

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
BASIC FINANCIAL STATEMENTS
TOGETHER WITH ADDITIONAL REPORTS
YEAR ENDED
SEPTEMBER 30, 2014**

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	i-vi
 <u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position.....	4
Statement of Activities.....	5
 FUND FINANCIAL STATEMENTS:	
Governmental Funds:	
Balance Sheet.....	6
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	7
Statement of Revenues, Expenditures and Changes in Fund Balance.....	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities.....	9
 NOTES TO THE FINANCIAL STATEMENTS.....	 10-34
 <u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A</u>	
BUDGET TO ACTUAL COMPARISON - MAJOR FUNDS (General and Special Revenue Funds)	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Summary Statement.....	35
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Detailed Statement.....	36-39
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Impact Fee Fund.....	40
 <u>ADDITIONAL REPORTS</u>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	41-42
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes.....	43
Independent Auditor's Report to Management.....	44-47
Management's Response to Independent Auditor's Report to Management.....	Exhibit



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Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
North Fort Myers Fire Control and Rescue Service District
P.O. Box 3507
North Fort Myers, Florida 33918

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of North Fort Myers Fire Control and Rescue Service District (the "District") as of and for the 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 an opinion 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 of America. 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 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.

INTEGRITY SERVICE EXPERIENCE

12621 World Plaza Lane, Building 55 • Fort Myers, FL 33907 • Phone: (239) 333-2090 • Fax: (239) 333-2097

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of North Fort Myers Fire Control and Rescue Service District as of September 30, 2014, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matter of Emphasis

During the year ended September 30, 2014, the District's unrestricted net asset balance became a deficit, due substantially to recording the current year actuarially determined OPEB liability of \$458,000. The total OPEB liability at September 30, 2014 was \$2,415,000. This is a non-cash actuarially determined liability related to the future cost of allowing retirees to remain on the District's health care policy and for paying a portion of retiree coverage. The District's fund balance remains approximately equal to six (6) months budgeted expenditures. Our opinion was not modified for 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 on pages i - vi 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 which 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 - management's discussion and analysis (MD&A) 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 required supplementary information - management's discussion and analysis (MD&A) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise North Fort Myers Fire Control and Rescue Service District's basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information other than MD&A - budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

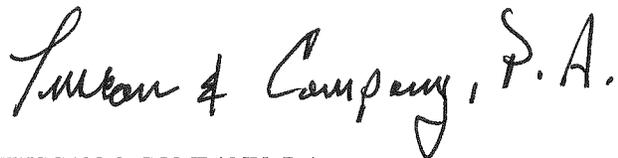
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Exhibit - Management's Response to Independent Auditor's Report to Management is not a required part of the basic financial statements but is required by Government Auditing Standards. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Section 218.415, Florida Statutes

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated March 3, 2015, on our consideration of North Fort Myers Fire Control and Rescue Service District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering North Fort Myers Fire Control and Rescue Service District's compliance with Section 218.415, Florida Statutes.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 3, 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, contract 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 North Fort Myers Fire Control and Rescue Service District's internal control over financial reporting and compliance.



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
March 3, 2015

**MANAGEMENT'S DISCUSSION
AND ANALYSIS
(MD&A)**

Management's Discussion and Analysis

This discussion and analysis of the North Fort Myers Fire Control and Rescue Service District (the "District") financial statements is designed to introduce the basic financial statements and provide an analytical overview of the District's financial activities for the fiscal year ended September 30, 2014. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and footnotes. We hope this will assist readers in determining the District's financial position as well as identifying significant financial issues and changes in the District's financial position.

District Highlights

- At the close of fiscal year 2014, the District's assets exceeded its liabilities, resulting in net position of \$1,395,627.
- The District's total net position decreased \$922,268, or 40%, in comparison to the prior fiscal year.
- The District had a deficit of \$105,910 of unrestricted net assets.
- Total revenues decreased \$66,595, or 1%, in comparison to the prior fiscal year.
- Total expenses decreased \$236,335, or 4%, in comparison to the prior fiscal year.

Government-wide Financial Statements

Government-wide financial statements (statement of net position and statement of activities found on pages 4 & 5) are intended to allow a reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. Government-wide financial statements concentrate on the District as a whole and do not emphasize fund types.

The Statement of Net Position (page 4) presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. The District's capital assets (land, construction in progress, buildings and improvements, vehicles and equipment) are included in this statement and reported net of their accumulated depreciation.

The Statement of Activities (page 5) presents revenue and expense information showing how the District's net position changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when a liability is incurred, regardless of the timing of related cash flows).

Governmental Fund Financial Statements

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

Governmental fund financial statements (found on pages 6 and 8) are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred.

