

**BAYSHORE FIRE PROTECTION
AND RESCUE SERVICE DISTRICT**

SEPTEMBER 30, 2014

FINANCIAL STATEMENTS

TOGETHER WITH REPORTS OF INDEPENDENT AUDITORS

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Independent Auditor's Report

Honorable Board of Commissioners
Bayshore Fire Protection and Rescue Service District
North Fort Myers, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Bayshore Fire Protection and Rescue Service 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 on pages 3-8 and 24 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 January 13, 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.

Ashley, Brown + Co.

Punta Gorda, Florida
January 13, 2015

MANAGEMENT'S
DISCUSSION & ANALYSIS

**Bayshore Fire Protection and Rescue Service District
Management's Discussion and Analysis
September 30, 2014**

As management of the Bayshore Fire & Rescue District (the "District"), we offer readers of the District's financial statement this narrative overview and analysis of the District's financial activities for the fiscal year ended September 30, 2014. Please note that comparative information is provided for fiscal years 2013-2014.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the 2014 fiscal year by \$988,334 (net position). Of this amount \$278,104 (unrestricted net position) may be used to meet the District's ongoing obligations to property owners and creditors.
- The District's net position decreased by \$292,563. This decrease is largely attributable to the District suffering grant reductions from the previous year of nearly \$173,000. Furthermore, the District was unable to secure additional grant funding and had to utilize reserve funds to maintain staffing levels so as not to default on then existing grant obligations.
- As of the close of the 2014 fiscal year the District reported an ending fund balance of \$302,773, a decrease of \$222,282 in comparison with the prior year. \$444,227 of this amount is available for spending at the District's discretion, however, it should be noted that of this amount \$152,822 is inaccessible in the form of a receivable from the Impact Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the district's basic financial statements. The district's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government wide financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to a private sector business. These statements include all assets and liabilities on the accrual basis of accounting. All current year revenues and expense are taken into account regardless of when the cash is received or paid.

Fund Financial Statements

The fund financial statements are used to ensure and demonstrate compliance with finance-related legal requirements.

**Bayshore Fire Protection and Rescue Service District
Management's Discussion and Analysis
September 30, 2014**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the District's case, assets exceeded liabilities by \$988,334, as of September 30, 2014.

The District's capital assets represent investments in land, buildings and improvements and equipment. The District uses these capital assets to provide services to its citizens and property owners, consequently, these assets are not available for future spending. The District's investment in its capital assets is reported net of related debt.

The unrestricted category of net position, with a balance of \$278,104 at year end, may be used to meet the District's ongoing obligations to citizens and creditors and is shown in the following schedule:

	Government Activities	
	2014	2013
ASSETS		
Cash	\$ 334,773	\$ 546,919
Other current assets	21,047	21,183
Capital assets	910,526	1,027,628
Total assets	\$ 1,266,346	\$ 1,595,730
LIABILITIES		
Current liabilities	\$ 101,651	\$ 89,869
Noncurrent liabilities	176,361	224,964
Total liabilities	278,012	314,833
NET POSITION		
Capital assets, net of related debt	710,230	780,511
Unrestricted	278,104	500,386
Total net position	\$ 988,334	\$ 1,280,897

**Bayshore Fire Protection and Rescue Service District
Management's Discussion and Analysis
September 30, 2014**

At the end of the fiscal year, the District is able to report positive balances in all of its categories of net position. The District's net position decreased however, by \$292,563 during the current fiscal year. This decrease is largely attributable to a decrease in grant funding for staffing, and having to utilize reserve funds to maintain staffing levels so as not to default on existing grant obligations.

Governmental activities

As the District has no business-type activities, governmental activities were responsible for decreasing the District's net position.

