

**BONITA SPRINGS FIRE CONTROL
AND RESCUE DISTRICT
BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR
YEAR ENDED
SEPTEMBER 30, 2014**

TABLE OF CONTENTS

| | <u>Page(s)</u> |
|--|----------------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) | 3 |
| <u>BASIC FINANCIAL STATEMENTS</u> | |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS: | |
| Statement of Net Position..... | 10 |
| Statement of Activities..... | 11 |
| FUND FINANCIAL STATEMENTS: | |
| Governmental Funds: | |
| Balance Sheet..... | 12 |
| Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets..... | 13 |
| in Fund Balances..... | 14 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities..... | 15 |
| Fiduciary Funds | |
| Firefighters' Pension Plan | |
| Statement of Fiduciary Net Assets..... | 16 |
| Statement of Changes in Fiduciary Net Assets..... | 17 |
| General Employee Pension Plan | |
| Statement of Fiduciary Net Assets..... | 18 |
| Statement of Changes in Fiduciary Net Assets..... | 19 |
| Retiree Insurance Trust Fund (VEBA) | |
| Statement of Fiduciary Net Assets..... | 20 |
| Statement of Changes in Fiduciary Net Assets..... | 21 |
| NOTES TO THE FINANCIAL STATEMENTS..... | 22-79 |
| <u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A</u> | |
| BUDGET TO ACTUAL COMPARISON - MAJOR FUNDS (General and Special Revenue) | |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Summary Statement..... | 81 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Detailed Statement..... | 82-84 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Impact Fee Fund..... | 85 |
| <u>ADDITIONAL REPORTS OF INDEPENDENT AUDITOR</u> | |
| Independent Auditor's Report on Internal Control over Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 87-88 |
| Independent Auditor's Report to Management..... | 89-91 |
| Independent Accountant's Examination Report..... | 92 |
| Management's Response to Independent Auditor's Report to Management..... | 93 |

Independent Auditor's Report

Honorable Board of 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 the Bonita Springs Fire Control and Rescue District, (the "District") as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2014, 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, as provided in the table of contents, 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 May 6, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Punta Gorda, Florida
May 6, 2015

Ashley Brown & Co.

Bonita Springs Fire Control & Rescue District, Florida

Management's Discussion and Analysis (Unaudited)

This discussion and analysis of the Bonita Springs Fire Control & Rescue District's (the "District") financial statements are 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, 2014. 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

- The Governmental Accounting Standards Board (GASB) statement 67- which requires governments providing defined benefit pensions (1) to recognize their long-term obligations for pension benefits as a liability on the balance sheet for the first time, (2) more comprehensively and comparably measure the annual costs of pension benefits and (3) enhance note disclosures and Required Supplementary Information for pension plans.
- Due to the implementation of GASB 67 has resulted in:
 - At the close of fiscal year 2014 the District's liabilities exceeded its assets, resulting in a net position of \$-2,801,120.
 - The District's total net position decreased \$20,321,651 or 102.2 percent, in comparison to prior year.
- The District had \$6,586,249 of assigned fund balances and \$969,927 of unassigned net fund balance that can be used to meet the District's ongoing obligations.
- Total revenues increased \$1,730,938, or 10.3 percent, in comparison to prior year.
- Total expenses decreased \$1,320,344, or 7.2 percent, in comparison to prior year.

Government-wide Financial Statements

Government-wide financial statements (Statement of Net Assets 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 Assets (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 assets 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 assets for the primary government for fiscal years 2014 and 2013:

| Assets: | <u>2013</u> | <u>2014</u> |
|--|-----------------------------|-----------------------------|
| Current and other assets | \$ 7,253,069 | \$ 8,423,580 |
| Capital Assets | <u>16,611,675</u> | <u>15,984,743</u> |
| Total Assets | <u><u>\$ 23,864,744</u></u> | <u><u>\$ 24,408,323</u></u> |
| Liabilities: | | |
| Current liabilities | \$ 1,277,818 | \$ 1,089,342 |
| Non-current Liabilities | <u>5,066,396</u> | <u>26,120,101</u> |
| Total liabilities | <u><u>6,344,214</u></u> | <u><u>27,209,443</u></u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | 12,894,392 | 12,608,071 |
| Restricted | 32,932 | 125,930 |
| Unrestricted | <u>4,593,206</u> | <u>(15,535,121)</u> |
| Total net assets | <u><u>17,520,530</u></u> | <u><u>(2,801,120)</u></u> |
| Total liabilities and net assets | <u><u>\$ 23,864,744</u></u> | <u><u>\$ 24,408,323</u></u> |

Current and other assets represent 34.5 percent of total assets. Current assets are comprised of unrestricted cash and investment balances of \$7,666,547, restricted cash of \$108,413 and other assets of \$648,620. 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 investment in capital assets, net of related debt represent (450.1) percent of net assets 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 net assets restricted for capital projects is impact fees. The unrestricted net asset balance of (\$15,535,121) represents the impact of reporting the new GASB 67 and 68 statements on the financial statements this year.

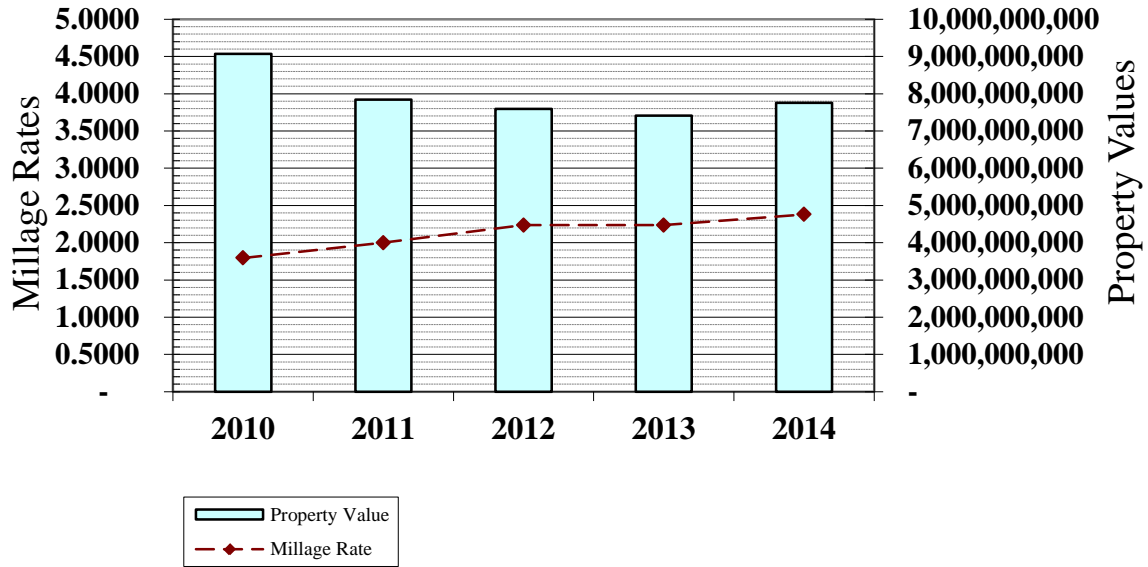
The following schedule reports the revenues, expenses, and changes in net assets for the District for the current and previous fiscal year.

**Bonita Springs Fire Control and Rescue District
Summary of Revenues, Expenses and Changes in Net Assets
As of September 30, 2014**

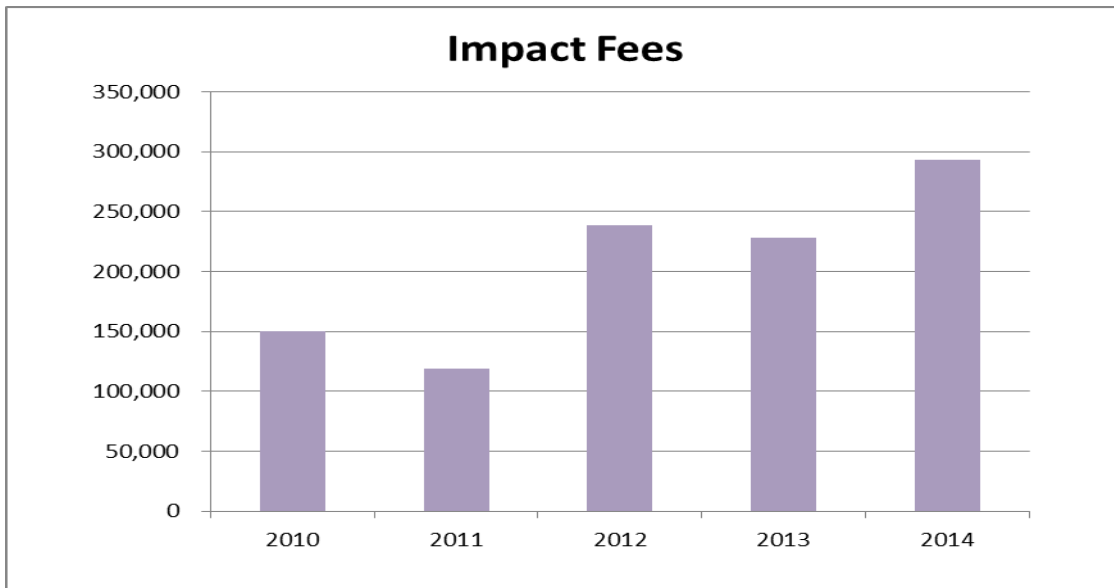
| Revenues: | <u>2013</u> | <u>2014</u> |
|---|----------------------|-----------------------|
| General Revenues | | |
| Property taxes | \$ 16,066,424 | \$ 17,581,863 |
| Intergovernmental | 69,478 | 35,230 |
| Charges for services | 248,673 | 433,928 |
| Miscellaneous | | |
| Impact fees | 227,871 | 293,207 |
| Investment earnings | 43,162 | 38,600 |
| Gain on Disposal Cap Assets | - | - |
| Other | 45,649 | 73,830 |
| Total Revenues | <u>16,701,257</u> | <u>18,456,658</u> |
| Expenses: | | |
| Public Safety - Fire and Rescue Services | <u>18,538,784</u> | <u>38,778,309</u> |
| Decrease in net assets | (1,837,527) | (20,321,651) |
| Net Assets - Beginning of the year | <u>19,358,057</u> | <u>17,520,530</u> |
| Net Assets - End of the year | <u>\$ 17,520,530</u> | <u>\$ (2,801,121)</u> |

Assessed property value increased 4.64 percent, the District assessed a millage rate of 2.805. The increased revenue was needed to offset the District use of Reserves. In comparison to the prior year, total revenues increased 10.5 percent. Total expenses increased \$20,239,525 or 109.2 percent, in comparison to prior year, largely due to GASB 67 and 68 reporting of the Net Pension Liability. The following schedule compares the change in property value and millage rates for the past five years.