Notes to the Financial Statements

The notes to the financial statements explain in detail some of the data contained in the preceding basic financial statements and begin on page 10. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

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

The following is a summary statement of net position for the District at September 30, 2013 and 2014:

Summary Statement of Net Position September 30

Assets:	2013	2014
Current assets	\$ 3,269,841	\$ 2,944,661
Capital assets, net	1,599,434	1,501,537
Total Assets	<u>\$ 4,869,275</u>	<u>\$ 4,446,198</u>
Liabilities:		
Current liabilities	\$ 299,739	\$ 312,968
Non-current liabilities	2,251,641	2,737,603
Total Liabilities	<u>2,551,380</u>	<u>3,050,571</u>
Net Position:		
Net Investment in capital assets	1,599,434	1,501,537
Unrestricted	718,461	(105,910)
Total Net Position	<u>2,317,895</u>	<u>1,395,627</u>
Total Liabilities and Net Position	<u>\$ 4,869,275</u>	<u>\$ 4,446,198</u>

Current assets represent 66% of total assets at September 30, 2014. Current assets are comprised of unrestricted cash balances of \$2,559,343, unrestricted investments of \$171,913, restricted investments of \$148,658, due from other governments of \$48,369, other receivables of \$16,378. The balances of unrestricted cash and investments represent amounts that are available for spending at the District's discretion. Restricted investments balances are comprised of impact fees funds restricted for certain capital asset acquisition.

The net investment in capital assets, represent 107% of net assets and are comprised of land, construction in progress, buildings and improvements, equipment, furniture and vehicles, net of accumulated depreciation, and the outstanding related debt used to acquire the assets. The net balance of investment in capital assets at September 30, 2014 was \$1,501,537.

The unrestricted net asset balance (deficit) of (\$105,910) represents negative resources available for spending.

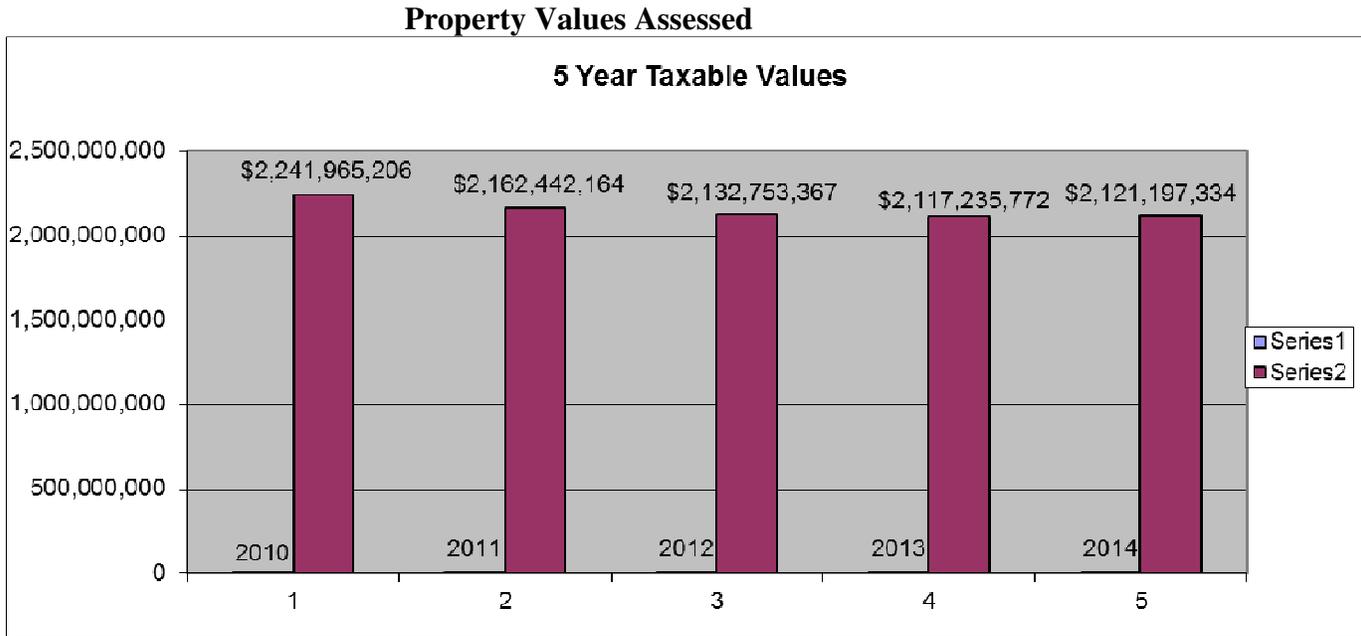
The following schedule reports the revenues, expenses, and changes in net assets for the District for the years ended September 30, 2013 and 2014:

**Summary of Revenues, Expenses and Changes in Net Position
For the years ended September 30**

Revenues:	2013	2014
General/Program Revenues		
Property Taxes	\$ 5,055,326	\$ 5,160,496
Charges for Services	11,282	14,725
Operating & Capital Grants	22,981	16,280
Miscellaneous		
Impact Fees	174,288	27,034
Investment Earnings	4,319	3,643
Gain (Loss) on Disposition of Capital Assets	(1,245)	(15,669)
Other	36,105	29,952
Total Revenues	5,303,056	5,236,461
Expenses:		
Public Safety-		
Fire & Rescue Services	5,922,394	6,158,729
Increase (Decrease) in Net Position	(619,338)	(922,268)
Net Position - Beginning	2,937,233	2,317,895
Net Position - Ending	\$ 2,317,895	\$ 1,395,627

Total revenues decreased \$66,595, or 1%, in comparison to the prior fiscal year. Total expenses decreased \$236,335, or 4%, in comparison to the prior fiscal year.