Bayshore Fire & Rescue District's Change in Net Position

	2014	2013
REVENUES		
Property assessments	\$ 1,058,678	\$ 1,056,962
Intergovernmental / grant revenue	163,220	335,595
Impact fees	9,524	948
Interest	6,994	453
Other	60,023	74,850
Total revenues	1,298,439	1,468,808
EXPENSES		
Personal services	1,263,528	1,242,673
Materials & supplies	197,092	169,453
Interest & depreciation	130,382	130,387
Total expenses	1,591,002	1,542,513
Change in net position	(292,563)	(73,705)
Net position - beginning	1,280,897	1,354,602
Total net position	\$ 988,334	\$ 1,280,897

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Bayshore Fire Protection and Rescue Service District
Management's Discussion and Analysis
September 30, 2014**

Governmental Funds

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$444,227. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 29% of total expenditures.

Fund balance decreased \$222,282 during the current fiscal year. Key factors in this decrease is as follows:

- Due to the current voted millage cap, The District Board of Commissioners was forced to maintain the same millage rate from fiscal year 2013 which was \$0.035. In addition to a slight decrease in property values, the District suffered grant reductions from the previous year of nearly \$173,000. Furthermore, the District was unable to secure additional grant funding and had to utilize reserve funds to maintain staffing levels so as not to default on existing grant obligations.

General Fund Budgetary Highlights

An annual budget is legally adopted and was amended once in 2014 in order to adjust for differences between initially projected beginning fund balances as compared to prior year ending actual amounts and the grant funding that was received.

Fiscal Year 2014 Budget - Governmental Fund

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Total revenue	\$ 1,262,816	\$ 1,298,439	\$ 35,623
Total expenditures	1,537,547	1,520,721	16,826
Net change in fund balance	<u>\$ (274,731)</u>	<u>\$ (222,282)</u>	<u>\$ 52,449</u>

**Bayshore Fire Protection and Rescue Service District
Management's Discussion and Analysis
September 30, 2014**

Fiscal Year 2013 Budget - Governmental Fund

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Total revenue	\$ 1,446,245	\$ 1,464,225	\$ 17,980
Total expenditures	<u>1,496,516</u>	<u>1,496,545</u>	<u>(29)</u>
Net change in fund balance	<u>\$ (50,271)</u>	<u>\$ (32,320)</u>	<u>\$ 17,951</u>

Capital Assets

At the end of 2014, the District's investment in capital assets for its governmental activities was \$910,526 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements and equipment.

	<u>2014</u>	<u>2013</u>
Land	\$ 35,918	\$ 35,918
Building & vehicles	1,537,012	1,537,012
Equipment	<u>253,491</u>	<u>250,142</u>
Total capital assets	1,826,421	1,823,072
Less: accumulated depreciation	<u>(915,895)</u>	<u>(795,444)</u>
Total capital assets, net	<u>\$ 910,526</u>	<u>\$ 1,027,628</u>

The changes are due to the purchase of additional capital assets during the current year as well as dispositions of obsolete fire and station equipment. Depreciation expense for the years ended September 30, 2013 and 2014 was \$121,039 and \$121,591, respectively.

Additional information on the District's capital assets can be found in Note 4 on page 19 of this report.

NON-CURRENT LIABILITIES

At the end of fiscal year 2014, the District had total noncurrent liabilities consisting of other post-employment benefits of \$24,669 and two capital leases with balances of \$28,790 and \$171,506, totaling \$224,965. The total noncurrent liabilities total \$176,361.

**Bayshore Fire Protection and Rescue Service District
Management's Discussion and Analysis
September 30, 2014**

NON-CURRENT LIABILITIES, CONTINUED

More detailed information about the District's noncurrent liabilities can be found in Note 5 on page 18 of this report.

ECONOMIC FACTORS

The District's Board of Commissioners approved a budget maintaining the current millage rate of 3.5000 mills which is estimated to result in an increase of ad-valorem revenues of approximately \$20,432.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for the District's residents and creditors. Questions concerning this report or requests for additional financial information should be directed to:

Chief Lawrence Nisbet III
17350 Nalle Road
North Fort Myers, FL 3391

BASIC
FINANCIAL STATEMENTS

Bayshore Fire Protection and Rescue Service District
Statement of Net Position
September 30, 2014