Property Values and Millage Assessed



Impact fees increased \$65,337, or 28.7 percent, in comparison to the prior year. The increase of Impact Fees shows the increase of new construction within the District’s boundaries continues.



Budgetary Highlights

Budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis 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, 2014.

**Bonita Springs Fire Control & Rescue District
Capital Assets
September 30, 2014**

| CAPITAL ASSETS | 2013 | 2014 |
|--|-----------------------------|-----------------------------|
| Land | \$ 2,559,947 | \$ 2,699,136 |
| Construction in progress | - | - |
| Total Capital Assets not depreciated | <u>2,559,947</u> | <u>2,699,136</u> |
| | | |
| Buildings | 14,842,768 | 14,863,390 |
| Office equipment | 534,611 | 518,770 |
| Vehicles | 3,683,840 | 3,683,841 |
| Machinery & equipment | <u>2,101,855</u> | <u>2,242,768</u> |
| Total Capital Assets being depreciated | <u>21,163,074</u> | <u>21,308,769</u> |
| | | |
| ACCUMULATED DEPRECIATION | | |
| Buildings | (3,817,861) | (4,344,198) |
| Office equipment | (423,046) | (429,279) |
| Vehicles | (1,740,889) | (1,955,378) |
| Machinery & equipment | <u>(1,129,550)</u> | <u>(1,294,307)</u> |
| Total accumulated depreciation | <u>(7,111,346)</u> | <u>(8,023,162)</u> |
| | | |
| CAPITAL ASSETS, NET | <u>\$ 16,611,675</u> | <u>\$ 15,984,743</u> |

Noteworthy capital asset purchases/projects that took place in fiscal year 2014 were as follows:

- The District purchased land off of Strike Lane for future growth of the District.

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

Debt Administration

At September 30, 2014, the District had \$26,467,969 of outstanding debt. The following is a schedule of the District's outstanding debt at September 30, 2014.

September 30, 2014

| | <u>Amount</u> |
|--------------------------|----------------------|
| Station #4 Note Payable | \$ 3,376,672 |
| Retiree Health Insurance | 968,431 |
| Net Pension Liability | 21,382,298 |
| Compensated Absences | <u>740,568</u> |
| Total Outstanding Debt | <u>\$ 26,467,969</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 Net Pension Liability is a new Governmental Accounting Standards Board statement number 67 and 68, requiring that the District record the actuarially liability on the District's financial statements. The current amount reported as compensated absences increased \$10,109 or 1.4 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 (2014-2015) was prepared:

- Property values increased by \$394 million or 5.08% to \$8.1 billion. The District assessed a millage rate of 2.3800.
- The District adopted a capital improvement plan for the 2014-2015 Budget to assist in replacement of capital assets and long term budgeting.
- The District is also being mindful of additional community needs as construction is continuing to grow.
- Personnel received a 4% increase in wages, the first increase since 2008-2009 for 40 hour employees, and 2007-2008 for Suppression employees.

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) 390-7943.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF NET POSITION
September 30, 2014

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents - unrestricted | \$ 4,521,235 |
| Cash and cash equivalents - restricted | 108,413 |
| Investments-unrestricted | 3,145,312 |
| Account Receivable | - |
| Other Assets - General | 476,458 |
| Due from other governments | 172,162 |
| Total current assets | <u>8,423,580</u> |
| Noncurrent assets: | |
| Capital assets: | |
| Land | 2,699,136 |
| Depreciable buildings, equipment, office equipment and vehicles (net of \$8,023,162 accumulated depreciation) | <u>13,285,607</u> |
| Total noncurrent assets | <u>15,984,743</u> |
| TOTAL ASSETS | <u>24,408,323</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 103,258 |
| Accrued expenses | 638,216 |
| Current portion of long-term obligations | <u>347,868</u> |
| Total current liabilities | 1,089,342 |
| Noncurrent liabilities: | |
| Noncurrent portion of long-term obligations | <u>26,120,101</u> |
| TOTAL LIABILITIES | <u>27,209,443</u> |
| NET POSITION | |
| Investment in capital assets, net of related debt | 12,608,071 |
| Restricted for: | |
| Capital projects | 125,930 |
| Unrestricted | <u>(15,535,121)</u> |
| TOTAL NET POSITION | <u>\$ (2,801,120)</u> |

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF ACTIVITIES
September 30, 2014

EXPENSES

| | |
|---------------------------------|---------------|
| Governmental Activities | |
| Public Safety - Fire Protection | |
| Personal services | \$ 36,098,521 |
| Operating expenses | 1,672,635 |
| Depreciation | 932,000 |
| Interest and fiscal charges | <u>75,153</u> |

TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES 38,778,309

| | |
|------------------------------------|-------------------|
| Charges for services | 433,928 |
| Operating Grants and Contributions | <u>-</u> |
| NET PROGRAM EXPENSES | <u>38,344,381</u> |

GENERAL REVENUES

| | |
|---------------------------------|---------------|
| Ad Valorem taxes | 17,581,863 |
| State supplemental compensation | 35,230 |
| Impact fees | 293,207 |
| Insurance Proceeds | - |
| Interest | 38,600 |
| FEMA Reimbursement | - |
| Disposal of capital assets | - |
| Other | <u>73,830</u> |

TOTAL GENERAL REVENUES 18,022,730

INCREASE(DECREASE) IN NET ASSETS (20,321,651)

NET ASSETS - Beginning of the year 17,520,530

NET ASSETS - End of the year \$ (2,801,121)

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2014

| | General Fund | Impact Fee Fund | Total Governmental Funds |
|--|---------------------|--------------------|--------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 4,521,235 | \$ - | \$ 4,521,235 |
| Cash and Cash Equivalents - Restricted | - | 108,413 | 108,413 |
| Investments -Unrestricted | 3,145,312 | - | 3,145,312 |
| Accounts receivable | - | - | - |
| Due from other governments | 154,645 | 17,517 | 172,162 |
| Other Assets-General | <u>476,458</u> | <u>-</u> | <u>476,458</u> |
| TOTAL ASSETS | <u>\$ 8,297,650</u> | <u>\$ 125,930</u> | <u>\$ 8,423,580</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 103,258 | \$ - | \$ 103,258 |
| Accrued expenses | <u>638,216</u> | <u>-</u> | <u>638,216</u> |
| TOTAL LIABILITIES | <u>741,474</u> | <u>-</u> | <u>741,474</u> |
| FUND BALANCES | | | |
| Capital additions (Restricted) | - | 125,930 | 125,930 |
| Unassigned, reported in: | - | - | - |
| General Fund | - | - | - |
| Operations | 3,870,940 | - | 3,870,940 |
| Emergency/disaster | 200,000 | - | 200,000 |
| Insurance | 480,000 | - | 480,000 |
| Future Captial Planning | 864,192 | - | 864,192 |
| Land and buildings | 660,690 | - | 660,690 |
| New vehicles | - | - | - |
| Debt Service | 500,000 | - | 500,000 |
| Designated | <u>10,427</u> | <u>-</u> | <u>10,427</u> |
| Assigned | 6,586,249 | - | 6,712,179 |
| Unassigned | <u>969,927</u> | <u>-</u> | <u>969,927</u> |
| TOTAL FUND BALANCES | <u>7,556,176</u> | <u>125,930</u> | <u>7,682,106</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 8,297,650</u> | <u>\$ 125,930</u> | <u>\$ 8,423,580</u> |

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 ASSETS
September 30, 2014**

Total fund balances for governmental funds \$ 7,682,106

Amounts reported for governmental activities in the statement of net assets 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 \$ 2,699,136

Governmental capital assets being depreciated:

Building, Equipment and Vehicles 21,308,769
Less accumulated depreciation (8,023,162)

15,984,743

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

Note payable (3,376,672)
Retiree Health Insurance (968,431)
Compensated absences (740,568)
Net Pension Liability (21,382,298)

(26,467,969)

Total net assets of governmental activities \$ (2,801,120)

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, 2014

| | General Fund | Impact Fee Fund | Total Governmental Funds |
|--|---------------------|-----------------------|--------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| REVENUES | | | |
| Ad Valorem taxes | \$ 17,581,863 | \$ - | \$ 17,581,863 |
| State supplemental compensation | 35,230 | - | 35,230 |
| Grant- Boat | - | - | - |
| Fees: | | | |
| Inspection fees | 288,224 | - | 288,224 |
| Impact fees | - | 293,207 | 293,207 |
| Fire flow fees | 1,265 | - | 1,265 |
| Fleet Maintenance | 62,271 | - | 62,271 |
| CPR classes | 5,512 | - | 5,512 |
| Disposition of fixed assets | - | - | - |
| USAR Reimbursement | - | - | - |
| Miscellaneous: | | | |
| Facilities Rental | 76,656 | - | 76,656 |
| Interest | 38,508 | 92 | 38,600 |
| FEMA Reimbursement | - | - | - |
| Insurance Proceeds | 223 | - | 223 |
| Other | 73,607 | - | 73,607 |
| TOTAL REVENUES | <u>18,163,359</u> | <u>293,299</u> | <u>18,456,658</u> |
| EXPENDITURES | | | |
| Current | | | |
| Public safety | | | |
| Personal services | 14,696,945 | - | 14,696,945 |
| Operating expenditures | 1,672,635 | - | 1,672,635 |
| Capital outlay | 305,069 | - | 305,069 |
| Debt service | | | |
| Principal reduction | 340,611 | - | 340,611 |
| Interest and fiscal charges | 75,153 | - | 75,153 |
| TOTAL EXPENDITURES | <u>17,090,413</u> | <u>-</u> | <u>17,090,413</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 1,072,946 | 293,299 | 1,366,245 |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | 200,300 | - | 200,300 |
| Operating transfers out | - | (200,300) | (200,300) |
| Loan proceeds from Refinancing of Station 4 | | | |
| Loan refinance payments | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>200,300</u> | <u>(200,300)</u> | <u>-</u> |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | 1,273,246 | 92,999 | 1,366,245 |
| FUND BALANCES - Beginning of the year | <u>6,282,930</u> | <u>32,931</u> | <u>6,315,861</u> |
| FUND BALANCES - End of the year | <u>\$ 7,556,176</u> | <u>\$ 125,930</u> | <u>\$ 7,682,106</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, 2014**

Net change (expenditures in excess of revenues and other financing sources) \$ 1,366,245
in fund balances - total governmental funds

The increase (change) in net assets 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 assets. The total sale proceeds provides
current financial resources and reduces expenses in the governmental funds.

| | | |
|---|-----------|-----------|
| Expenditures for capital assets | 305,069 | |
| Depreciation expense | (932,000) | |
| Proceeds from disposition of capital assets | - | |
| Gain from disposition of capital assets | - | |
| | <hr/> | (626,931) |

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 assets, 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 assets.

