CPA
Florida Auditor General
111 West Madison Street
Claude Denson Pepper Bldg.
Tallahassee, FL 32399-1450

Mr. Martin,

The records for the Bonita Springs Fire Control and Rescue District for FY ending September 2013 have been audited by Ashley & Brown, Certified Public Accountants and they have provided us with a management letter. There were no comments or recommendations made for the District.

Response:

The District was very pleased with the audit results showing no comments or recommendations. The Bonita Springs Fire Control and Rescue District will continue to work hard towards meeting the same standards in the future.

Sincerely,

Joseph V Daigle.

Fire Chief