ASSETS

Current assets:	
Cash and cash equivalents	\$ 334,773
Accounts Receivable	917
Due from other governments	8,762
Prepaid expenses	11,368
Total current assets	355,820
Noncurrent assets:	
Capital assets:	
Land	35,918
Buildings and improvements	662,532
Vehicles	874,480
Fire Equipment	119,855
Radio Equipment	61,449
Station Equipment	46,700
Medical Equipment	8,759
Office equipment	16,728
Less accumulated depreciation	(915,895)
Total noncurrent assets (net)	910,526
Total assets	1,266,346

LIABILITIES

Current liabilities:	
Accounts payable	24,473
Accrued payroll and related liabilities	28,574
Current portion of note payable	48,604
Total current liabilities	101,651
Noncurrent liabilities:	
Other post-employment benefits liability	24,669
Note payable, net of current portion	151,692
Total noncurrent liabilities	176,361
Total liabilities	278,012

NET POSITION

Invested in capital assets, net of related debt	710,230
Unrestricted	278,104
Total net position	\$ 988,334

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

Bayshore Fire Protection and Rescue Service District
Statement of Activities
For the fiscal year ended September 30, 2014

Function	Expenses	Program Revenues		Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants	
Public safety	\$ 1,591,002	\$ 56,726	\$ 161,080	\$ (1,373,196)

General Revenues:

Ad valorem taxes	1,058,678
Intergovernmental	2,140
Interest	6,994
Miscellaneous	12,821

Total general revenues 1,080,633

Change in net position (292,563)

Net position - beginning 1,280,897

Net position - ending \$ 988,334

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

Bayshore Fire Protection and Rescue Service District
Balance Sheet
September 30, 2014

	General Fund	Impact Fee Fund	Total
ASSETS			
Cash and cash equivalents	\$ 323,073	\$ 11,700	\$ 334,773
Accounts Receivable	917	-	917
Due from other funds	164,924	-	164,924
Due from other governments	8,360	402	8,762
Prepaid expenses	11,368	-	11,368
Total assets	\$ 508,642	\$ 12,102	\$ 520,744
LIABILITIES & FUND BALANCE			
Liabilities			
Accounts payable	\$ 24,473	\$ -	\$ 24,473
Due to other funds	-	164,924	164,924
Accrued payroll and related liabilities	28,574	-	28,574
Total liabilities	53,047	164,924	217,971
Fund Balances			
Nonspendable - Prepaid expenses	11,368	-	11,368
Spendable:			
Unassigned	444,227	-	444,227
Restricted	-	(152,822)	(152,822)
Total fund balances	455,595	(152,822)	302,773
Total liabilities and fund balances	\$ 508,642	\$ 12,102	\$ 520,744

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

**Bayshore Fire Protection and Rescue Service District
Reconciliation of the Balance Sheet
To the Statement of Net Position
September 30, 2014**

Fund Balance	\$	302,773
Capital assets used in governmental activities are not financial resources and are therefore not reported on the balance sheet:		910,526
Long-term liabilities are not due and payable in the current period and are therefore not reported on the balance sheet:		
Post employment benefits	\$ (24,669)	
Capital leases	<u>(200,296)</u>	
		<u>(224,965)</u>
Net Position	\$	<u><u>988,334</u></u>

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

Bayshore Fire Protection and Rescue Service District
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the fiscal year ended September 30, 2014

	General Fund	Impact Fee Fund	Total
Revenues:			
Ad Valorem taxes	\$ 1,058,678	\$ -	\$ 1,058,678
Charges for services	47,202	-	47,202
Impact fees	-	9,524	9,524
Intergovernmental revenues	163,220	-	163,220
Miscellaneous	19,805	10	19,815
Total revenues	1,288,905	9,534	1,298,439
Expenditures:			
Current			
Public safety			
Personal services	1,263,528	-	1,263,528
Operating expenditures	197,092	-	197,092
Debt Service			
Principal	-	46,821	46,821
Interest	1,392	7,040	8,432
Capital outlay	4,848	-	4,848
Total expenditures	1,466,860	53,861	1,520,721
Net change in fund balances	(177,955)	(44,327)	(222,282)
Fund balance, October 1, 2013	633,550	(108,495)	525,055
Fund balance, September 30, 2014	<u>\$ 455,595</u>	<u>\$ (152,822)</u>	<u>\$ 302,773</u>