| | | |
|------------------------------------|--|---------|
| Repayments (principal retirement): | | |
| Notes payable | | 340,611 |

Proceeds from refinancing of Station 4 Debt

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.

| | | |
|---|--------------|------------------------|
| Net Pension Liability | (21,382,298) | |
| Increase for Retirees health Insurance | (9,168) | |
| Increase in compensated absences | (10,110) | |
| | <hr/> | (21,401,576) |
| Decrease in net assets of governmental activities | | \$ <u>(20,321,651)</u> |

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
September 30, 2014

| | Firefighters' Pension Plan |
|---|----------------------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 440,070 |
| Investments | 49,581,962 |
| | <hr/> |
| TOTAL ASSETS | \$ 50,022,032 |
| | <hr/> <hr/> |
| NET ASSETS | |
| Held in trust for pension benefits and other purposes | \$ 50,022,032 |
| | <hr/> |
| TOTAL NET ASSETS | \$ 50,022,032 |
| | <hr/> <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, 2014**

| | <u>Firefighters' Pension Plan</u> |
|--|---|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 3,565,486 |
| Plan members | 436,385 |
| State of Florida, insurance premiums | <u>583,892</u> |
| Total contributions | <u>4,585,763</u> |
| Investment income: | |
| Net increase/(decrease) in fair value of investments and gain/(loss) on realized | 4,163,691 |
| Interest and dividends | <u>1,048,935</u> |
| Net investment income | <u>5,212,626</u> |
| TOTAL ADDITIONS | <u>9,798,389</u> |
| DEDUCTIONS | |
| Actuarial Fees | 19,593 |
| Benefits paid | 2,243,450 |
| Consultant Fees | 15,500 |
| Dues | 600 |
| Insurance | 4,076 |
| Investment Management Fees | 313,909 |
| Legal Fees | 10,702 |
| Miscellaneous | 3,561 |
| Custodial Fees | <u>17,318</u> |
| TOTAL DEDUCTIONS | <u>2,628,709</u> |
| CHANGE IN NET ASSETS | 7,169,680 |
| NET ASSETS - BEGINNING | <u>42,852,352</u> |
| NET ASSETS - ENDING | <u><u>\$ 50,022,032</u></u> |

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
September 30, 2014

| | <u>General Employees' Retirement System</u> |
|---|---|
| ASSETS | |
| Cash and Cash Equivalents | \$ 537,220 |
| Investments | <u>2,262,378</u> |
| TOTAL ASSETS | <u><u>\$ 2,799,598</u></u> |
| | |
| NET ASSETS | |
| Held in trust for pension benefits and other purposes | <u>\$ 2,799,598</u> |
| TOTAL NET ASSETS | <u><u>\$ 2,799,598</u></u> |

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
September 30, 2014**

| | General Employees' Retirement System |
|---|---|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 126,276 |
| Plan members | <u>34,800</u> |
| Total contributions | <u>161,076</u> |
| Investment income: | |
| Gain (loss) on sale of investments | 154,199 |
| Net appreciation in fair value of investments | 72,061 |
| Interest and dividends | <u>45,513</u> |
| Net investment income | <u>271,773</u> |
| TOTAL ADDITIONS | <u>432,849</u> |
| DEDUCTIONS | |
| Actuarial Fees | 2,387 |
| Consultant Fees | 7,875 |
| Custodial Fees | 845 |
| Dues | 600 |
| Insurance | 1,617 |
| Investment Management Fees | 6,811 |
| Legal Fees | 2,545 |
| Miscellaneous | 1,047 |
| Pension Payments | <u>101,671</u> |
| TOTAL DEDUCTIONS | <u>125,398</u> |
| CHANGE IN NET ASSETS | 307,451 |
| NET ASSETS - BEGINNING | <u>2,492,147</u> |
| NET ASSETS - ENDING | <u><u>\$ 2,799,598</u></u> |

The accompanying notes are an integral part of this statement.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
September 30, 2014**

| | <u>Retiree Insurance Trust Fund</u> |
|--|---|
| ASSETS | |
| Cash and Cash Equivalents | \$ 63,867 |
| Investments | <u>1,744,919</u> |
| TOTAL ASSETS | <u><u>\$ 1,808,786</u></u> |
| | |
| NET ASSETS | |
| Held in trust for VEBA Retiree Health Insurance Benefits | <u>1,808,786</u> |
| TOTAL NET ASSETS | <u><u>\$ 1,808,786</u></u> |

Note: VEBA trust was established in September 2010.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
September 30, 2014**

| | <u>Retiree Insurance Trust Fund</u> |
|---|---|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 150,927 |
| Employees | <u>-</u> |
| Total contributions | <u>150,927</u> |
| Investment income: | |
| Realized Gain/(Loss) on sale of investments | 44,137 |
| Unrealized Gain/(Loss) on sale of investments | (20,238) |
| Interest and dividends | <u>32,721</u> |
| Net investment income | <u>56,620</u> |
| TOTAL ADDITIONS | <u>207,547</u> |
| DEDUCTIONS | |
| Benefits paid | 123,807 |
| Administrative Expenses | 4,245 |
| Legal Fees | 1,113 |
| Actuarial Fees | - |
| Investment Management Fees | <u>8,876</u> |
| TOTAL DEDUCTIONS | <u>138,041</u> |
| CHANGE IN NET ASSETS | 69,506 |
| NET ASSETS - BEGINNING | <u>1,739,280</u> |
| NET ASSETS - ENDING | <u>\$ 1,808,786</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 Assets 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

**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.

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 \$6,769,816 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 equal to revenue. 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 assets.

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.

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 Assets

"Total fund balance" as reported on the District's Governmental Funds Balance Sheet of \$7,682,106 differs from the "net position" of governmental activities of (\$2,801,120) 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.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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

However, the Statement of Net Position includes those capital assets among the assets of the District as a whole at September 30, 2014.

| | <u>Amount</u> |
|--------------------------|----------------------|
| Cost of capital assets | \$ 24,007,906 |
| Accumulated depreciation | <u>(8,023,162)</u> |
| Total | <u>\$ 15,984,744</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, 2014 were:

| | <u>Amount</u> |
|--------------------------|----------------------|
| Net Pension Liability | \$ 21,382,298 |
| Note payable | 3,376,672 |
| Retiree Health Insurance | 968,431 |
| Compensated absences | <u>740,568</u> |
| Total | <u>\$ 26,467,969</u> |

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

The "net change in fund balances" for government fund of \$1,366,245 (expenditures in excess of revenues) differs from the "decrease in net assets" for governmental activities of (\$20,321,650) 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:

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 assets decrease by the amount of depreciation expense charged for the year. Additionally, dispositions of capital assets resulted in an increase to net assets. The total sale proceeds provides current financial resources and reduces expenses in the governmental funds.

| | | |
|---------------------------------------|----|------------------|
| Capital outlay - expenditures | \$ | 305,069 |
| Gain on disposition of capital assets | | - |
| Depreciation expense | | (932,000) |
| | | <hr/> |
| Difference | \$ | <u>(626,931)</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 | \$ | 340,611 |
| Net Pension Liability | | 21,382,298 |
| Retiree Health Insurance | | 9,166 |
| Increase in current year compensated absences | | 10,109 |
| | | <hr/> |
| Total | \$ | <u>21,742,184</u> |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents were \$4,629,648 of which \$108,413 was restricted. Total cash and cash equivalents included cash on hand of \$300 at September 30, 2014.

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, 2014.

District deposits consist of the following at September 30, 2014:

| | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|-------------------------------------|----------------------------|-------------------------|
| <u>Unrestricted Cash</u> | | |
| General Fund | | |
| Depository Accounts | \$ 4,520,935 | \$ 4,533,115 |
| Total Unrestricted Deposits | 4,520,935 | 4,533,115 |
| Plus Petty Cash (1) | <u>300</u> | <u>-</u> |
| Total Unrestricted Cash | <u>4,521,235</u> | <u>4,533,115</u> |
| <u>Restricted Cash</u> | | |
| Special Revenue Fund | | |
| Impact Fee | | |
| Depository Account | <u>108,413</u> | <u>108,413</u> |
| Total Special Revenue Fund | <u>108,413</u> | <u>108,413</u> |
| Total Restricted Deposits | <u>108,413</u> | <u>108,413</u> |
| TOTAL CASH AND CASH EQUIVALENTS | <u>\$ 4,629,648</u> | <u>\$ 4,641,528</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 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 \$57,775,728 at September 30, 2014, of which \$3,145,312, was held in Governmental Funds (the General Fund), \$50,022,032 was held in the Firefighters' Pension Plan, \$2,799,598 was held in the General Employees Pension Plan and \$1,808,786 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, 2014.

| | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Carrying Value</u> |
|-------------------------------|-------------------|----------------------|----------------------|----------------------------|
| Certificate of Deposit | 12/5/2013 | 12/5/2014 | 0.40% | \$ 2,132,509 |
| Certificate of Deposit | 5/26/2013 | 6/26/2014 | 0.40% | 1,012,803 |
| | | | | <u>\$ 3,145,312</u> |

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.

| | <u>Market Value/Carrying Value</u> | | | |
|---|------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u>Category 1</u> | <u>Category 3</u> | <u>Total</u> | <u>Cost</u> |
| Governmental Funds | | | | |
| Certificates of Deposit | \$3,145,312 | \$ - | \$ 3,145,312 | \$ 3,145,312 |
| Firefighters' Pension Trust Fund | | | | |
| Cash & Money Market Funds | - | 440,070 | 440,070 | 1,180,707 |
| Corporate Bonds | - | 13,859,007 | 13,859,007 | 13,495,163 |
| Corporate Security Equities | - | 22,510,988 | 22,510,988 | 23,161,836 |
| Real Estate Investments | - | 3,880,043 | 3,880,043 | 3,204,062 |
| Alternative Strategies | - | 2,446,404 | 2,446,404 | - |
| RBC Global Mutual Funds | - | 6,885,520 | 6,885,520 | 4,719,419 |
| Total Firefighters' Pension Trust Fund | <u>-</u> | <u>50,022,032</u> | <u>50,022,032</u> | <u>45,761,187</u> |
| General Employees' Retirement System | | | | |
| Cash & Money Market Funds | - | 537,220 | 537,220 | 537,220 |
| Rockwood Cap Adv. Fixed Units | - | 647,736 | 647,736 | 622,307 |
| Rockwood Cap Adv. Equity Units | - | - | - | - |
| Vanguard Mutual Funds-Fixed Units | - | 383,231 | 383,231 | 383,214 |
| Vanguard Mutual Funds-Equity | - | 1,231,411 | 1,231,411 | 948,106 |
| Total General Employees' Retirement | <u>-</u> | <u>2,799,598</u> | <u>2,799,598</u> | <u>2,490,847</u> |
| Retiree Insurance Trust Fund (VEBA) | | | | |
| Cash & Money Market Funds | - | 63,867 | 63,867 | 42,088 |
| Investments in Equities & Bonds | <u>-</u> | <u>1,744,919</u> | <u>1,744,919</u> | <u>1,690,003</u> |
| Total Retiree Insurance Trust Fund | <u>-</u> | <u>1,808,786</u> | <u>1,808,786</u> | <u>1,732,091</u> |
| TOTAL INVESTMENTS | <u><u>\$3,145,312</u></u> | <u><u>\$ 54,630,416</u></u> | <u><u>\$ 57,775,728</u></u> | <u><u>\$ 53,129,437</u></u> |

