

**BAYSHORE FIRE PROTECTION  
AND RESCUE SERVICE DISTRICT**

**SEPTEMBER 30, 2015**

**FINANCIAL STATEMENTS  
TOGETHER WITH REPORTS OF INDEPENDENT AUDITORS**

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## Independent Auditor's Report

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 accompanying financial statements of the governmental activities of the Bayshore Fire Protection & Rescue Service District, (the "District") as of and for the fiscal year ended September 30, 2015, 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, 2015, 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.

### ***Emphasis of Matter***

#### ***Change in Accounting Principle***

As described in Note 5 to the financial statements, effective October 1, 2014, the District adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

### ***Other Matters - Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the District's net proportionate share of net pension liability- pension plan and health insurance subsidy plan, and schedules of district contributions- pension plan and health insurance subsidy plan on be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2016, 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, FL  
June 15, 2016

*Ashley Brown & Co.*

MANAGEMENT'S  
DISCUSSION & ANALYSIS

# **Bayshore Fire Protection and Rescue Service District**

## **Management's Discussion and Analysis**

### **September 30, 2015**

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, 2015. Please note that comparative information is provided for fiscal years 2014-2015.

#### **FINANCIAL HIGHLIGHTS**

- The liabilities of the District exceeded its assets at the close of the 2015 fiscal year by \$319,570 (net position). The negative net position is the result of the District implementing GASB Statement #68 requiring the \$876,520 net pension liability to be recognized.
- The District's net position increased by \$180,498. This increase is largely attributable to the District receiving federal awards during the fiscal year in the amount of \$137,022. In addition, the District received \$28,044 in new fire equipment as a donation from Firehouse Subs, Inc.
- As of the close of the 2015 fiscal year the District reported an ending fund balance of \$307,596, an increase of \$4,823 in comparison with the prior year. \$489,655 of this amount is available for spending at the District's discretion, however, it should be noted that of this amount \$182,854 is inaccessible in the form of a receivable from the Impact Fee 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.

#### **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.

**Bayshore Fire Protection and Rescue Service District**  
**Management's Discussion and Analysis**  
**September 30, 2015**

**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, liabilities exceeded assets by \$319,570, as of September 30, 2015.

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.

	<b>Government Activities</b>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 310,943	\$ 334,773
Other current assets	54,878	21,047
Capital assets	883,408	910,526
Total assets	<u>1,249,229</u>	<u>1,266,346</u>
Deferred outflows of resources	<u>159,254</u>	<u>111,459</u>
Total assets and deferred outflows of resources	<u>1,408,483</u>	<u>1,377,805</u>
<b>LIABILITIES</b>		
Current liabilities	78,483	101,651
Noncurrent liabilities	<u>1,032,623</u>	<u>817,949</u>
Total liabilities	<u>1,111,106</u>	<u>919,600</u>
Deferred inflows of resources	<u>616,947</u>	<u>958,273</u>
Total liabilities and deferred inflows of resources	<u>1,728,053</u>	<u>1,877,873</u>
<b>NET POSITION</b>		
Capital assets, net of related debt	731,716	710,230
Unrestricted	<u>(1,051,286)</u>	<u>(1,210,298)</u>
Total net position	<u>\$ (319,570)</u>	<u>\$ (500,068)</u>
		<i>As restated</i>

**Bayshore Fire Protection and Rescue Service District  
Management's Discussion and Analysis  
September 30, 2015**

**Governmental activities**

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

The District's Change in Net Position

	<u>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Property assessments	\$ 1,110,263	\$ 1,058,678
Intergovernmental / grant revenue	140,262	163,220
Impact fees	23,814	9,524
Donated capital assets	28,044	-
Interest	1,789	6,994
Other	<u>72,696</u>	<u>60,023</u>
 Total revenues	 <u>1,376,868</u>	 <u>1,298,439</u>
 <b>EXPENSES</b>		
Personal services	838,802	1,263,528
Materials & supplies	214,800	197,092
Interest & depreciation	<u>142,768</u>	<u>130,382</u>
 Total expenses	 <u>1,196,370</u>	 <u>1,591,002</u>
 Change in net position	 180,498	 (292,563)
 Net position - beginning, October 1, 2014, as restated	 <u>(500,068)</u>	 <u>(207,505)</u>
 Total net position, September 30, 2015	 <u><u>\$ (319,570)</u></u>	 <u><u>\$ (500,068)</u></u>

**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.

**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.

**Bayshore Fire Protection and Rescue Service District  
Management's Discussion and Analysis  
September 30, 2015**

**Governmental Funds, continued**

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 \$489,655. 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 36% of total expenditures.