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

**Bayshore Fire Protection and Rescue Service District
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance to the
Statement of Activities
For the fiscal year ended September 30, 2014**

Net change in fund balance \$ (222,282)

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. In addition, gains and losses on the disposition of fixed assets are recorded on the statement of activities, however, they are not reported on the statement of revenues expenditures and changes in net position. These amounts are as follows:

Depreciation expense	\$ (121,591)	
Loss on disposition of capital assets	(359)	
Capital outlay expenditure	<u>4,848</u>	
		(117,102)

The repayment of the principal of long-term debt is an expenditure in the Statement of Revenues, Expenditures and Changes in Fund Balance, but reduces long-term liabilities in the statement of net position. 46,821

Change in net position \$ (292,563)

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

Bayshore Fire Protection and Rescue Service District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of the District:

Defining the Governmental Reporting Entity: The Bayshore Fire Protection and Rescue Service District (the "District") is a local governmental unit created by the State of Florida Legislature under Chapter 76-414, Laws of Florida, as amended in 2003 HB 1257, to provide fire protection and rescue services to a certain prescribed area in North Fort Myers, Florida. The District is funded primarily by property taxes and is operated by a five-person Board of

The District has adopted Governmental Accounting Standards Board (GASB) *Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments. Statement 34 establishes standards for external financial reporting for all state and local governmental entities. 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, there are no component units included in the District's financial statements.*

Fund Accounting: 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, revenues and expenditures, as appropriate. Government resources are allocated to, and accounted for in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following governmental funds are utilized by the District:

General Fund - The General Fund is the general operating fund of the District. All financial resources which are not specifically restricted or designated as to use are recorded in the General Fund. At present, the District utilizes only one fund.

Impact Fee Fund - The Impact Fee Fund is used to account for the collection of impact fees which are collected on the District's behalf by Lee County, Florida and the expenditure of funds for qualified purposes. The most recent uses of impact fee funds has been for the repayment of a capital lease for the acquisition of a water tanker truck in 2008.

Basic Financial Statements: The basic financial statements include a Statement of Net Position, Statement of Activities, Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance. The Statement of Net Position is presented in a net position format (assets less liabilities equal net position) and shown with three components: amounts invested in capital assets, net of related debt; restricted and unrestricted. When both restricted and unrestricted resources are available, restricted resources are used first, and then unrestricted resources, as they are needed. The Statement of Activities reports functional categories of programs by the District and demonstrates how and to what degree those programs are supported by specific revenue.

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies, continued

Measurement Focus:

Governmental Fund Type - The General Fund is accounted for on a "spending" or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Accordingly, the reported undesignated fund balance (net current assets) is considered a measure of available, spendable or appropriable resources. Governmental Fund Type operating statements present increases (revenue) and decreases (expenditures) in net

Basis of Accounting: Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The District complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Capital Assets: Capital assets include property, plant, equipment, and infrastructure assets. Infrastructure assets are defined as public domain fixed assets such as roads, bridges, curbs and gutters, streets and sidewalks, and similar assets that are immovable and of value only to the governmental unit. Capital assets are reported in the basic financial statements in the applicable governmental column. The threshold for capitalizing property, plant, and equipment is \$1,000. Capital assets are recorded at cost, or estimated historical cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The ranges of the useful lives are as follows:

Assets	Years
Buildings	40
Improvements	40
Equipment	5 - 20

Depreciation on fixed assets acquired through contributions is recorded as an expense and transferred from retained earnings as a reduction of contributed capital. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to earnings.

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 it is, at present, not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Bayshore Fire Protection and Rescue Service District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies, continued

Budgets and Budgetary Accounting: The following procedures are used by the District in establishing the budgetary data reflected in the basic financial statements:

1. During the summer, the Chief submits to the Board of Commissioners for their consideration a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is adopted through a resolution by the Board of Commissioners.
4. Budget transfers and amendments can be made throughout the year by approval of the Board of Commissioners.
5. Budget amounts, as shown in the Required Supplementary Information are as originally adopted, or as amended by the Board of Commissioners.
6. The budget for the Governmental Fund Type is adopted on a cash basis, which is inconsistent with accounting principles generally accepted in the United States.
7. The level of control for appropriations is exercised at the activity level.