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 | 5% | 10% |
| Investments in common stock and convertible bonds shall not exceed the following percentage of the fund assets | 70% Market | 70% Market |
| Investments in foreign securities shall not exceed the following percentage of the fund assets | 25% | 15% |

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 assets at September 30, 2014 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, 2014:

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 | \$ 11,344,128 | \$ 397,237 | \$ 3,308,716 | \$ 5,553,940 | \$ 2,084,235 |
| | <u>\$ 11,344,128</u> | <u>\$ 397,237</u> | <u>\$ 3,308,716</u> | <u>\$ 5,553,940</u> | <u>\$ 2,084,235</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 | \$ 647,736 | \$ - | \$ 387,864 | \$ 76,951 | \$ 182,921 |
| | <u>\$ 647,736</u> | <u>\$ -</u> | <u>\$ 387,864</u> | <u>\$ 76,951</u> | <u>\$ 182,921</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, 2014, 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 | | | Rating | |
| debt securities | | | | |
| AAA | \$ 4,574,194 | 40.3% | AAA | \$ 126,956 19.6% |
| AA | 1,112,918 | 9.8% | AA2 | 9,846 1.5% |
| AA+ | - | 0% | AA3 | 16,776 2.6% |
| AA- | - | 0% | A1 | 17,618 2.7% |
| A+ | - | 0% | A2 | 9,975 1.5% |
| A- | - | 0% | A3 | 46,313 7.2% |
| A | 3,717,667 | 32.8% | BAA1 | 72,158 11.1% |
| BB+ | - | 0% | BAA2 | 70,603 10.9% |
| BBB | 1,939,948 | 17.1% | BAA3 | 85,177 13.2% |
| BBB+ | - | 0% | BA1 | 8,615 1.3% |
| BBB- | - | 0% | N/A | 183,698 28.4% |
| NR | - | 0% | WR | - 0% |
| Total credit risk debt securities | 11,344,128 | 100.0% | | \$ 647,736 100.0% |
| Money Market | | | | - 0.0% |
| Total Bond Fund | \$ 11,344,128 | 100.0% | | \$ 647,736 100.0% |

* 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
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE E - CAPITAL ASSETS ACTIVITY

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

| | Balance October 1 <u>2013</u> | Increases/ <u>Additions</u> | Decreases/ <u>Deletions</u> | Adjustments/ <u>Reclassifications</u> | Balance September 30 <u>2014</u> |
|--|-------------------------------------|--------------------------------|--------------------------------|--|--|
| Capital Assets Not Being Depreciated: | | | | | |
| Land | \$ 2,559,947 | \$ 139,189 | \$ - | \$ - | \$ 2,699,136 |
| 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>139,189</u> | <u>-</u> | <u>-</u> | <u>2,699,136</u> |
| Capital Assets Being Depreciated: | | | | | |
| Buildings | 14,842,767 | 20,623 | - | - | 14,863,390 |
| Office Equipment | 534,611 | 4,343 | (21,321) | 1,137 | 518,770 |
| Vehicles | 3,683,841 | - | - | - | 3,683,841 |
| Equipment & Machinery | <u>2,101,855</u> | <u>140,913</u> | <u>-</u> | <u>-</u> | <u>2,242,768</u> |
| Total Capital Assets Being Depreciated | <u>21,163,074</u> | <u>165,879</u> | <u>(21,321)</u> | <u>1,137</u> | <u>21,308,769</u> |
| Less Accumulated Depreciation: | | | | | |
| Buildings | (3,817,861) | (526,337) | - | - | (4,344,198) |
| Office Equipment | (423,046) | (26,417) | 21,321 | (1,137) | (429,279) |
| Vehicles | (1,740,889) | (214,489) | - | - | (1,955,378) |
| Equipment & Machinery | <u>(1,129,550)</u> | <u>(164,757)</u> | <u>-</u> | <u>-</u> | <u>(1,294,307)</u> |
| Total Accumulated Depreciation | <u>(7,111,346)</u> | <u>(932,000)</u> | <u>21,321</u> | <u>(1,137)</u> | <u>(8,023,162)</u> |
| Total Capital Assets Being Depreciated, Net | <u>14,051,728</u> | <u>(766,121)</u> | <u>-</u> | <u>-</u> | <u>13,285,607</u> |
| Capital Assets, Net | <u>\$ 16,611,675</u> | <u>\$ (626,932)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,984,743</u> |

Adjustments/reclassifications in capital assets represent reclassifications from of an asset from disposed to active.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE E - CAPITAL ASSETS ACTIVITY, CONTINUED

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

| | |
|----------------------------|-------------------|
| General Government | <u>\$ 932,000</u> |
| Total Depreciation Expense | <u>\$ 932,000</u> |

NOTE F - LONG-TERM LIABILITIES

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

| | Balance October 1 <u>2013</u> | <u>Additions</u> | Retirements / <u>Adjustments</u> | Balance September 30 <u>2014</u> | Amounts Due Within <u>One Year</u> |
|--------------------------|-------------------------------------|----------------------|-------------------------------------|--|--|
| Note Payable (1) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Note Payable (2) | 3,717,283 | - | (340,611) | 3,376,672 | 347,868 |
| Retiree Health Insurance | 959,265 | 9,166 | - | 968,431 | - |
| Net Pension Liability | - | 21,382,298 | - | 21,382,298 | - |
| Compensated Absences | <u>730,459</u> | <u>10,109</u> | <u>-</u> | <u>740,568</u> | <u>-</u> |
| | <u>\$ 5,407,007</u> | <u>\$ 21,401,573</u> | <u>\$ (340,611)</u> | <u>\$ 26,467,969</u> | <u>\$ 347,868</u> |

During the year ended September 30, 2014, \$200,300 was transferred from the Impact Fee fund and \$215,464 was paid from the General Fund to pay the principal of \$340,611 and interest of \$75,153 on the \$3,775,787 re-financed note payable.

NOTE F - LONG-TERM LIABILITIES, CONTINUED

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

| | | |
|---|-----------|-------------------|
| 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 | \$ | 3,376,672 |
| Retiree Health Insurance - Districts Net OPEB Obligation | | 968,431 |
| Non-current portion of compensated absences. Employees of the District are entitled to paid leave based on length of service and job classification. | | 740,568 |
| Net Pension Liability | | |
| Firefighter Pension | \$ | 21,321,912 |
| General Pension | | 60,386 |
| GASB 67 & 68 requires that the unfunded actuarial accrued liability be recorded on the District's income statement and balance sheet. | | <u>21,382,298</u> |
| | <u>\$</u> | <u>26,467,969</u> |

The annual debt service requirements at September 30, 2014 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> |
|---|---|-------------------|---------------------|
| 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>3,376,672</u> | <u>330,558</u> | <u>3,707,230</u> |
| Total Notes Payable | 3,376,672 | 330,558 | 3,707,230 |
| Retiree Health Insurance | 968,431 | - | 968,431 |
| Accrued Compensated Absences | 740,568 | - | 740,568 |
| | <u>\$ 5,085,671</u> | <u>\$ 330,558</u> | <u>\$ 5,416,229</u> |

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

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, 2014, September 30, 2013, and the period ended September 30, 2012. Pension cost for the District was:

| Year ending | Covered Payroll | Contribution Employer | Percentage of Payroll |
|-------------|-----------------|-----------------------|-----------------------|
| 9/30/2014 | 29,839 | 9,307 | 31.2% |
| 9/30/2013 | 29,362 | 4,195 | 14.3% |
| 9/30/2012 | 30,000 | 2,899 | 9.7% |

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, 2014 annual report can be obtained by writing the Florida Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (850) 488-5706.

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

The following brief description of the 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, 05-01-01, 05-12-06, 07-03-01, 07-08-02, 08-05-03, 09-07-02, 10-04-02, 10-04-03, 10-04-04, 10-04-05, 11-08-04 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, 2014, the District's fiscal year 2014 contribution requirement was 56.9% of estimated covered payroll.

| | | |
|-------------------------------|----|----------------|
| Actual Required Contributions | \$ | 4,577,148 |
| District Contribution | | 3,565,486 |
| Employee Contribution | | 436,385 |
| State of Florida Contribution | | 583,892 |
| | | <hr/> |
| Under/(Over) | \$ | <u>(8,615)</u> |

The difference of \$8,615 will be utilized to help offset the requirement for Fiscal Year 2014.

The employees and the employer contributed 100% of their respective required contributions to the Plan during the year ended September 30, 2014.

Pension Benefits

Maximum benefit is 100% of AFC, paid during the retirees life time with a minimum of 120 monthly benefit payments. Employees may elect to receive their pension benefit in the form of a 10-year certain and life annuity. If employees terminate before rendering 10 years of credited

NOTE G - RETIREMENT PLANS, CONTINUED

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

Pension benefits, continued

service they forfeit the right to receive the portion of their accumulated plan benefits. The maximum annually member benefit shall not exceed \$210,000.

Income recognition

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

Actuarial present value of accumulated plan benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees. 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, 2014 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 7.6%). 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.

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

Plan Descriptions

Plan Administration

The Board is hereby designated as the plan administrator. The Board shall consists of five (5) Trustees, two (2) of whom, unless otherwise prohibited by law, shall be legal residents of the District, who shall be appointed by the Bonita Springs Fire Control and Rescue District Board of Commissioners, and two (2) of whom shall be a union Member of the System, who shall be elected by a majority of the Firefighters who are Members of the System. The fifth Trustee shall be chosen by a majority of the previous four (4) Trustees as provided for herein, and such name shall be submitted to the Bonita Springs Fire Control and Rescue District Board of Commissioners.

Plan Membership as of September 30, 2014

| | |
|---|------------|
| Retirees receiving benefits | 31 |
| Beneficiaries | 1 |
| Terminated Plan members receiving benefits | 1 |
| DROP members | <u>10</u> |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 43 |
| Inactive Plan Members Entitled to but Not Yet Receiving Benefits | 2 |
| Vested Active members | 31 |
| Non-vested active members | <u>45</u> |
| Active Plan Members | 76 |
| Total members (all classes) | <u>121</u> |

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of age 55 and 10 years of Credited Service, or age 50 and 25 years of Credited Service

Benefit: 3.58% (3.00% for Firefighters hired after June 1, 2010) of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 50 and 10 Years of Credited Service.
of age.