The assessed property value increased .2%, resulting in slightly increased ad valorem tax revenues. This is the first year in the past five years, we have seen an increase in property taxes. The District was able to maintain low millage rates while maintaining the funds for the cost of growth and reserve requirements. The following schedule compares the change in property value and millage rates for the past five years. The millage rate has remained at 2.5 mills over the past seven years.



Budgetary Highlights

Budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 35 through 40. The Board of Commissioners approved several budget amendments in the General Fund during the fiscal year ended September 30, 2014. The budget amendments transferred budgeted amounts between line items and changed the total budgeted revenue over (under) expenditures. The budget amendments did increase total budgeted revenues and expenditures by \$164,727 as a result of the increase in the fund balance carryforward.

Capital Assets

Non-depreciable capital assets include land and construction in progress. Depreciable capital assets include: building and improvements, equipment and vehicles.

The following is a schedule of the District's capital assets at September 30, 2013 and 2014:

Capital Assets September 30		
CAPITAL ASSETS	2013	2014
Land	\$ 129,157	\$ 129,157
Construction in progress	<u>331,249</u>	<u>331,249</u>
Total Capital Assets not depreciated	<u>460,406</u>	<u>460,406</u>
Buildings and Improvements	1,155,298	1,165,237
Vehicles	1,401,920	1,401,920
Equipment	<u>1,023,481</u>	<u>1,048,739</u>
Total Capital Assets being depreciated	<u>3,580,699</u>	<u>3,615,896</u>
ACCUMULATED DEPRECIATION		
Buildings and Improvements	(676,443)	(683,982)
Vehicles	(1,144,976)	(1,204,979)
Equipment	<u>(620,252)</u>	<u>(685,804)</u>
Total Accumulated Depreciation	<u>(2,441,671)</u>	<u>(2,574,765)</u>
CAPITAL ASSETS, NET	<u>\$ 1,599,434</u>	<u>\$ 1,501,537</u>

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

- Purchased additional bunker gear sets to accommodate expansion of Internship Program
- Finished the Station #2, Barrett Road, construction project.
- Purchased a forcible entry door training prop.

Debt Administration

At September 30, 2014, the District had \$2,737,603 of outstanding long term obligations. Long term liabilities are not due and payable in the current period. The following is a schedule of the District's outstanding debt at September 30, 2013 and 2014:

Outstanding Debt September 30

	2013	2014
Compensated Absences - Vacation Time	\$ 212,837	\$ 233,310
Compensated Absences - Comp Time	81,804	89,293
Net OPEB Obligation	<u>1,957,000</u>	<u>2,415,000</u>
Total Outstanding Debt	<u>\$ 2,251,641</u>	<u>\$ 2,737,603</u>

Economic Factors and Next Year's Budget Rates

The following were factors considered when next year's budget (2014-2015) was prepared:

- Property values did increase by \$100,339,991, or 4%, to \$2,221,537,325 in tax year 2014; however, this was offset by an increase in the amount of allowable tangible tax exemptions. The District expects property values to level off, and not continue the decline that we have been seeing; but, we are not sure about the long-term future of assessed values.
- The District plans to operate with the millage rate of 2.5 for the fiscal year ending September 30, 2015.
- The District has completed the remodel of Station 2, Barrett Road.
- The District has several personnel in the DROP program in the Florida Retirement System.
- The District has had a few personnel retire, which was not planned.
- The District has acknowledged that we cannot continue to use reserves, and has followed a proposed plan, which included elimination of a secretarial position and an Assistant Chief's position.
- The District expanded the internship program, which is working very well.
- The District is looking at ways to utilize Impact Fees to help with the demands of the District.
- The District asked the citizens of North Fort Myers to assess a fire fee, instead of the collection of Ad-Valorem tax, which was voted down.

Request for Information

This financial report is designed to provide the reader an overview of the District. Questions regarding any information provided in this report should be directed to:

David Rice, Fire Chief
North Fort Myers Fire Control and Rescue Service District
P.O. Box 3507, North Fort Myers, FL 33918-3507
(239) 997-8654 * www.northfortmyersfire.com