Fund balance increased \$4,823 during the current fiscal year. Key factors in this increase is as follows:

- The District is ever striving to reduce expenditures while maintaining adequate and proficient services and staff.

**General Fund Budgetary Highlights**

An annual budget is legally adopted and was amended thrice in 2015 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 2015 Budget - Governmental Fund**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Total revenue	\$ 1,324,997	\$ 1,324,997	\$ -
Total expenditures	<u>1,290,142</u>	<u>1,290,142</u>	<u>-</u>
Net change in fund balance	<u>\$ 34,855</u>	<u>\$ 34,855</u>	<u>\$ -</u>

**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	<u>1,537,547</u>	<u>1,520,721</u>	<u>16,826</u>
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, 2015**

**Capital Assets**

At the end of 2015, the District's investment in capital assets for its governmental activities was \$883,408 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements and equipment.

	<u>2015</u>	<u>2014</u>
Land	\$ 35,918	\$ 35,918
Building & vehicles	1,537,012	1,537,012
Equipment	<u>327,807</u>	<u>253,491</u>
Total capital assets	1,900,737	1,826,421
Less: accumulated depreciation	<u>(1,017,329)</u>	<u>(915,895)</u>
Total capital assets, net	<u><u>\$ 883,408</u></u>	<u><u>\$ 910,526</u></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, 2014 and 2015 was \$121,591 and \$125,609, 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 2015, the District had total noncurrent liabilities consisting of other post-employment benefits of \$24,669, one capital lease with balance of \$151,692 and net pension liability of \$876,520. Current and non-current portions were \$20,258 and \$1,032,623, respectively.

More detailed information about the District's noncurrent liabilities can be found in Note 5 on page 19 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 \$64,580.

**Bayshore Fire Protection and Rescue Service District  
Management's Discussion and Analysis  
September 30, 2015**

**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 33917

BASIC  
FINANCIAL STATEMENTS

**Bayshore Fire Protection and Rescue Service District**  
**Statement of Net Position**  
**September 30, 2015**

**ASSETS**

Current assets:

Cash and cash equivalents	\$	310,943
Accounts Receivable		350
Due from other governments		53,733
Prepaid expenses		795
Total current assets		365,821

Noncurrent assets:

Capital assets:

Land		35,918
Buildings and improvements		662,532
Vehicles		874,480
Fire Equipment		194,831
Radio Equipment		60,704
Station Equipment		49,642
Medical Equipment		8,759
Office equipment		13,871
Less accumulated depreciation		(1,017,329)
Total noncurrent assets (net)		883,408
Total assets		1,249,229

Deferred outflows of resources		159,254
Total assets and deferred outflows of resources		1,408,483

**LIABILITIES**

Current liabilities:

Accounts payable		11,012
Accrued payroll and related liabilities		47,213
Current portion of capital lease payable		20,258
Total current liabilities		78,483

Noncurrent liabilities:

Net pension liability		876,520
Other post-employment benefits liability		24,669
Capital lease payable, net of current portion		131,434
Total noncurrent liabilities		1,032,623
Total liabilities		1,111,106

Deferred inflows of resources		616,947
Total liabilities and deferred inflows of resources		1,728,053

**NET POSITION**

Invested in capital assets, net of related debt		731,716
Unrestricted		(1,051,286)
Total net position		\$ (319,570)