Benefit: Accrued benefit, reduced 3.0% per year.

Vesting:

Schedule: 100% after 10 years of Credited Service

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability Retirement:

Service Incurred: Covered from Date of Employment

Non-Service Incurred: 10 years of Credited Service

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).

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

Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

Cost of Living Adjustments:

Normal and Early service Retirees after January 1, 2000 receive 3% annual benefit increase for 17 years.

(12 years for Firefighters hired after June 1, 2010), commencing 1 year after retirement.

Contributions

Remaining amount required in order to pay current cost and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. In no event will the District's contribution be less than 15% of the Member's salary.

Investments

Investments Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2014:

| <u>Asset Class</u> | <u>Target Allocation</u> |
|-----------------------|--------------------------|
| Domestic Equity | 45.00% |
| International Equity | 15.00% |
| Domestic Fixed Income | 20.00% |
| Global Fixed Income | 5.00% |
| Core Real Estate | 10.00% |
| GTAA | 5.00% |
| Total | 100.00% |

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2014 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 10.81 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements (earlier of (1) Age 55 with 7 years of Credited Services or (2) 25 years of Credited Services regardless of age).

Participation: Not to exceed 60 months.

Rate of Return: At the Member's election: (1) 6.5% annual rate, or (2) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), credited each fiscal quarter. One change between the above is allowed.

The DROP balance as of September 30, 2014 is \$1,930,010.

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

NET PENSION LIABILITY OF THE SPONSOR

The components of the net pension liability of the sponsor on September 30, 2014 were as follows:

| | |
|---|----------------------|
| Total Pension Liability | \$ 71,343,944 |
| Plan Fiduciary Net Position | (50,022,032) |
| Sponsor's Net Pension Liability | <u>\$ 21,321,912</u> |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 70.11% |

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2013, using the following actuarial assumptions applied to all measurement periods.

| | |
|---------------------------|--------------|
| Inflation | 3.00% |
| Salary Increases | 4.00%-10.00% |
| Investment Rate of Return | 7.60% |

RP-2000 Table with no projection-Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements, (Disabled lives set forward 5 years).

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period 1995-2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|----------------------|----------------------|---|
| Domestic Equity | 45.00% | 7.50% |
| International Equity | 15.00% | 8.50% |
| Domestic Equity | 20.00% | 2.50% |
| Global Fixed Income | 5.00% | 3.50% |
| Core Real Estate | 10.00% | 4.50% |
| GTAA | 5.00% | 2.50% |
| | <u>100.00%</u> | |

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

Discount Rate:

The discount rate used to measure the total pension liability was 7.60%.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---------------------------------|---------------|--------------------------|---------------|
| | 6.60% | 8.00% | 9.00% |
| Sponsor's Net Pension Liability | \$ 30,472,016 | \$ 21,321,912 | \$ 14,011,209 |

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

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 Last 10 Fiscal Years

| | 9/30/2014 |
|--|---------------|
| Total Pension Liability | |
| Service Cost | \$ 1,697,295 |
| Interest | 5,118,393 |
| Changes in Excess State Money | - |
| Share Plan Allocation | - |
| Change of Benefit Terms | - |
| Differences Between Expected and Actual Experience | - |
| Changes of Assumptions | - |
| Benefit Payments, Including Refunds of Employee contribution | (2,243,450) |
| Net Change in Total Pension Liability | 4,572,238 |
| Total Pension Liability-Beginning | 66,771,706 |
| Total Pension Liability-Ending (a) | \$ 71,343,944 |
| Plan Fiduciary Net Position | |
| Contributions-Employer | \$ 3,565,486 |
| Contributions-State | 583,892 |
| Contribution-Employee | 436,385 |
| Net Investment Income | 4,736,538 |
| Benefit Payments, Including Refunds of Employee Contributions | - |
| Administrative Expense | (2,243,450) |
| Other | (38,532) |
| Other | - |
| Net Change in Plan Fiduciary Net Position | 7,040,317 |
| Plan Fiduciary Net Position-Beginning | 42,981,714 |
| Plan Fiduciary Net Position-Ending (b) | \$ 50,022,032 |
| Net Pension Liability-Ending (a)-(b) | \$ 21,321,912 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 70.11% |
| Covered Employee Payroll | \$ 6,111,013 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 348.91% |

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

SCHEDULE OF CONTRIBUTIONS
 Last 10 Fiscal Years

| | <u>9/30/2014</u> |
|--|------------------|
| Actuarially Determined Contribution | \$ 4,149,378 |
| Contributions in Relation to the Actuarially Determined Contribution | <u>4,149,378</u> |
| Contributin Deficiency (Excess) | <u>\$ -</u> |
| | |
| Covered Employee Payroll | 6,111,013 |
| Contributions as a Percentage of Covered Employee Payroll | 67.90% |

Notes to Schedule

Valuation Date: 10/1/2012
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|--------------------------------|--|
| Actuarial Cost Method | Frozen Initial Liability Actuarial cost Method. |
| Amortization Method: | Level Percentage of Pay, Closed. |
| Remaining Amortization Period: | 27 Years (as of 10/01/2012). |
| Asset Valuation Method: | 4-Year Smoothed Market |
| Inflation: | 3.0% per year. |
| Payroll Increase: | 3.0% per year |
| Salary Increases: | 6.0% per year until Retirement age. |
| Interest Rate: | 8% per year, compounded annually, net of investment related expenses. |
| Normal Retirement: | Earlier of Age 55 and 10 Years of Credited service or age 50 and 25 years of Credited Service. Any member who has reached Normal Retirement is assumed to continue employment for one additional year. |
| Early Retirement | Commencing upon a member's eligibility for Early Retirement (50 with 10 years of credited service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. |

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

SCHEDULE OF CONTRIBUTIONS-2

Termination Rates: See table below
 Disability Rates: See table below. It is assumed that 75% of disablements and active Member deaths are service related.
 Mortality: RP-2000 Table with no projection-Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).
 Other Information: Termination and Disability Rate Table

| Age | % Terminating During the Year | % Becoming Disabled During the Year |
|-----|----------------------------------|--|
| 20 | 6.00% | 0.03% |
| 30 | 5.00% | 0.04% |
| 40 | 2.60% | 0.07% |
| 50 | 0.80% | 0.18% |

SCHEDULE OF INVESTMENT RETURNS

| | 9/30/2014 |
|--------------------------------------|-----------|
| Annual Money-Weighted Rate of Return | |
| Net of Investment Expense | 10.81% |

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

CHANGES IN NET PENSION LIABILITY

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a)-(b) |
| Balances at September 30, 2013 | \$ 66,771,706 | \$ 42,981,714 | \$ 23,789,992 |
| Changes for a Year: | | | |
| Service Cost | 1,697,295 | - | 1,697,295 |
| Interest | 5,118,393 | - | 5,118,393 |
| Differences Between Expected and Actual Experience | - | - | - |
| Contributions-Employer | - | 3,565,486 | (3,565,486) |
| Contributions-State | - | 583,892 | (583,892) |
| Contributions-Employee | - | 436,385 | (436,385) |
| Net Investment Income | - | 4,736,538 | (4,736,538) |
| Benefit Payments, Including Refunds of Employee Contributions | (2,243,450) | (2,243,450) | - |
| Administrative Expense | - | (38,532) | 38,532 |
| Other Changes | - | - | - |
| New Changes | 4,572,238 | 7,040,319 | (2,468,080) |
| Balances at September 30, 2014 | <u>\$ 71,343,944</u> | <u>\$ 50,022,033</u> | <u>\$ 21,321,912</u> |

Sensitivity of the net pension liability to changes in the discount rate.

| | Current Discount | | |
|---------------------------------|------------------|---------------|---------------|
| | 1% Decrease | Rate | 1% Increase |
| | 6.60% | 7.60% | 8.60% |
| Sponsor's Net Pension Liability | \$ 30,472,016 | \$ 21,321,912 | \$ 14,011,209 |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in a separately issued Plan financial report.

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

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended September 30, 2015, the Sponsor will recognize a pension expense of \$2,203,313. On September 30, 2015 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ - | \$ - |
| Changes of Assumptions | - | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 1,105,907 |
| | <u>\$ -</u> | <u>\$ 1,105,907</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|--------------------------|--------------|
| Year ended September 30: | |
| 2016 | \$ (276,477) |
| 2017 | (276,477) |
| 2018 | (276,477) |
| 2019 | (276,477) |
| 2020 | - |
| Thereafter | - |

Payable to the Pension Plan

On September 30, 2014, the Sponsor reported a payable of \$111,098.22, for the outstanding amount of contributions of the pension plan required for the year ended September 30, 2014.

No separate Plan audit is issued. A copy of the District audited financial statements including the Plan for September 30, 2014 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

Provisions for:

| | |
|---------------------|-----|
| Disability benefits | Yes |
| Death benefits | Yes |
| Early retirement | Yes |

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

| | <u>Firefighters' Pension Trust Fund - Plan 2</u> |
|--|--|
| 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, 2014.

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 | <u>Firefighters' Pension Trust Fund</u> | | | | | | |
|----------------------------|--|--|---|------------------------------------|---|-----------------------|------------------------------|
| | Annual Required District/State Contribution | Required Annual District Contribution | Actuarially Determined Contribution | Actual District Contribution | Actual District Percentage Contributed | State Contribution | Net Pension Obligation |
| 2014 | 4,149,378 | 3,501,665 | 3,501,665 | 3,396,567 | 100% | 583,892 * | (560,268) |
| 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.

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 | 10/1/2012 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percentage of pay, closed |
| Remaining amortization period | 27 years as of 10/1/2012 |
| 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 |

Plan 3 - Plan Description and Provisions - General Employees Pension Trust Fund,

Plan Descriptions

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.

Plan Administration

The Board is hereby designated as the plan administrator. The Board shall consist of five (5) Trustees, one (1) of whom, unless otherwise prohibited by law, shall be a legal resident of the District, who shall be appointed by the Bonita Springs Fire Control and Rescue District Board of Commissioners, one (1) of whom shall be a union Member of the System who shall be elected by a majority of the union Members of the System, one (1) of whom shall be a non-union Member of the System who shall be elected by a majority of the non-union Members of the System and one (1) of whom shall be an at-large Trustee of the System, who shall be elected by a majority of all union and non-union General Employees who are Members of the Systems. The fifth Trustee shall be chosen by a majority of the previous four (4) Trustees.

Plan Membership as of September 30, 2014

| | |
|---|-----------|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 8 |
| Inactive Plan Members Entitled to but Not Yet Receiving Benefits | 0 |
| Active Plan Members | <u>11</u> |
| | <u>19</u> |

Plan 3 - Plan Description and Provisions - General Employees Pension Trust Fund,

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.