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
STATEMENT OF NET POSITION
September 30, 2014**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 2,559,343
Cash and cash equivalents - restricted	-
Investments - unrestricted	171,913
Investments - restricted	148,658
Due from other governments	48,369
Other receivables	16,378
Prepaid expenses	-
Total current assets	<u>2,944,661</u>
Noncurrent assets:	
Capital assets:	
Land	129,157
Construction in progress	331,249
Depreciable buildings, vehicles and equipment (net of \$2,574,765 accumulated depreciation)	<u>1,041,131</u>
Total noncurrent assets	<u>1,501,537</u>
TOTAL ASSETS	<u><u>4,446,198</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	155,030
Unearned revenue - impact fees	157,938
Current portion of long-term obligations	-
Total current liabilities	<u>312,968</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>2,737,603</u>
TOTAL LIABILITIES	<u><u>3,050,571</u></u>
NET POSITION	
Net investment in capital assets	1,501,537
Unrestricted (deficit)	<u>(105,910)</u>
TOTAL NET POSITION	<u><u>\$ 1,395,627</u></u>

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2014**

	<u>Governmental Activities</u>
EXPENSES	
Governmental activities	
Public safety - fire protection	
Personnel services	\$ 5,360,713
Operating expenses	607,970
Depreciation	190,046
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	<u>6,158,729</u>
 PROGRAM REVENUES	
Charges for services - inspection fees	14,725
Operating grants and contributions	16,280
Capital grants and contributions	-
NET PROGRAM EXPENSES	<u>6,127,724</u>
 GENERAL REVENUES	
Ad valorem taxes	5,160,496
Impact fees	27,034
Interest	3,643
Loss on disposition of capital assets	(15,669)
Other	29,952
TOTAL GENERAL REVENUES	<u>5,205,456</u>
 DECREASE IN NET POSITION	 (922,268)
 NET POSITION - Beginning of the year	 <u>2,317,895</u>
NET POSITION - End of the year	<u><u>\$ 1,395,627</u></u>

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2014**

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 2,559,343	\$ -	\$ 2,559,343
Investments	171,913	148,658	320,571
Due from other governments	39,089	9,280	48,369
Due from other funds	-	-	-
Other receivables	16,378	-	16,378
Prepaid expenses	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,786,723</u>	<u>\$ 157,938</u>	<u>\$ 2,944,661</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable and accrued expenses	\$ 155,030	\$ -	\$ 155,030
Due to other funds	-	-	-
Unearned revenue	<u>-</u>	<u>157,938</u>	<u>157,938</u>
TOTAL LIABILITIES	<u>155,030</u>	<u>157,938</u>	<u>312,968</u>
FUND BALANCE			
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	2,371,857	-	2,371,857
Unassigned	<u>259,836</u>	<u>-</u>	<u>259,836</u>
TOTAL FUND BALANCE	<u>2,631,693</u>	<u>-</u>	<u>2,631,693</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,786,723</u>	<u>\$ 157,938</u>	<u>\$ 2,944,661</u>

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2014**

	<u>Amount</u>
Total fund balance for governmental funds	\$ 2,631,693
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>	
Capital assets not being depreciated:	
Land	129,157
Construction in progress	<u>331,249</u>
	460,406
Governmental capital assets being depreciated:	
Buildings, equipment and vehicles	3,615,896
Less accumulated depreciation	<u>(2,574,765)</u>
	1,041,131
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>	
Compensated absences-vacation time	(233,310)
Compensated absences-comp. time	(89,293)
Net OPEB obligation	<u>(2,415,000)</u>
	(2,737,603)
Elimination of interfund amounts	
Due to other funds	-
Due from other funds	<u>-</u>
	-
Total net position of governmental activities	<u><u>\$ 1,395,627</u></u>

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended September 30, 2014**

	General Fund	Impact Fee Fund	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 5,160,496	\$ -	\$ 5,160,496
Intergovernmental revenue:			
Federal grants	-	-	-
State grant proceeds	-	-	-
City of Cape Coral	355	-	355
State supplemental education	16,280	-	16,280
Fees:			
Impact fees	-	27,034	27,034
Inspection fees	14,725	-	14,725
Miscellaneous:			
Interest	3,643	-	3,643
Other	29,597	-	29,597
TOTAL REVENUES	<u>5,225,096</u>	<u>27,034</u>	<u>5,252,130</u>
EXPENDITURES			
Current			
Public safety			
Personnel services	4,874,751	-	4,874,751
Operating expenditures	607,970	-	607,970
Capital outlay	80,784	27,034	107,818
TOTAL EXPENDITURES	<u>5,563,505</u>	<u>27,034</u>	<u>5,590,539</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(338,409)	-	(338,409)
FUND BALANCE - Beginning of the year	<u>2,970,102</u>	<u>-</u>	<u>2,970,102</u>
FUND BALANCE - End of the year	<u>\$ 2,631,693</u>	<u>\$ -</u>	<u>\$ 2,631,693</u>

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES
Year Ended September 30, 2014**

	<u>Amount</u>
Net change (expenditures in excess of revenues) in fund balance - total governmental funds	\$ (338,409)
<p>The increase (decrease) in net position reported for governmental activities in the Statement of Activities is different because:</p> <p>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.</p>	
Plus: expenditures for capital assets	107,818
Less: current year depreciation	(190,046)
Plus: proceeds from disposition of capital assets	-
Less: loss on disposition of capital assets	<u>(15,669)</u>
	(97,897)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>	
Net increase in compensated absences - vacation	(20,473)
Net increase in compensated absences - comp. time	(7,489)
Increase in Net OPEB obligation	<u>(458,000)</u>
	<u>(485,962)</u>
Decrease in net position of governmental activities	<u><u>\$ (922,268)</u></u>