*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, 2015**

Function	Expenses	Program Revenues		Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants	
Public safety	<u>\$ 1,196,370</u>	<u>\$ 67,642</u>	<u>\$ 140,262</u>	<u>\$ (988,466)</u>
General Revenues:				
		Ad valorem taxes		1,110,263
		Interest		1,789
		Miscellaneous		<u>56,912</u>
		Total general revenues		<u>1,168,964</u>
		Change in net position		180,498
		Net position - beginning, October 1, 2014, as restated		<u>(500,068)</u>
		Net position - ending, September, 30, 2015		<u><u>\$ (319,570)</u></u>

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

**Bayshore Fire Protection and Rescue Service District**  
**Balance Sheet**  
**September 30, 2015**

	<b>General Fund</b>	<b>Impact Fee Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 295,080	\$ 15,863	\$ 310,943
Accounts Receivable	350	-	350
Due from other funds	218,783	-	218,783
Due from other governments	33,667	20,066	53,733
Prepaid expenses	795	-	795
<b>Total assets</b>	<b>\$ 548,675</b>	<b>\$ 35,929</b>	<b>\$ 584,604</b>
<b>LIABILITIES &amp; FUND BALANCE</b>			
Liabilities			
Accounts payable	\$ 11,012	\$ -	\$ 11,012
Due to other funds	-	218,783	218,783
Accrued payroll and related liabilities	47,213	-	47,213
<b>Total liabilities</b>	<b>58,225</b>	<b>218,783</b>	<b>277,008</b>
Fund Balances			
Nonspendable - Prepaid expenses	795	-	795
Spendable:			
Unassigned	489,655	-	489,655
Restricted	-	(182,854)	(182,854)
<b>Total fund balances</b>	<b>490,450</b>	<b>(182,854)</b>	<b>307,596</b>
<b>Total liabilities and fund balances</b>	<b>\$ 548,675</b>	<b>\$ 35,929</b>	<b>\$ 584,604</b>

*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, 2015**

Fund Balance	\$	307,596
Deferred inflows and outflows related to pensions are reported on the Statement of Net Position, but do not require the use of current financial resources and are not reported on the fund financial statements.		(457,693)
Capital assets used in governmental activities are not financial resources and are therefore not reported on the balance sheet:		883,408
Long-term liabilities are not due and payable in the current period and are therefore not reported on the balance sheet:		
Net Pension Liability	\$	(876,520)
Post employment benefits		(24,669)
Capital leases		(151,692)
		(1,052,881)
Net Position	\$	(319,570)

*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, 2015**

	<b>General Fund</b>	<b>Impact Fee Fund</b>	<b>Total</b>
Revenues:			
Ad Valorem taxes	\$ 1,110,263	\$ -	\$ 1,110,263
Charges for services	43,828	-	43,828
Impact fees	-	23,814	23,814
Intergovernmental revenues	140,262	-	140,262
Miscellaneous	30,644	13	30,657
Total revenues	<u>1,324,997</u>	<u>23,827</u>	<u>1,348,824</u>
Expenditures:			
Current			
Public safety			
Personal services	992,991	-	992,991
Operating expenditures	214,800	-	214,800
Debt Service			
Principal	-	48,604	48,604
Interest	753	5,255	6,008
Capital outlay	81,598	-	81,598
Total expenditures	<u>1,290,142</u>	<u>53,859</u>	<u>1,344,001</u>
Net change in fund balances	34,855	(30,032)	4,823
Fund balance, October 1, 2014	<u>455,595</u>	<u>(152,822)</u>	<u>302,773</u>
Fund balance, September 30, 2015	<u>\$ 490,450</u>	<u>\$ (182,854)</u>	<u>\$ 307,596</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, 2015**

Net change in fund balance	\$	4,823
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The decrease in pension expense is reported in the Statement of Activities, but requires a use of current financial resources and is reported as an expenditure in the fund financial statements.

		154,189
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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	\$ (125,609)	
Loss on disposition of capital assets	(11,151)	
Capital outlay expenditure	<u>81,598</u>	(55,162)

The receipt of donated capital assets is not reported on the fund statements, but is reported as a miscellaneous revenue on the statement of activities.

Donated capital assets		28,044
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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.