The Plan provides retirement, termination, disability and death benefits.

Average Final Compensation

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%

Normal Retirement:

Date: Earlier of age 55 and 7 years of Credited Service, or 25 years of Credited Service regardless of age.

Benefit: 2.48% of Average Final Compensation times Credited Service

Early Retirement:

Date: Earlier of Age 50 and 7 Years of Credited Service, or 20 years of Credited Service regardless of age.

Benefit: Accrued benefit, reduced 7.0% per year.

Vesting:

100% after 7 Years of Credited Service

Death and Disability Benefits

Upon the death of any vested member a survivor benefit is payable to the beneficiary for

**Plan 3 - Plan Description and Provisions - General Employees Pension Trust Fund,
Pension benefits-Cont**

Disability:

Service Incurred: Covered from Date of Employment

Non-Service Incurred: 7 years of Credited Service

Benefit accrued to date of disability.

Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years at Member's

Normal or Early (reduced)

Retirement Date.

Non-Vested: Refund of accumulated contributions without interest.

Cost of Living Adjustments:

Normal and Early service Retirees and their Beneficiaries receive 1.35% annual benefit increases on each October 1st

following retirement (the first adjustment will be a prorated amount of 1.35%)

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 October 1, 2014 the District's fiscal year 2014 contribution requirement was \$126,276 which approximated 25.4% of estimated covered payroll. Actual District contributions to the Plan for the year ended September 30, 2014 were \$126,276 which was approximately 25.4% of covered payroll. Employee contributions for the year ended September 30, 2014 were \$34,800. The employees and the employer contributed 100% of their respective required contributions to the Plan during the year ended September 30, 2014.

Remaining amount required in order to pay current cost and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

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.

NOTE G - RETIREMENT PLANS, CONTINUED

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

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.

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' 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, |

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> |
|----------------------------------|--|
| 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 |
| Post retirement benefit increase | Cost of living increase of 1.35% each year commencing after retirement |
| 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

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, 2014.

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) |

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

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 Ration (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c |
|----------------------|-------------------------------|--|-----------------------------|---------------------|---------------------|---|
| * 10/1/2011 | \$ 1,955,409 | ##### | \$ (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**

Plan 3 - Plan Description and Provisions - General Employees Pension Trust Fund,

Investments

Investments Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2014:

| <u>Asset Class</u> | <u>Target Allocation</u> |
|-----------------------|--------------------------|
| Domestic Equity | 45.00% |
| International Equity | 15.00% |
| Domestic Fixed Income | 35.00% |
| Global Fixed Income | 5.00% |
| Total | 100.00% |

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2014 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 10.16 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements (earlier of (1) Age 55 with 7 years of Credited Services, or (2) 25 years of Credited Services regardless of age).

Participation: Not to exceed 60 months.

Rate of Return: At the Member's election: (1) 6.5% annual rate, or (2) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), credited each fiscal quarter. One change between the above is allowed.

The DROP balance as of September 20, 2014 is \$115,995.

Plan 3 - Plan Description and Provisions - General Employees Pension Trust Fund,

NET PENSION LIABILITY OF THE SPONSOR

The components of the net pension liability of the sponsor on September 30, 2014 were as follows:

| | |
|---|--------------------|
| Total Pension Liability | \$ 2,859,932 |
| Plan Fiduciary Net Position | <u>(2,799,546)</u> |
| Sponsor's Net Pension Liability | <u>\$ 60,386</u> |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 97.89% |

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2014, using the following actuarial assumptions applied to all measurement periods.

| | |
|---------------------------|-------|
| Inflation | 3.00% |
| Salary Increases | 6.00% |
| Investment Rate of Return | 8.00% |

RP-2000 table, combined healthy with no projection, sex distinct. Disabled set forward 5 years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long Term Expected Real Rate of Return</u> |
|-----------------------|--------------------------|---|
| Domestic Equity | 45.00% | 7.50% |
| International Equity | 15.00% | 8.50% |
| Domestic Fixed Income | 35.00% | 2.50% |
| Global Fixed Income | 5.00% | 3.50% |
| | <u>100.00%</u> | |

Plan 3 - Plan Description and Provisions - General Employees Pension Trust Fund,

Discount Rate:

The discount rate used to measure the total pension liability was 8.00%.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

| | 1% Decrease 7% | Current Discount Rate 8% | 1% Increase 9% |
|---------------------------------|-------------------|--------------------------------|-------------------|
| Sponsor's Net Pension Liability | \$ 381,906 | \$ 60,386 | \$ (208,978) |

Plan 3 - Plan Description and Provisions - General Employees Pension Trust Fund,

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 Last 10 Fiscal Years

| | <u>9/30/2014</u> |
|--|------------------------|
| Total Pension Liability | |
| Service Cost | \$ 79,309 |
| Interest | 215,612 |
| Changes of Benefit Terms | |
| Differences Between Expected and Actual Experience | - |
| Changes of Assumptions | - |
| Benefit Payments, Including Refunds of Employee contribution | (101,671) |
| Net Change in Total Pension Liability | 193,251 |
| Total Pension Liability-Beginning | 2,666,681 |
| Total Pension Liability-Ending (a) | <u>\$ 2,859,932.00</u> |
| Plan Fiduciary Net Position | |
| Contributions-Employer | \$ 126,276 |
| Contributions-State | - |
| Contribution-Employee | 34,800 |
| Net Investment Income | 255,640 |
| Benefit Payments, Including Refunds of Employee Contributions | (101,671) |
| Administrative Expense | (7,595) |
| Other | - |
| Net Change in Plan Fiduciary Net Position | 307,450 |
| Plan Fiduciary Net Position-Beginning | 2,492,096 |
| Plan Fiduciary Net Position-Ending (b) | <u>\$ 2,799,546</u> |
| Net Pension Liability-Ending (a)-(b) | <u>\$ 60,386</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 97.89% |
| Covered Employee Payroll | 497,148 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 12.15% |

Plan 3 - Plan Description and Provisions - General Employees Pension Trust Fund,

SCHEDULE OF CONTRIBUTIONS
 Last 10 Fiscal Years

| | <u>9/30/2014</u> |
|--|------------------|
| Actuarially Determined Contribution | \$ 126,276 |
| Contributions in Relation to the Actuarially Determined Contribution | 126,276 |
| Contributin Deficiency (Excess) | <u>\$ -</u> |
| | |
| Covered Employee Payroll | 497,148 |
| Contributions as a Percentage of Covered Employee Payroll | 25.40% |

Notes to Schedule

Valuation Date: 10/1/2011
 Actuarially determined contribution rates are calculated as of October 1, three years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|--------------------------------|---|
| Actuarial Cost Method | Frozen Initial Liability Actuarial cost Method. |
| Amortization Method: | Level Percentage of Pay, Closed. |
| Remaining Amortization Period: | 34 Years (as of 10/01/2011). |
| Asset Valuation Method: | 4-Year Smoothed Market |
| Inflation: | 3.0% per year. |
| Salary Increases: | 6.0% per year until the assumed Retirement age. |
| Interest Rate: | 8% per year, compounded annually, net of investment related expenses. |
| Payroll Growth: | 3.0% for amortizing UAAL's (Limited to 2.1% for October 1, 2011). |
| Normal Retirement: | Earlier of 1) Age 55 and 7 Years of service or 2) 25 years of service, regardless of age. Any Member who has reached Normal Retirement is assumed to continue employment for one additional year. |
| Early Retirement | It is assumed that members who are eligible for Early Retirement (50 & 7 or 20 & out) will retire at the rate of 5% per year. |

Plan 3 - Plan Description and Provisions - General Employees Pension Trust Fund,

SCHEDULE OF CONTRIBUTIONS-2

| | |
|--------------------|---|
| Termination Rates: | See table below |
| Disability Rates: | See table below of 5% per year. |
| Mortality: | RP-2000 table, combined healthy with no projection, sex distinct. Disableds set forward 5 years. |
| Other Information: | Termination and Disability Rate Table |

| Age | % Terminating During the Year | % Becoming Disabled During the Year |
|-----|----------------------------------|--|
| 20 | 17.20% | 0.05% |
| 30 | 15.00% | 0.06% |
| 40 | 8.20% | 0.12% |
| 50 | 17.00% | 0.43% |

SCHEDULE OF INVESTMENT RETURNS

| | |
|--------------------------------------|------------------|
| | <u>9/30/2014</u> |
| Annual Money-Weighted Rate of Return | |
| Net of Investment Expense | 10.16% |

Plan 3 - Plan Description and Provisions - General Employees Pension Trust Fund,

CHANGES IN NET PENSION LIABILITY

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a)-(b) |
| Balances at September 30, 2013 | \$ 2,666,681 | \$ 2,492,096 | \$ 174,585 |
| Changes for a Year: | | | |
| Service Cost | 79,309 | - | 79,309 |
| Interest | 215,612 | - | 215,612 |
| Differences Between Expected and Actual Experience | - | - | - |
| Contributions-Employer | - | 126,276 | (126,276) |
| Contributions-State | - | - | - |
| Contributions-Employee | - | 34,800 | (34,800) |
| Net Investment Income | - | 255,640 | (255,640) |
| Benefit Payments, Including Refunds of Employee Contributions | (101,671) | (101,671) | - |
| Administrative Expense | - | (7,595) | 7,595 |
| Other Changes | - | - | - |
| New Changes | 193,250 | 307,450 | (114,200) |
| Balances at September 30, 2014 | <u>\$ 2,859,931</u> | <u>\$ 2,799,546</u> | <u>\$ 60,385</u> |

Sensitivity of the net pension liability to changes in the discount rate.

| | Current Discount | | |
|---------------------------------|------------------|-----------|--------------|
| | 1% Decrease | Rate | 1% Increase |
| | 7.00% | 8.00% | 9.00% |
| Sponsor's Net Pension Liability | \$ 381,906 | \$ 60,386 | \$ (208,978) |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in a separately issued Plan financial report.