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

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

Organization

The North Fort Myers Fire Control and Rescue Service District (the "District") is an independent special taxing district located in northern unincorporated Lee County, Florida. The District was established on June 15, 1953 by Laws of Florida, Chapter 29240. The District has the general and special powers prescribed by Florida Statutes Chapters 189, 191, 200, 218 and 633.15, as well as Laws of Florida, Chapter 97-340. The District's governing legislation was recreated, reenacted and codified by Laws of Florida, Chapter 2000-385 on July 3, 2000. The District is governed by a five-member (5) at-large elected Board of Commissioners. Commissioners serve on a staggered four-year (4) term basis.

The District provides fire control and protection services, fire safety inspections, and crash and fire rescue services as well as EMS medical response. In providing these services, the District operates and maintains three (3) station houses and the related equipment and employs approximately 45 full-time professional firefighters, support staff and commissioners. The District closed its fourth station (42 Willis Rd.) during the year ended September 30, 2010 due to budget constraints.

Summary of Significant Accounting Policies

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

- The basic financial statements of the District are comprised of the following:
- Government-wide financial statements
 - Fund financial statements
 - Notes to the financial statements
 - Required supplementary information other than MD&A

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

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

Reporting Entity

The District adheres to Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity," as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement Number 61, "The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34". These statements require the basic 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 Statement No. 14, as amended, there are no component units required to be included or included in the District's basic financial statements.

Government-wide Financial Statements

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

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

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

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

Government-wide Financial Statements, continued

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

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

Fund Financial Statements

The District adheres to GASB Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

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

Fund financial statements for the District's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds, in aggregate, for governmental funds.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

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

Governmental Funds

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

The District's major funds are presented in separate columns on the governmental fund financial statements. The definition of a major fund is one that meets certain criteria set forth in GASB Statement Number 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the governmental fund financial statements.

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

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

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

Measurement Focus and Basis of Accounting, continued

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

Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds.

Non-current Government Assets/Liabilities

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

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

Page 15 of 47

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

Major Funds

The District reports the following major governmental funds:

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

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

Budgetary Information

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

Investments

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

Investments, including restricted investments, consist of funds held in The Local Government Surplus Trust Fund (SBA) administered by the State Board of Administration.

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, equipment and vehicles, are reported in the government-wide Statement of Net Position.

The District follows a capitalization policy which calls for capitalization of all capital assets that have a cost or donated value of \$1,000 or more and have a useful life in excess of one (1) year.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

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

Capital Assets, continued

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

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

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

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

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

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	5-30
Equipment	5-15
Vehicles	5-15

Subsequent Events

Subsequent events have been evaluated through March 3, 2015, which is the date the basic financial statements were available to be issued.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

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

Budgets and Budgetary Accounting

The District has adopted an annual budget for the General Fund, which included budgeted expenditures over revenues to be funded through the use of unreserved, undesignated fund balance. The District also adopted a budget for the Special Revenue Fund - Impact Fee.

The District follows these procedures in establishing budgetary data for the General Fund and the Special Revenue Fund:

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

The Board of Commissioners approved several budget amendments in the General Fund during the fiscal year ended September 30, 2014. The budget amendments increased budgeted expenditures by \$164,727. There were no budget amendments in the Special Revenue Fund except to reallocate among line items.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

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

Impact Fees/Unearned Revenue

The District levies an impact fee on new construction within the District. The intent of the fee is for growth within the District to pay for capital improvements needed due to the growth. The fee is collected by Lee County and remitted to the District. The fee is refundable if not expended by the District within twenty (20) years from the date of collection. The District, therefore, records this fee as restricted cash and as unearned revenue until the date of expenditure, at which time it is recognized as revenue and charged to capital outlay in the Special Revenue Fund.

Due To/From Other Funds

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

Due From Other Governments

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

Compensated Absences

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

Encumbrances

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

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

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

Management Estimates

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

Fund Balances

The governmental fund financial statements the District maintains include nonspendable, assigned and unassigned fund balances. Nonspendable fund balances are those that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Criteria include items that are not expected to be converted into cash, for example prepaid expenses.

The District's assigned fund balances are a result of the District's Board approval. The District's intent is to maintain a minimum assigned fund balance level of three (3) months of prior year total expenditures. The assigned fund balance will serve as the District's operational reserve to carry the District's operations from October 1 through December 31 of the subsequent fiscal year. The Board's intent is also to hold an assigned capital asset reserve for future capital asset needs as well as assigned fund balance amounts for disaster events (30 days all-out response) and a portion of the sick leave liability. At September 30, 2014, fund balance is also assigned for a variety of specific items by District Board action. Any use or change of the assigned fund balance requires the District's Board approval.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

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

Interfund Transactions

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

NOTE B - CASH

At September 30, 2014, cash was \$2,559,343, in General Fund which included cash on hand of \$100.