Note 2. Cash and Investments:

At September 30, 2014, the carrying amount of the District's deposits was \$ 546,919 and the bank balance was \$561,848. These deposits were entirely covered by Federal Depository Insurance or by collateral pursuant to the Florida Security For Public Deposits Act (Florida Statutes Chapter

Note 3. Property Taxes:

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of levy. The Lee County, Florida, Tax Collector's office bills and collects property taxes on behalf of the District. The tax rate levied upon the taxable property in the district for the fiscal year ended September 30, 2014 was \$0.035 per \$1,000 of assessed taxable property value. Property tax revenue is recognized currently in the fiscal year for which the taxes are levied. On April 1 of each year, unpaid taxes become a lien on the property. The past due tax certificates are sold at public auction prior to June 1, and the proceeds thus collected are remitted to the District.

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements

Note 4. Changes in General Fixed Assets:

A summary of changes in general fixed assets follows:

	Balance Oct. 1, 2013	Additions	Deletions	Balance Sept. 30, 2014
Land	\$ 35,918	\$ -	\$ -	\$ 35,918
Buildings and improvements	662,532	-	-	662,532
Vehicles	874,480	-	-	874,480
Fire equipment	119,855	-	-	119,855
Radio equipment	61,449	-	-	61,449
Station equipment	43,351	5,148	(1,799)	46,700
Medical equipment	8,759	-	-	8,759
Office equipment	16,728	-	-	16,728
	<u>1,823,072</u>	<u>5,148</u>	<u>(1,799)</u>	<u>1,826,421</u>
Less: Accumulated depreciation	<u>(795,444)</u>	<u>(121,591)</u>	<u>1,140</u>	<u>(915,895)</u>
Capital Assets, Net	<u>\$ 1,027,628</u>	<u>\$ (116,443)</u>	<u>\$ (659)</u>	<u>\$ 910,526</u>

Note 5. Long-Term Debt:

\$179,000 - In March of 2008, the District entered into a capital lease with a financial institution to purchase a vehicle. The terms of the lease call for annual principal and interest payments of \$30,205, including interest at a fixed rate of 2.75%. The first payment was due on March 30, 2009 and the remaining 6 payments due on March 30 of each year with the final payment due in 2015. As of September 30, 2014 the outstanding balance was:

\$ 28,790

\$210,700 - In March of 2012, the District entered into a capital lease with a financial institution to purchase a vehicle. The terms of the lease call for annual principal and interest payments of \$23,654, including interest at a fixed rate of 2.24%. The first payment was due on January 15, 2014 and the remaining 9 payments due on January 15 of each year with the final payment due in 2022. As of September 30, 2014 the outstanding balance was:

171,506

\$ 200,296

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements

Note 5. Long-Term Debt, continued:

The combined annual payments to retire both capital leases are as follows:

Year ending September 30,		
2015	53,859	
2016	23,654	
2017	23,654	
2018	23,654	
2019-2022	94,618	
Total payments	219,439	
Less: amount representing interest	(19,143)	
Principal balance	\$ 200,296	

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

	Balance Oct 1, 2013	Additions	Reductions	Balance Sept 30, 2014
Capital leases	\$ 247,117	\$ -	\$ 46,821	\$ 200,296
Post employment benefits	24,669	-	-	24,669
Total	\$ 305,023	\$ -	\$ 46,821	\$ 224,965

Note 6. Line of Credit:

The District entered into a \$250,000 revolving line of credit agreement with a financial institution for which it makes monthly interest only payments on the outstanding balance at the fixed rate of 5.5% per annum. The note is unsecured and the outstanding balance plus accrued interest is due on March 1, 2015. The District may prepay without penalty all or a portion of the amount owed prior to the due date. The District utilized \$194,000 in draws and repaid the full amount withdrawn by December 31, 2013. There is no outstanding balance as of September 30, 2014.