		<u>48,604</u>
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Change in net position	\$	<u><u>180,498</u></u>
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*The accompanying notes are an integral and essential part of these financial statements.*

**Bayshore Fire Protection and Rescue Service District**  
**Notes to Financial Statements**  
**September 30, 2015**

**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 Commissioners (the "Commissioners").

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**  
**September 30, 2015**

**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 current assets.

**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	15 - 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.

**Deferred Outflows/Inflows of Resources:** Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as expended until then. The District presents deferred outflows associated with pensions to be expensed over future periods. Deferred inflows of resources is defined as an acquisition of position by the government that is applicable to a future reporting period. The District presents deferred inflows of resources related to pensions.

**Bayshore Fire Protection and Rescue Service District**  
**Notes to Financial Statements**  
**September 30, 2015**

**Note 1. Summary of Significant Accounting Policies, continued:**

**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.

**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, 2015, the carrying amount of the District's deposits was \$ 310,943 and the bank balance was \$320,975. These deposits were entirely covered by Federal Depository Insurance or by collateral pursuant to the Florida Security For Public Deposits Act (Florida Statutes Chapter 280).

**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**  
**September 30, 2015**

**Note 4. Changes in General Fixed Assets:**

A summary of changes in general fixed assets follows:

	Balance Oct. 1, 2014	Additions	Deletions	Balance Sept. 30, 2015
Land	\$ 35,918	\$ -	\$ -	\$ 35,918
Buildings and improvements	662,532	-	-	662,532
Vehicles	874,480	-	-	874,480
Fire equipment	119,855	106,208	(31,232)	194,831
Radio equipment	61,449	-	(745)	60,704
Station equipment	46,700	2,942	-	49,642
Medical equipment	8,759	-	-	8,759
Office equipment	16,728	-	(2,857)	13,871
	<u>1,826,421</u>	<u>109,150</u>	<u>(34,834)</u>	<u>1,900,737</u>
Less: Accumulated depreciation	<u>(915,895)</u>	<u>(125,609)</u>	<u>24,175</u>	<u>(1,017,329)</u>
Capital Assets, Net	<u>\$ 910,526</u>	<u>\$ (16,459)</u>	<u>\$ (10,659)</u>	<u>\$ 883,408</u>

**Note 5. Long-Term Debt:**

\$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, 2013 and the remaining 9 payments due on January 15 of each year with the final payment due in 2022. As of September 30, 2015 the outstanding balance was:

	<u>\$ 151,692</u>
	<u><u>\$ 151,692</u></u>

**Bayshore Fire Protection and Rescue Service District**  
**Notes to Financial Statements**  
**September 30, 2015**

**Note 5. Long-Term Debt, continued:**

The combined annual payments to retire the District's capital lease is as follows:

Year ending September 30,		
	2016	23,654
	2017	23,654
	2018	23,654
	2019	23,654
	2020	23,654
	2021-2022	47,310
	Total payments	<u>165,580</u>
Less: amount representing interest		<u>(13,888)</u>
	Principal balance	<u>\$ 151,692</u>

The following is a summary of changes in the District's long-term debt for the year ended September 30, 2015:

	Balance Oct 1, 2014 As restated	Additions	Reductions	Balance Sept 30, 2015
Net pension liability -				
Pension Plan	\$ 377,613	\$ 265,513	\$ -	\$ 643,126
HIS Plan	263,975	-	30,581	233,394
Capital lease	200,296	-	48,604	151,692
Post employment benefits	24,669	-	-	24,669
Total	<u>\$ 866,553</u>	<u>\$ 265,513</u>	<u>\$ 79,185</u>	<u>\$ 1,052,881</u>

**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, 2016. The District may prepay without penalty all or a portion of the amount owed prior to the due date. The District utilized \$92,000 in draws and repaid the full amount withdrawn by December 31, 2014. There is no outstanding balance as of September 30, 2015.

**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**  
**September 30, 2015**

**Note 8. Retirement Plans**

**Florida Retirement System:**

General Information - All of the employees of the primary government participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, District government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site:

[www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

**Pension Plan**

**Plan Description** – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

**Benefits Provided** - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

**Bayshore Fire Protection and Rescue Service District**  
**Notes to Financial Statements**  
**September 30, 2015**

**Note 8. Retirement Plans, continued:**

**Pension Plan, continued:**

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the preJuly 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

**Contributions** – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively, were as follows: Regular--7.37% and 7.26%; Special Risk Administrative Support--42.07% and 32.95%; Special Risk--19.82% and 22.04%; Senior Management Service--21.14% and 21.43%; Elected Officers'--43.24% and 42.27%; and DROP participants--12.28% and 12.88%. These employer contribution rates include 1.26% and 1.66% HIS Plan subsidy for the periods October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively.