Deposits

The District's deposit policy allows deposits to be held in demand deposit and money market accounts. All District depositories are institutions designated as qualified depositories by the State Treasurer at September 30, 2014.

At September 30, 2014, the District's deposits consisted of cash held in depository accounts. At September 30, 2014, the carrying amount of these deposits was \$2,559,243 and the bank balance was \$ 2,565,304.

These deposits were entirely covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act (Florida Statute Chapter 280) of the State of Florida. Bank balances approximate market value. Depository accounts were either fully insured or collateralized in accordance with Florida Statute Chapter 280.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

NOTE C - INVESTMENTS

Florida Statutes and the District's investment policy authorize investments in the Local Government Surplus Funds Trust Fund (SBA) administered by the State Board of Administration. Specifically, the District's investment policy is consistent with Florida Statutes, Chapter 218.415(17). At September 30, 2014, the District's investments in the Local Government Surplus Funds Trust Fund consist of the following:

	<u>Cost Basis</u>	<u>Fair Value (NAV)/ Carrying Amount</u>
<u>General Fund</u>		
Local Government Surplus Trust Fund (SBA)		
PRIME (Fund "A") (LGIP)	\$ 171,913	\$ 171,913
Total investments - General Fund	<u>171,913</u>	<u>171,913</u>
<u>Impact Fee Fund</u>		
Local Government Surplus Trust Fund (SBA)		
PRIME (Fund "A") (LGIP)	148,658	148,658
Total investments - Impact Fee Fund	<u>148,658</u>	<u>148,658</u>
Total investments	<u>\$ 320,571</u>	<u>\$ 320,571</u>

The Local Government Surplus Funds Trust Fund (Florida PRIME (formerly Fund "A")) is an external 2a7-like investment pool, administered by the Florida State Board of Administration. The Local Government Surplus Funds Investment Pool Trust Fund is not categorized as it is not evidenced by securities that exist in physical or book entry form. The Local Government Surplus Trust Funds Investment Pool's shares are stated at amortized cost (NAV), which approximates fair value. These investments are subject to the risk that the market value of an investment, collateral protecting a deposit or securities underlying a repurchase agreements, will decline.

The District's investment in the Fund represented less than 1% of the Fund's total investments. Investments held in the Fund include, but are not limited to, short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. These short-term investments are stated at cost, which approximates market. Investment income is recognized as earned and is allocated to participants of the Fund based on their equity participation.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

Page 22 of 47

NOTE C - INVESTMENTS, CONTINUED

At September 30, 2014, the District reported SBA investments of \$320,571 fair value/cost for amounts held in Florida PRIME. The Florida PRIME carried a credit rating of AAAM by Standard and Poors and had a weighted average days to maturity (WAM) of 39 days at September 30, 2014.

Restricted Investments

The District has one restricted investment account: Impact Fees. The Impact Fees account is used to account for the deposit of impact fees received and is restricted for certain capital asset acquisition. Impact fees are collected by Lee County for the District pursuant to County ordinance and District resolution.

NOTE D - DUE FROM OTHER GOVERNMENTS

Due from other governments at September 30, 2014 totaled \$48,369 including \$9,280 in fourth quarter Impact Fees (Impact Fee Fund) and \$39,089 in Ad Valorem taxes, excess fees and supplemental education reimbursement (General Fund).

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

NOTE E - CAPITAL ASSETS ACTIVITY

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

	Balance October 1 2013	Increases/ Additions	Decreases/ Deletions	Adjustments/ Reclassifications	Balance September 30 2014
Capital Assets Not Being Depreciated:					
Land	\$ 129,157	\$ -	\$ -	\$ -	\$ 129,157
Construction in progress	331,249	-	-	-	331,249
Total Capital Assets Not Being Depreciated	<u>460,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>460,406</u>
Capital Assets Being Depreciated:					
Buildings and improvements	1,155,298	53,564	(43,625)	-	1,165,237
Vehicles	1,401,920	-	-	-	1,401,920
Equipment	<u>1,023,481</u>	<u>54,254</u>	<u>(28,996)</u>	<u>-</u>	<u>1,048,739</u>
Total Capital Assets Being Depreciated	<u>3,580,699</u>	<u>107,818</u>	<u>(72,621)</u>	<u>-</u>	<u>3,615,896</u>
Less Accumulated Depreciation:					
Buildings and improvements	(676,443)	(39,981)	32,442	-	(683,982)
Vehicles	(1,144,976)	(60,003)	-	-	(1,204,979)
Equipment	<u>(620,252)</u>	<u>(90,062)</u>	<u>24,510</u>	<u>-</u>	<u>(685,804)</u>
Total Accumulated Depreciation	<u>(2,441,671)</u>	<u>(190,046)</u>	<u>56,952</u>	<u>-</u>	<u>(2,574,765)</u>
Total Capital Assets Being Depreciated, Net	<u>1,139,028</u>	<u>(82,228)</u>	<u>(15,669)</u>	<u>-</u>	<u>1,041,131</u>
Capital Assets, Net	<u>\$ 1,599,434</u>	<u>\$ (82,228)</u>	<u>\$ (15,669)</u>	<u>\$ -</u>	<u>1,501,537</u>
				Related debt	<u>-</u>
				Net investment in capital assets	<u>\$ 1,501,537</u>