Plan 3 - Plan Description and Provisions - General Employees Pension Trust Fund,

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended September 30, 2015, the Sponsor will recognize a pension expense of \$55,436. On September 30, 2015 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ - | \$ - |
| Changes of Assumptions | - | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 43,360 |
| | <u>\$ -</u> | <u>\$ 43,360</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended September 30: | |
|--------------------------|-------------|
| 2016 | \$ (10,840) |
| 2017 | (10,840) |
| 2018 | (10,840) |
| 2019 | (10,840) |
| 2020 | - |
| Thereafter | - |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Plan 3 - Plan Description and Provisions - General Employees Pension Trust Fund,

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

| | Net Pension Liability | Deferred Inflows | Deferred Outflows | Pension Expense |
|---|--------------------------|---------------------|----------------------|--------------------|
| Beginning Balance | \$ (174,585) | \$ - | \$ 126,276 | \$ - |
| Total pension liability factors: | | | | |
| Service cost | (79,309) | - | - | 79,309 |
| Interest | (215,612) | - | - | 215,612 |
| Changes in benefit terms | - | - | - | - |
| Differences between expected and actual experience with regard to economic or demographic assumptions | - | - | - | - |
| Current year amortization | - | - | - | - |
| Changes in assumptions about future economic or demographic factors or other inputs | - | - | - | - |
| Current year amortization | - | - | - | - |
| Benefit payments | 101,671 | - | - | (101,671) |
| Net Change | <u>(193,251)</u> | <u>-</u> | <u>-</u> | <u>193,250</u> |
| Plan Fiduciary net Position: | | | | |
| Contributions-employer | 126,276 | - | (126,276) | - |
| Contributions-state | - | - | - | - |
| Contributions-employee | 34,800 | - | - | (34,800) |
| Net investment income | 201,440 | - | - | (201,440) |
| Difference between projected and actual earning on pension plan investments | 54,200 | 54,200 | - | - |
| Current year amortization | - | (10,840) | - | (10,840) |
| Benefit payments | (101,671) | - | - | 101,671 |
| Administrative expenses | (7,595) | - | - | 7,595 |
| Other | - | - | - | - |
| Net Change | <u>307,450</u> | <u>43,360</u> | <u>(126,276)</u> | <u>(137,815)</u> |
| Ending Balance | <u>\$ (60,386)</u> | <u>\$ 43,360</u> | <u>\$ -</u> | <u>\$ 55,436</u> |

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 is currently mirroring the Retiree Insurance Trust Fund. The District currently finances the yearly benefit as a pay as you-go basis. The district paid \$76,678 in benefits to 16 retirees.

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 started to pay paying benefits on October 1, 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, 2013 the District shall contribute \$150,927 to the VEBA.

NOTE I - RISK MANAGEMENT

The District participates in a fully funded insurance program for health insurance beginning October 1, 2013. The District paid \$1,631,024.35 in premiums for health, vision, dental, for employees and dependants and life insurance, short term and long term disability for employees only.

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, 2014

NOTE J- PROPERTY TAXES

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid taxes and must be sold not later than June 1 of each year. The billing, collection, and related record keeping of all property taxes is performed for the District by the 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, 2014, \$118,094 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, 2014, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$2.3805 per \$1,000 (2.3805) of the 2013 net taxable value of real property located within the District.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

NOTE K - DESIGNATED AND/OR RESERVED FUND BALANCE

Fund balance was assigned for the following purposes at September 30, 2014:

| <u>Assigned Fund Balance - General Fund</u> | |
|---|------------------------------|
| Operations | \$ 4,598,506 |
| Emergency/disaster | 245,539 |
| Insurance | 480,000.00 |
| Debt Service | 500,000 |
| Land and buildings* | - |
| Repair and Replacement* | - |
| Total Assigned Fund Balance | <u>\$ 5,824,045</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.

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

Land and Buildings; and Repair and Replacement was removed from the Reserves category and placed in the Future Capital Funding category.

Future Capital Funding

| | |
|----------------------|-------------------------------|
| Capital Improvements | 978,872 |
| Equipment | 304,978.00 |
| Office Equipment | 114,222.00 |
| Vehicles | 550,041.00 |
| | <u>\$ 1,948,113.00</u> |

| <u>Reserved Fund Balances - Impact Fee Fund</u> | |
|---|-------------------------|
| Impact Fee Fund | 72,580 |
| Total Reserved Fund Balance | <u>\$ 72,580</u> |

NOTE L - IMPACT FEE FUND ACTIVITY

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

| | |
|---|--------------------------|
| Fund Balance, October 1, 2013 | 32,931 |
| Impact fee receipts | 275,690 |
| Due from Other Governments | 17,517 |
| Interest Receipts | 92 |
| Refunds | - |
| Operating transfers out | (200,300) * |
| Fund Balance, September 30, 2014 | <u>\$ 125,930</u> |

* Impact fees in the amount of \$200,300 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 \$215,464 was paid out of the General Fund.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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 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 Retirees Insurance Trust Fund to start paying funds October 1, 2013 to the Retirees. The District had an actuary valuation October 1, 2013 which found that the Net OPEB liability at the end of the year would be \$968,431. The VEBA helped reduce the actuarial accrued liability by approximately \$16.5 million.

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

| | |
|--|-------------------------------|
| Applicable for Fiscal year Ending | 10/1/2013 <u>9/30/2014</u> |
| Annual Required Contribution | \$ 543,493 |
| Interest on Net OPEB Obligation | 30,541 |
| Adjustment to Annual Required Contribution | <u>(27,682)</u> |
| Annual OPEB Cost/(Expense) | 546,352 |
| Expected Contributions | <u>(256,611)</u> |
| Anticipated Increase/(Decrease) in Net OPEB Obligation | 289,741 |
| Net OPEB Obligation - Beginning of Year | <u>678,690</u> |
| Net OPEB Obligation - End of Year | \$ 968,431 |

| Fiscal Year Ended | Annual OPEB Cost | % of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|---------------------|---|------------------------|
| 9/30/2014 | 546,352 | 47% | 968,431 |
| 9/30/2013 | 556,429 | 137% | 959,265 |

Funded Status as of Valuation Date

| | |
|---|---------------------|
| Actuarial Accrued Liability (AAL) | \$ 5,728,019 |
| Actuarial Value of Assets (AVA) | - |
| Unfunded Actuarial Accrued Liability (UAAL) | <u>\$ 5,728,019</u> |
| Funded Ratio | 0.0% |

| | |
|----------------------------------|--------------|
| Covered Payroll | \$ 7,768,311 |
| Ratio of UAAL to Covered Payroll | 73.7% |

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

STATISTICAL DATA

| | <u>10/1/2011</u> |
|---|------------------|
| Number of Active Participants | 94 |
| Average Current Age | 41.7 |
| Average Age at Employment | 3.7 |
| Average Past Service | 11.0 |
| Average Annual Salary | \$ 82,642 |
| | |
| Number of Pre 10/1/2010 Retirees (With District Explicit Subsidy) | |
| Pre-Medicare | 15 |
| Post-Medicare | <u>2</u> |
| Total | 17 |
| | |
| Average Current Age of Retirees | 60.1 |
| | |
| Number of Covered Spouses (Includes Beneficiaries of Deceased Retirees) | |
| Pre-Medicare | 2 |
| Post-Medicare | <u>-</u> |
| Total | 2 |
| | |
| Average Current Age of Spouses | 53.9 |

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, 2014

| | General Fund | | | |
|---|--------------------|--------------------|---------------------|--|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | |
| Ad Valorem Taxes | \$ 17,612,088 | \$ 17,612,088 | \$ 17,581,863 | \$ (30,225) |
| Intergovernmental Revenues: | | | | |
| State Supplemental Compensation | 34,000 | 34,000 | 35,230 | 1,230 |
| Fees: | | | | |
| Inspection Fees | 140,000 | 140,000 | 288,224 | 148,224 |
| Fire Flow Fees | 750 | 750 | 1,265 | 515 |
| CPR Classes | 1,750 | 1,750 | 5,512 | 3,762 |
| Fleet Maintenance | 17,500 | 17,500 | 62,271 | 44,771 |
| Disposition of Fixed Assets | 1,000 | 1,000 | - | (1,000) |
| Grants-Marine | - | - | - | - |
| USAR Reimbursement | - | - | - | - |
| Miscellaneous: | | | | |
| Facilities Rental | - | - | 76,656 | - |
| Insurance Proceeds | 1,000 | 1,000 | 223 | (777) |
| Loan Proceeds | 1,040,000 | 1,040,000 | - | (1,040,000) |
| Interest | 32,000 | 32,000 | 38,508 | 6,508 |
| Other | 278,700 | 278,700 | 73,607 | (205,093) |
| TOTAL REVENUES | 19,158,788 | 19,158,788 | 18,163,359 | (1,072,085) |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Safety | | | | |
| Personal Services | 15,131,548 | 15,131,548 | 14,696,945 | 434,603 |
| Operating Expenditures | 9,383,357 | 9,214,357 | 1,672,635 | 7,541,722 |
| Capital Outlay | 1,198,235 | 1,367,235 | 305,069 | 1,062,166 |
| Debt Service | | | | |
| Principal Reduction | 340,611 | 340,611 | 340,611 | - |
| Interest and Fiscal Charges | 75,153 | 75,153 | 75,153 | - |
| TOTAL EXPENDITURES | 26,128,904 | 26,128,904 | 17,090,413 | 9,038,491 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (6,970,116) | (6,970,116) | 1,072,946 | 8,043,062 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | 200,300 | 200,300 | 200,300 | - |
| Operating Transfers Out | - | - | - | - |
| Loan proceeds from Refinancing of Station 4 | | | | |
| Loan refinance payments | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 200,300 | 200,300 | 200,300 | - |
| EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (6,769,816) | (6,769,816) | 1,273,246 | 8,043,062 |
| FUND BALANCE - Beginning | 6,769,816 | 6,769,816 | 6,282,930 | (486,886) |
| FUND BALANCE - Ending | \$ - | \$ - | \$ 7,556,176 | \$ 7,556,176 |

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, 2014

| | General Fund | | | |
|-------------------------------------|----------------------------|-------------------------|-------------------|---|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | |
| Ad Valorem taxes | \$ 17,612,088 | \$ 17,612,088 | \$ 17,581,863 | \$ (30,225) |
| Intergovernmental Revenues: | | | | |
| State Supplemental Compensation | 34,000 | 34,000 | 35,230 | 1,230 |
| Fees: | | | | |
| Inspection Fees | 140,000 | 140,000 | 288,224 | 148,224 |
| Fire Flow Fees | 750 | 750 | 1,265 | 515 |
| CPR Classes | 1,750 | 1,750 | 5,512 | 3,762 |
| Fleet Maintenance | 17,500 | 17,500 | 62,271 | 44,771 |
| Disposition of Fixed Assets | 1,000 | 1,000 | - | (1,000) |
| Matching Grants | - | - | - | - |
| Miscellaneous: | | | | |
| Facilities Rental | - | - | 76,656 | - |
| Insurance Proceeds | 1,000 | 1,000 | 223 | (777) |
| Interest | 32,000 | 32,000 | 38,508 | 6,508 |
| Loan Proceeds | 1,040,000 | 1,040,000 | - | (1,040,000) |
| Other | 278,700 | 278,700 | 73,607 | (205,093) |
| TOTAL REVENUES | 19,158,788 | 19,158,788 | 18,163,359 | (1,072,085) |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | | | | |
| Personal services: | | | | |
| Salaries | | | | |
| Firefighters & admin. | 6,815,417 | 6,815,417 | 6,731,816 | 83,601 |
| Commissioners | 30,000 | 30,000 | 29,839 | 161 |
| Overtime | 547,787 | 547,787 | 563,179 | (15,392) |
| Incentives and Holiday Pay | 805,634 | 805,634 | 853,607 | (47,973) |
| VEBA - Retiree Health Insurance | 237,627 | 237,627 | 248,433 | (10,806) |
| Payroll Taxes | | | | |
| Social Security & Medicare | 607,648 | 607,648 | 617,047 | (9,399) |
| Benefits and Other Costs | | | | |
| Retirement - Firefighters | 3,265,903 | 3,265,903 | 3,516,688 | (250,785) |
| Retirement - Administration & FRS | 146,232 | 146,232 | 144,355 | 1,877 |
| Health/Life/Disability Ins. | 2,300,000 | 2,300,000 | 1,631,024 | 668,976 |
| Unemployment Compensation | 300 | 300 | - | 300 |
| Workers Compensation | 375,000 | 375,000 | 360,957 | 14,043 |
| Subtotal - Personal services | 15,131,548 | 15,131,548 | 14,696,945 | 434,603 |