The District's contributions to the Pension Plan totaled \$113,567 for the fiscal year ended September 30, 2015, excluding HIS plan contributions.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At September 30, 2015, the District reported a liability of \$643,126 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was .004979%, which was a decrease of 0.0012% from its proportionate share measured as of June 30, 2014.

**Bayshore Fire Protection and Rescue Service District**  
**Notes to Financial Statements**  
**September 30, 2015**

**Note 8. Retirement Plans, continued:**

**Pension Plan, continued:**

For the fiscal year ended September 30, 2015, the District recognized pension expense/(income) of (\$28,423). In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Outflows of	Inflows of
Differences between expected and actual experience	\$ 67,895	\$ (15,253)
Change of assumptions	42,686	-
Net difference between projected and actual earnings on Pension Plan investments	-	(153,568)
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	-	(396,858)
District Pension Plan contributions subsequent to the measurement date	<u>27,768</u>	<u>-</u>
Total	<u>\$ 138,349</u>	<u>\$ (565,679)</u>

The deferred outflows of resources related to the Pension Plan, totaling \$27,768 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2016	\$ (29,956)
2017	(29,956)
2018	(29,956)
2019	(29,956)
2020	(29,956)
Thereafter	(8,987)

**Actuarial Assumptions** – The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation

**Bayshore Fire Protection and Rescue Service District**  
**Notes to Financial Statements**  
**September 30, 2015**

**Note 8. Retirement Plans, continued:**

**Pension Plan, continued:**

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Allocation (1)	Arithmetic	Annual	Standard Deviation
Cash	1.0%	3.2%	3.1%	1.7%
Fixed income	18.0%	4.8%	4.7%	4.7%
Global equity	53.0%	8.5%	7.2%	17.7%
Real estate (property)	10.0%	6.8%	6.2%	12.0%
Private equity	6.0%	11.9%	8.2%	30.0%
Strategic investments	12.0%	6.7%	6.1%	11.4%
Total	<u>100.0%</u>			
Assumed Inflation - Mean		2.6%		1.9%

(1) As outlined in the Pension Plan's investment policy

**Discount Rate** - The discount rate used to measure the total pension liability was 7.65%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate:

	(6.65%)	(7.65%)	(8.65%)
District's proportionate share of the net pension liability/(asset)	\$ 1,666,485	\$ 643,126	\$ (208,477)

**Pension Plan Fiduciary Net Position** - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

**Bayshore Fire Protection and Rescue Service District**  
**Notes to Financial Statements**  
**September 30, 2015**

**Note 8. Retirement Plans, continued:**

**Pension Plan, continued:**

Payables to the Pension Plan - At September 30, 2015, the District reported no amounts payable for outstanding contributions to the Pension Plan.

**HIS Plan**

**Plan Description** – The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**Benefits Provided** – For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**Contributions** – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contribution for the period October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015 was 1.26% and 1.66%, respectively. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions to the HIS Plan totaled \$8,728 for the fiscal year ended September 30, 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At September 30, 2015, the District reported a liability of \$233,394 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was .002288%, which was a decrease of 0.00053% from its proportionate share measured as of June 30, 2014.