Note 7. Commitments and Contingencies:

The Board purchases liability and casualty insurance coverage from commercial carriers with coverage's and deductibles in amounts that the Board feels is adequate.

Bayshore Fire Protection and Rescue Service District

Notes to Financial Statements

Note 8. Retirement Plan:

Plan Description

The District contributes to the Florida Retirement System (System), a cost-sharing multiple-employer PERS defined benefit plan controlled by the State Legislature and administered by the Florida Department of Administration, Division of Retirement. The System provides retirement and disability benefits, annual cost-of-living adjustments, a health insurance subsidy, and survivor benefits to plan members and beneficiaries, respectively. The System was established in 1970 by Chapter 121, Florida Statutes. Changes to the law can be made only by an act of the Florida Legislature. Rules governing the operations and administration of the System may be found in Chapter 60S of the Florida Administrative Code. The Florida Retirement System Annual Report is a document printed for members of the Legislature and the public, reflecting the financial operation and condition of the state-administered retirement systems. The publication contains financial statements, actuarial comments, investment information, and statistical data on the System. A copy can be obtained by writing to Division of Retirement, Research, Education, & Policy Section, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560.

Funding Policy

Effective July 1, 2011, the System began to require 3% of covered payroll contributions from members. The District is required to contribute at an actuarially determined rate. The current rates, based on employees' gross earnings, are: regular employees, 7.37%, special risk, 19.82%, and senior management, 21.14%. The contribution requirements of the District are established and may be amended by the State Legislature. The District's contributions to the System for the fiscal year ended September 30, 2014 were \$154.836, equal to the required contributions.

Note 9. Other Post Employment Benefits:

Plan Description

In addition to providing the retirement benefits described in Note 8, the District is required to allow retirees to purchase health, life, vision and dental benefits, in accordance with state statutes. To be eligible for this benefit, the employee must retire from the District, have no break between his/her active employment and retirement, and be collecting retirement benefits from the Florida Retirement System. The retirees pay all premiums for the coverage elected.

In order to comply with the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, the District contracted with a third party to provide a valuation using the Alternative Measurement Method, as prescribed under GASB No. 45. The date of the actuarial valuation was October 1, 2009.

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements

Note 9. Other Post Employment Benefits, continued:

The postemployment insurance benefits will continue to be offered on a pay-as-you-go basis with no premium subsidy for retirees. As required by Florida Statute 112.08011, the claims experience of the retirees is co-mingled with that of the active employees in determining the insurance plan costs. In accordance with GASB 45, the co-mingling of claims requirement equates to an implicit subsidy to retirees that creates an OPEB liability on the part of the District. Therefore, the District will incur a liability beginning this fiscal year for the implicit rate subsidy as the District implements GASB 45. The District does not intend to fund the actuarial accrued liability.

The District's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. In the year of implementation, the net OPEB Obligation and the ARC are the same amount. The calculation produced an unfunded obligation of \$64,530 and an ARC as 1.6% of average projected payroll. The following table shows the components of the District's OPEB cost for the year, the amount contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution (ARC)	\$	-	
Interest on net OPEB obligation		-	
Adjustment to ARC		-	
Annual OPEB cost		-	
Estimated net contributions made		-	
Increase in net OPEB obligation		-	
Net OPEB obligation - beginning of year		24,669	
Net OPEB obligation - end of year		24,669	

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year are as follows:

Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Cost Obligation
9/30/2011	\$ -	-	\$ 11,936
9/30/2012	-	-	11,936
9/30/2013	12,733	-	24,669

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements

Note 9. Other Post Employment Benefits, continued:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events for into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the efforts of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the

Membership

At September 30, 2013, membership consisted of:

Active Employees	14
Current Retirees with Medical Coverage	-
Covered Spouses	-
	<hr/>
Total	<u>14</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