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

NOTE E - CAPITAL ASSETS ACTIVITY, CONTINUED

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

	<u>Amount</u>
General Government	<u>\$ 190,046</u>
Total Depreciation Expense	<u>\$ 190,046</u>

NOTE F - LONG-TERM LIABILITIES

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

	Balance October 1 2013	Additions	Retirements / Adjustments	Balance September 30 2014	Amounts Due Within One Year
Compensated Absences - Vacation	\$ 212,837	\$ 579,444	\$ (558,971)	\$ 233,310	\$ -
Compensated Absences - Comp. Time	81,804	7,527	(38)	89,293	
Net OPEB obligation	<u>1,957,000</u>	<u>458,000</u>	<u>-</u>	<u>2,415,000</u>	<u>-</u>
	<u>\$ 2,251,641</u>	<u>\$ 1,044,971</u>	<u>\$ (559,009)</u>	<u>\$ 2,737,603</u>	<u>\$ -</u>

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

	<u>Amount</u>
Non-current portion of compensated absences - vacation time. Employees of the District are entitled to annual personal leave time, based on length of service and job classification.	\$ 233,310
Non-current portion of compensated absences - comp. time. Employees of the District are entitled to annual comp. time at their separation from the District based on hours accrued during their employment.	89,293
Net OPEB obligation. Cumulative difference between annual OPEB cost and District's payments toward the cost of post employment benefits other than pensions since GASB No. 45 transition date (October 1, 2009).	<u>2,415,000</u>
Total Long-Term Liabilities	<u>2,737,603</u>
Current Portion	<u>-</u>
Noncurrent Portion	<u>\$2,737,603</u>

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

NOTE G - RETIREMENT PLAN

Plan Description and Provisions - Florida Retirement System

All qualified District employees, including the Board of Commissioners, are participants in the statewide Florida Retirement System (FRS) under the Authority of Article X, Section 14 of the State Constitution and Florida Statutes, Chapters 112 and 121. The FRS was noncontributory prior to July 1, 2011. Beginning July 1, 2011, FRS required a 3% of eligible compensation employee contribution for all classes of employees except for those enrolled in the DROP program, which required no employee contribution. The FRS is totally administered by the State of Florida. The District contributed 100% of the required contributions. The District's contributions to the plan were \$ 589,321, \$484,196, and \$437,831, for the years ended September 30, 2014, 2013, and 2012, respectively. Pension costs for the District ranged between 6.95 % and 43.24 % for the year ended September 30, 2014. The District's covered payroll for the years ended September 30, 2014, 2013, and 2012, was \$3,421,304, \$3,420,314, and \$3,396,465, respectively.

Employees, enrolled prior to July 1, 2011, who retire at or after age 62 with 6 years of creditable service (six years for elected officials), 6 years of senior management service and age 62, 6 years of special risk service and age 55, or 30 years of service regardless of age, are entitled to a retirement benefit, payable for life, equal to 1.6% to 3.0% per year of creditable service, depending on the class of employee (regular, special risk, etc.) based on an average final compensation of the five (5) highest fiscal years' compensation. Benefit cannot exceed 100% of average final compensation.

Employees, enrolled on or after July 1, 2011, who retire at or after age 65 with 8 years of creditable service (eight years for elected officials), 8 years of senior management service and age 65, 8 years of special risk service and age 60, or 33 years of service regardless of age, are entitled to a retirement benefit, payable for life, equal to 1.6% to 3.0% per year of creditable service, depending on the class of employee (regular, special risk, etc.) based on an average final compensation of the eight (8) highest fiscal years' compensation. Benefit cannot exceed 100% of average final compensation.

Benefits vest after six years of credited service for those employees enrolled prior to July 1, 2011 and after eight years for those enrolled on or after July 1, 2011. Vested employees may retire anytime after vesting and incur a 5% benefit reduction for each year prior to normal retirement age.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

Page 26 of 47

NOTE G - RETIREMENT PLAN, CONTINUED

Plan Description and Provisions - Florida Retirement System, continued

Early retirement, disability, death and survivor benefits are also offered. Benefits are established by State Statute. The plan provides for a constant 3% cost-of-living adjustment for retirees for service credited prior to July 1, 2011.

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

Description of Funding Policy - Florida Retirement System

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

Trend Information - Florida Retirement System

A copy of the FRS's June 30, 2014 annual report can be obtained by writing the Florida Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (850) 488-5706.