**Bayshore Fire Protection and Rescue Service District**  
**Notes to Financial Statements**  
**September 30, 2015**

**Note 8. Retirement Plans, continued:**

**HIS Plan, continued:**

For the fiscal year ended September 30, 2015, the District recognized HIS expense of \$8,815. In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Outflows of	Inflows of
Change of assumptions	\$ 18,362	\$ -
Net difference between projected and actual earnings on HIS Plan investments	126	-
Changes in proportion and differences between District HIS Plan contributions and proportionate share of contributions	-	(51,267)
District HIS Plan contributions subsequent to the measurement date	<u>2,417</u>	<u>-</u>
Total	<u>\$ 20,905</u>	<u>\$ (51,267)</u>

The deferred outflows of resources related to the HIS Plan, totaling \$2,417 resulting from District contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2016	\$ (6,693)
2017	(6,693)
2018	(6,693)
2019	(6,693)
2020	(6,693)
Thereafter	(8,031)

**Actuarial Assumptions** – The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.80%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

**Bayshore Fire Protection and Rescue Service District**  
**Notes to Financial Statements**  
**September 30, 2015**

**Note 8. Retirement Plans, continued:**

**HIS Plan, continued:**

**Discount Rate** - The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.80%) or one percentage point higher (4.80%) than the current rate:

	(2.80%)	(3.80%)	(4.80%)
District's proportionate share of the net pension liability	\$ 265,942	\$ 233,394	\$ 206,254

**HIS Plan Fiduciary Net Position** - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the HIS Plan - At September 30, 2015, the District reported no amounts payable for outstanding contributions to the HIS Plan.

**Investment Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Board employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected District Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-15 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class--6.30%, Special Risk Administrative Support class--7.95%, Special Risk class--14.00%, Senior Management Service class--7.67% and District Elected Officers class--11.34%.

**Bayshore Fire Protection and Rescue Service District**  
**Notes to Financial Statements**  
**September 30, 2015**

**Note 8. Retirement Plans, continued:**

**Investment Plan, continued:**

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Board.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled \$3,129 for the fiscal year ended September 30, 2015.

**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 17, 2013.

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.

**Bayshore Fire Protection and Rescue Service District**  
**Notes to Financial Statements**  
**September 30, 2015**

**Note 9. Other Post Employment Benefits, continued:**

Plan Description, continued:

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		<u>-</u>
Estimated net contributions made		<u>-</u>
Increase in net OPEB obligation		-
Net OPEB obligation - beginning of year		<u>24,669</u>
Net OPEB obligation - end of year	\$	<u><u>24,669</u></u>

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:

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

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 calculations.

**Bayshore Fire Protection and Rescue Service District**  
**Notes to Financial Statements**  
**September 30, 2015**

**Note 9. Other Post Employment Benefits, continued:**

Membership

At September 30, 2013, membership consisted of:

Active Employees	14
Current Retirees with Medical Coverage	-
Covered Spouses	-
	-
Total	14

**Note 10. Change in Accounting Principle**

Effective October 1, 2014, The District adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This adoption required the District to restate the beginning net position to reflect the District's share of the Florida State Retirement System's (FRS) pension liability and Health Insurance Subsidy (HIS) liability and the reporting of related deferred outflows of resources and deferred inflows of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability.

The restatement is as follows:

Beginning net position, as reported September 30, 2014	\$	988,334
Deferred Outflows, Pension and HIS		111,459
Deferred Inflows, Pension and HIS		(958,273)
Net Pension liability, Pension and HIS		(641,588)
Beginning net position, as restated	\$	(500,068)

**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, 2015**

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>Revenues:</b>				
Ad Valorem taxes	\$ 1,079,109	\$ 1,110,263	\$ 1,110,263	\$ -
Charges for services	35,500	43,828	43,828	-
Intergovernmental rev. - other	3,240	3,240	3,240	-
Intergovernmental rev. - grant	-	137,022	137,022	-
Interest	-	1,775	1,775	-
Miscellaneous	-	28,869	28,869	-
Total revenues	<u>1,117,849</u>	<u>1,324,997</u>	<u>1,324,997</u>	<u>-</u>
<b>Expenditures:</b>				
<b>Current</b>				
Public safety				
Personal services	892,444	992,991	992,991	-
Operating	175,112	214,800	214,800	-
Capital outlay	8,230	81,598	81,598	-
Debt Service	-	753	753	-
Total expenditures	<u>1,075,786</u>	<u>1,290,142</u>	<u>1,290,142</u>	<u>-</u>
Excess of expenditures over revenues	42,063	34,855	34,855	-
Fund balance, October 1, 2014	105,398	154,748	455,595	300,847
Fund balance, September 30, 2015	<u>\$ 147,461</u>	<u>\$ 189,603</u>	<u>\$ 490,450</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, 2015**