Bayshore Fire Protection and Rescue Service District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the fiscal year ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance from Final Budget positive
Revenues:				
Ad Valorem taxes	\$ 1,029,490	\$ 1,029,490	\$ 1,058,678	\$ 29,188
Charges for services - Housing	35,500	35,500	47,202	11,702
Intergovernmental rev. - other	3,840	3,840	3,840	-
Intergovernmental rev. - grant	191,417	191,417	159,380	(32,037)
Interest	-	-	6,984	6,984
Miscellaneous	-	-	12,821	12,821
Total revenues	<u>1,260,247</u>	<u>1,260,247</u>	<u>1,288,905</u>	<u>28,658</u>
Expenditures:				
Current				
Public safety				
Personal services	1,297,082	1,297,082	1,263,528	33,554
Operating	178,376	178,376	197,092	(18,716)
Capital outlay	8,230	8,230	4,848	3,382
Debt Service	-	-	1,392	(1,392)
Total expenditures	<u>1,483,688</u>	<u>1,483,688</u>	<u>1,466,860</u>	<u>16,828</u>
Excess of expenditures over revenues	(223,441)	(223,441)	(177,955)	45,486
Fund balance, October 1, 2013	328,839	378,189	633,550	255,361
Fund balance, September 30, 2014	<u>\$ 105,398</u>	<u>\$ 154,748</u>	<u>\$ 455,595</u>	<u>\$ 300,847</u>

Bayshore Fire Protection and Rescue Service District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Impact Fee Fund
For the fiscal year ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance from Final Budget positive
Revenues:				
Fees:				
Impact Fees	\$ 2,569	\$ 2,569	\$ 9,524	\$ 6,955
Miscellaneous:				
Interest	-	-	10	10
Total revenues	<u>2,569</u>	<u>2,569</u>	<u>9,534</u>	<u>6,965</u>
Expenditures:				
Current				
Public safety				
Personal services	-	-	-	-
Operating	-	-	-	-
Capital outlay	-	-	-	-
Debt Service	<u>53,859</u>	<u>53,859</u>	<u>53,861</u>	<u>(2)</u>
Total expenditures	<u>53,859</u>	<u>53,859</u>	<u>53,861</u>	<u>(2)</u>
Excess of expenditures over revenues	(51,290)	(51,290)	(44,327)	6,963
Fund balance, October 1, 2013	<u>(108,495)</u>	<u>(108,495)</u>	<u>(108,495)</u>	-
Fund balance, September 30, 2014	<u>\$ (159,785)</u>	<u>\$ (159,785)</u>	<u>\$ (152,822)</u>	<u>\$ 6,963</u>

**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
Bayshore Fire Protection and Rescue Service District
North Fort Myers, 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 Bayshore Fire Protection and Rescue Service 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 January 13, 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
January 13, 2015

Ashley Brown & Co.

MANAGEMENT LETTER

To the Honorable Board of Commissioners
Bayshore Fire Protection & Rescue Service District
North Fort Myers, Florida

Report on the Financial Statements

We have audited the financial statements of the Bayshore Fire Protection & Rescue Service District (the "District"), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated January 13, 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 January 13, 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 Bayshore Fire Protection & Rescue Service 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 Bayshore Fire Protection & Rescue Service 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 10554(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.

January 13, 2015

Ashley, Brown & Co.



**BAYSHORE FIRE PROTECTION AND RESCUE
SERVICE DISTRICT**

17350 Nalle Road, North Fort Myers, Florida 33917

Business: 239-543-3443 Fax: 239-543-7075

"Serving With Pride"

January 14, 2015

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

Dear Sir or Madam;

The completed annual audit report for the fiscal year ending September 30, 2014 for the Bayshore Fire Protection and Rescue Service District was accepted by the Board of Commissioners at the general meeting on January 13, 2015. The management letter contained no comments.

Sincerely,

Lawrence W. Nisbet, III, E.F.O.
Fire Chief

Independent Accountant's Examination Report

Honorable Board of Commissioners
Bayshore Fire Protection and Rescue Service District
North Fort Myers, Florida

We have examined the Bayshore Fire Protection and Rescue Service 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 Bayshore Fire Protection and Rescue Service District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

Punta Gorda, Florida
January 13, 2015