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, 2014

| | General Fund | | | |
|------------------------------------|----------------------------|-------------------------|---------------|---|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| Operating Expenditures: | | | | |
| Professional and Other Fees | | | | |
| Professional Fees | 26,200 | 26,200 | 3,756 | 22,444 |
| Legal Fees | 75,000 | 75,000 | 45,029 | 29,971 |
| Property Appraiser Fees | 152,812 | 152,812 | 143,419 | 9,393 |
| Tax Collector Fees | 362,012 | 362,012 | 350,734 | 11,278 |
| Computer consulting | - | - | - | - |
| Ad Valorem Postage | - | - | 93 | (93) |
| Auditing and Accounting | 27,200 | 27,200 | 26,400 | 800 |
| Medical Director | 15,000 | 15,000 | 15,000 | - |
| Annual Physicals | 70,000 | 70,000 | 43,957 | 26,043 |
| ALS Transport Contingency | 429,200 | 429,200 | - | 429,200 |
| Travel and Training | | | | |
| Educational Seminars | 27,700 | 27,700 | 16,237 | 11,463 |
| Training Books & Supplies | 72,400 | 72,400 | 81,583 | (9,183) |
| Communications | | | | |
| Radio Tower Fees/Pagers | 23,184 | 23,184 | 28,911 | (5,727) |
| Station Expenditures | | | | |
| Telephones and Cellular's | 35,000 | 35,000 | 24,836 | 10,164 |
| Electricity | 73,000 | 73,000 | 62,206 | 10,794 |
| Water and Sewer | 22,500 | 22,500 | 21,006 | 1,494 |
| Garbage | 9,000 | 9,000 | 10,090 | (1,090) |
| Gas and Oil | 103,250 | 109,250 | 101,512 | 7,738 |
| Pest Control | 6,250 | 6,250 | 5,436 | 814 |
| Cable | 1,800 | 1,800 | 1,424 | 376 |
| Insurance | | | | |
| Liability Policy | 100,000 | 100,000 | 89,504 | 10,496 |
| Repairs and Maintenance | | | | |
| Building | 70,100 | 70,100 | 84,215 | (14,115) |
| Truck | 139,500 | 139,500 | 154,029 | (14,529) |
| Equipment | 40,350 | 40,350 | 38,679 | 1,671 |
| Communications | 10,000 | 10,000 | 4,988 | 5,012 |
| Special Operations | 9,000 | 9,000 | 3,360 | 5,640 |
| USAR District Expenses | 15,890 | 15,890 | 15,890 | - |
| Office Equipment | 12,880 | 12,880 | 7,126 | 5,754 |
| Computer Support | 118,690 | 118,690 | 94,004 | 24,686 |
| Fire Prevention | - | - | 207 | (207) |

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, 2014

| | General Fund | | | |
|--|----------------------------|-------------------------|------------------|---|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| CPR Classes | 5,000 | 5,000 | 4,505 | 495 |
| Car Seat Expense | 3,754 | 3,754 | 1,809 | 1,945 |
| Public Education | 19,700 | 19,700 | 9,540 | 10,160 |
| Explorer Post 5513 | - | - | 161 | (161) |
| Smoke Alarms | 4,000 | 4,000 | 3,875 | 125 |
| Supplies | | | | |
| Legal Ads | 3,500 | 3,500 | 6,774 | (3,274) |
| Office Supplies | 20,000 | 20,000 | 6,467 | 13,533 |
| Postage and Freight | 3,000 | 3,000 | 2,854 | 146 |
| Administration | 11,125 | 11,125 | 9,983 | 1,142 |
| Station Supplies | 13,000 | 13,000 | 13,616 | (616) |
| Fire and Medical | 68,700 | 68,700 | 70,767 | (2,067) |
| Uniforms and Bunker Gear | 42,450 | 42,450 | 25,885 | 16,565 |
| Office Equipment | 1,600 | 1,600 | 3,272 | (1,672) |
| Personal Protection Unif./Bunker Gear | 16,750 | 16,750 | 139 | 16,611 |
| Food Consumables/Supplies | 3,000 | 3,000 | 2,734 | 266 |
| Books and Dues | 15,790 | 15,790 | 14,369 | 1,421 |
| PETC Hiring | 750 | 750 | - | 750 |
| Equipment < \$750 | 7,950 | 7,950 | 18,552 | (10,602) |
| CERT Training | 4,000 | 4,000 | 3,702 | 298 |
| Operating Reserves/Contingencies | | | | |
| Operating | 3,870,940 | 3,870,940 | - | 3,870,940 |
| Emergency Disaster | 200,000 | 200,000 | - | 200,000 |
| Repair and Replacement | 1,240,740 | 1,240,740 | - | 1,240,740 |
| Land and Building | 799,690 | 624,690 | - | 624,690 |
| Debt Service | 500,000 | 500,000 | - | 500,000 |
| Insurance | 480,000 | 480,000 | - | 480,000 |
| Contingencies | - | - | - | - |
| Subtotal - Operating Expenditures | 9,383,357 | 9,214,357 | 1,672,635 | 7,541,722 |
| Capital Outlay: | | | | |
| Land & Buildings | - | 136,000 | 139,189 | (3,189) |
| Buildings | - | 33,000 | 20,623 | 12,377 |
| Office Equipment | 10,700 | 10,700 | 4,343 | 6,357 |
| Machinery and Equipment | 147,535 | 147,535 | 140,914 | 6,621 |
| Vehicles | 1,040,000 | 1,040,000 | - | 1,040,000 |
| Subtotal - Capital Outlay | 1,198,235 | 1,367,235 | 305,069 | 1,062,166 |

**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, 2014**

| | General Fund | | | |
|---|----------------------------|--------------------------|--------------------------------|---|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| DEBT SERVICE | | | | |
| Principal Reduction | 340,611 | 340,611 | 340,611 | - |
| Interest and Fiscal Charges | 75,153 | 75,153 | 75,153 | - |
| TOTAL EXPENDITURES | <u>26,128,904</u> | <u>26,128,904</u> | <u>17,090,413</u> | <u>9,038,491</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (6,970,116) | (6,970,116) | 1,072,946 | 8,043,062 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | 200,300 | 200,300 | 200,300 | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>200,300</u> | <u>200,300</u> | <u>200,300</u> | <u>-</u> |
| EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (6,769,816) | (6,769,816) | 1,273,246 | 8,043,062 |
| FUND BALANCE - BEGINNING | <u>6,769,816</u> | <u>6,769,816</u> | <u>6,282,930</u> | <u>(486,886)</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,556,176</u> | <u>\$ 7,556,176</u> |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND
September 30, 2014

| | Impact Fee Fund | | | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|-------------------|--|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| Fees: | | | | |
| Impact Fees | \$ 200,000.00 | \$ 200,000.00 | \$ 293,207.00 | \$ 93,207.00 |
| Miscellaneous: | | | | |
| Interest | 300 | 300 | 92 | (208) |
| TOTAL REVENUES | <u>200,300</u> | <u>200,300</u> | <u>293,299</u> | <u>92,999</u> |
| EXPENDITURES | | | | |
| Expenses | | | | |
| Refunds | - | - | - | - |
| Capital Outlay | | | | |
| Station 4 Reserves | - | - | - | - |
| TOTAL EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | 200,300 | 200,300 | 200,300 | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>200,300</u> | <u>200,300</u> | <u>200,300</u> | <u>-</u> |
| EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | 200,300 | 200,300 | 200,300 | - |
| FUND BALANCE - Beginning | <u>-</u> | <u>-</u> | <u>32,931</u> | <u>32,931</u> |
| FUND BALANCE - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 125,930</u> | <u>\$ 125,930</u> |

The accompanying notes are an integral part of this statement.

**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 Bonita Springs Fire Control and Rescue District, (the "District") as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 6, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Punta Gorda, Florida
May 6, 2015

A handwritten signature in blue ink that reads "Ashley Brown & Co." The signature is written in a cursive, flowing style.

MANAGEMENT LETTER

To the Honorable Board of Commissioners
Bonita Springs Fire Control and Rescue District
Bonita Springs, Florida

Report on the Financial Statements

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, 2014, and have issued our report thereon dated May 6, 2015.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Reports and Schedule

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 May 6, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not Bonita Springs Fire Control and Rescue District 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)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.

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.9., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, require 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 with those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

May 6, 2015

Ashley Brown & Co.

Independent Accountant's Examination Report

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

We have examined the Bonita Springs Fire Control and Rescue District's (the "District") compliance with Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2014. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

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

Punta Gorda, Florida
May 6, 2015

Ashley, Brown & Co.



BONITA SPRINGS FIRE CONTROL & RESCUE DISTRICT

27701 BONITA GRANDE DRIVE, BONITA SPRINGS, FL 34135

ADMINISTRATION

TEL: (239) 949-6200

FAX: (239) 949-6207

FIRE PREVENTION

TEL: (239) 949-6211

FAX: (239) 949-6216

STEVE LOHAN

CHAIRMAN

LAWRENCE P. KOSILLA, JR.

VICE-CHAIRMAN

FRED FORBES

SECRETARY/TREASURER

JAMES MURPHY

COMMISSIONER

PATRICK MCCOURT

COMMISSIONER

JOSEPH V. DAIGLE

FIRE CHIEF

www.bonitafire.org

May 5, 2015

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

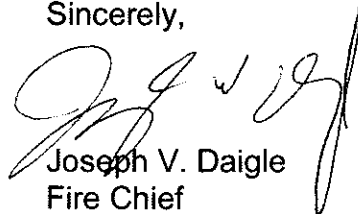
Mr. Martin,

The records for the Bonita Springs Fire Control and Rescue District for FY ending September 2014 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