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:				
Fees:				
Impact Fees	\$ 11,699	\$ 23,814	\$ 23,814	\$ -
Miscellaneous:				
Interest	-	13	13	-
Total revenues	<u>11,699</u>	<u>23,827</u>	<u>23,827</u>	<u>-</u>
Expenditures:				
Current				
Public safety				
Personal services	-	-	-	-
Operating	-	-	-	-
Capital outlay	-	-	-	-
Debt Service	53,859	53,859	53,859	-
Total expenditures	<u>53,859</u>	<u>53,859</u>	<u>53,859</u>	<u>-</u>
Excess of expenditures over revenues	(42,160)	(30,032)	(30,032)	-
Fund balance, October 1, 2014	(159,785)	(159,785)	(152,822)	6,963
Fund balance, September 30, 2015	<u>\$ (201,945)</u>	<u>\$ (189,817)</u>	<u>\$ (182,854)</u>	<u>\$ 6,963</u>

**Bayshore Fire Protection and Rescue Service District**  
**Schedule of District Contributions**  
**Pension Plan**

For the Fiscal Year Ended September 30, 2015  
Last Two Fiscal Years

	2015	2014
Contractually required contribution	\$ 113,567	\$ 141,660
Contributions in relation to contractually require contribution	(113,567)	\$ (141,660)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 600,684	\$ 779,202
Contributions as a percentage of covered- employee payroll	18.91%	18.18%

*Note: Data was unavailable prior to 2014.*

**Bayshore Fire Protection and Rescue Service District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Pension Plan**

For the Fiscal Year Ended September 30, 2015  
Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.004979%	0.006189%
	\$ 643,126	\$ 377,613
District's proportionate share of the net pension liability		
District's covered-employee payroll	\$ 600,684	\$ 779,202
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	107.07%	48.46%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%

*Note: Data was unavailable prior to 2014.*

**Bayshore Fire Protection and Rescue Service District**  
**Schedule of District Contributions**  
**HIS Plan**

For the Fiscal Year Ended September 30, 2015  
Last Two Fiscal Years

	2015	2014
Contractually required contribution	\$ 8,728	\$ 10,449
Contributions in relation to contractually require contribution	(8,728)	\$ (10,449)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 646,473	\$ 838,599
Contributions as a percentage of covered- employee payroll	1.35%	1.25%

*Note: Data was unavailable prior to 2014.*

**Bayshore Fire Protection and Rescue Service District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**HIS Plan**

For the Fiscal Year Ended September 30, 2015  
Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.002289%	0.002823%
District's proportionate share of the net pension liability	\$ 233,394	\$ 263,975
District's covered-employee payroll	\$ 646,473	\$ 838,631
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	36.10%	31.48%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%

*Note: Data was unavailable prior to 2014.*



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

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

Board of Commissioners  
Bayshore Fire Protection & 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 the Bayshore Fire Protection and Rescue Service District, (the "District") as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 15, 2016.

***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.

***Internal Control Over Financial Reporting (continued)***

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  
June 15, 2016

*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 and Rescue Service District, Florida, (the "District") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 15, 2016.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

### **Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 15, 2016, 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 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. The District had no component units as of September 30, 2015.

## **Financial Condition**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the 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.

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**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

## **Other Matters**

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

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

**Purpose of this Letter**

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

June 15, 2016

*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"*

June 15, 2016

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, 2015 for the Bayshore Fire Protection and Rescue Service District was accepted by the Board of Commissioners at the general meeting on June 14, 2016. The management letter contained no comments. While there was a delay in the closure of the report, please be advised that it was in no way due to a failure on the part of our auditors, nor our District administrative staff; but due entirely to the delay in the FRS actuarial report that was required to be included in our audit findings. Your understanding of this situation is appreciated.

Sincerely,

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

## Independent Accountant's Examination Report

Board of Commissioners  
Bayshore Fire Protection & 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, 2015. 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, 2015.

Punta Gorda, Florida  
June 15, 2016