NOTE H - PROPERTY TAXES

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid taxes and must be sold not later than June 1 of each year. The billing, collection, and related recordkeeping of all property taxes is performed for the District by the Lee County Tax Collector. No accrual for the property tax levy becoming due in November 2014 is included in the accompanying basic financial statements, since such taxes are collected to finance expenditures of the subsequent period.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

NOTE H - PROPERTY TAXES, CONTINUED

Procedures for collecting delinquent taxes, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two (2) years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2014, \$35,889 was recorded in the General Fund as due from the Lee County Tax Collector to the District for ad valorem taxes and excess fees.

Important dates in the property tax cycle are as follows:

Assessment roll certified	July 1
Millage resolution approved	No later than 93 days following certification of assessment roll
Taxes due and payable (Levy date)	November/with various discount provisions through March 31
Property taxes payable- maximum discount (4 percent)	30 days after levy date
Beginning of fiscal year for which taxes have been levied	October 1
Due date	March 31
Taxes become delinquent (lien date)	April 1
Tax certificates sold by the Lee County Tax Collector	Prior to June 1

The Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$2.50 per \$1,000 (2.5 mills) of the 2013 net taxable value of real property located within the District.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

NOTE I - ASSIGNED FUND BALANCE

Assigned fund balance in the General Fund consisted of the following at September 30, 2014:

<u>Assigned fund balance</u>	<u>Amount</u>
Operations	\$ 1,287,954
Disaster preparedness	40,000
Buildings	25,000
Vehicles	288,903
Capital equipment	35,000
Contingency	35,000
Projected 2015 Loss	540,000
Post Retirement Medical Reserve	120,000
Total assigned fund balance	<u><u>\$ 2,371,857</u></u>

NOTE J - IMPACT FEE FUND ACTIVITY

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

	<u>Amount</u>
Unearned revenue, October 1, 2013	\$ 146,218
Impact fee receipts	28,857
Due from other governments	9,280
Interest income	617
Capital outlay	(27,034)
Fiscal charges	<u>-</u>
Unearned revenue, September 30, 2014	<u><u>\$ 157,938</u></u>

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

NOTE K - COMMITMENTS AND CONTINGENCIES

The District is involved from time to time in certain routine litigation, the substance of which either as liabilities or recoveries, would not materially affect the financial position of the District. Although the final outcome of the lawsuits, assertions and claims or the exact amount of costs and/or potential recovery is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a materially adverse affect on the financial condition of the District. As a general policy, the District plans to contest any such matter.

During the year ended September 30, 2004, the District traded its Willis Road land and its existing Station #1 for a buildable parcel of land, owned by a Not-for-Profit Corporation, on which to build a new larger station. Subsequent to the year ended September 30, 2005, the District leased back its Station #1 from the Not-for-Profit Corporation for a period of three (3) years to allow time to design and build its new Station. The cost of the lease was \$10 per year. Due to budgetary constraints the Station was closed during the year ended September 30, 2010.

During the year ended September 30, 2009, the District resolved to alter their previous plans for construction of new station #1 due to the economic downturn. The District explored new options in an effort to reduce costs, including a reduction in the planned size of new station #1 or the purchase and subsequent remodeling of an existing building. Due to the aforementioned change of plans, the District suspended construction costs and cancelled pre-arranged financing for the new station. The costs incurred, during the year ended September 30, 2009, for these activities totaled \$245,842 (consisting of \$220,156 in construction manager services and \$25,686 in debt cancellation costs) and were expensed (as part of operating costs) as abandoned costs in the General Fund.

Also during the year ended September 30, 2009, the District's contracted architect continued to work toward the design of new station #1. Management had instructed the architect to modify previous plans by eliminating 5,500 square feet from the original building plans. The District had incurred cumulative expenditures (since fiscal year 2006) of approximately \$230,000 for architectural services, which was included in construction in progress at September 30, 2009. Cumulative architect fees had exceeded the contract amount (approximately \$200,000), whereby current services are paid based upon contracted hourly rates.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

Page 30 of 47

NOTE K - COMMITMENTS AND CONTINGENCIES, CONTINUED

At their June 8, 2009, meeting, the Board of Commissioners approved a motion to terminate the District's construction contract. If the District ultimately decides to move forward with plans to construct a new station #1, it plans to execute a revised construction contract. The construction management contract was extended until April 10, 2010, to provide the District guidance.

During the year ended September 30, 2010, the District resolved to suspend substantially all plans for construction of its new Station #1. Certain limited access improvements were approved in the amount of \$13,596. The District also resolved to cease operating its existing Station #1.

During the year ended September 30, 2014, the District decided to continue to maintain construction in progress for Station #1 and to monitor the District's need and ability to construct the Station.

NOTE L - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Insurance programs for general/professional liability, crime and fidelity, automobile and property are covered by commercial insurance. The District retains the risk of loss up to a deductible amount (ranging from \$500 to 5% of loss) with the risk of loss in excess of this amount transferred to the insurance carrier with limits of general liability of \$1,000,000 per occurrence and \$10,000,000 in the aggregate. The District is third party insured for employee health, dental and vision, as well as workers' compensation.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

The District provides insurance (health, dental, and life insurance) benefits to its retired employees through a defined benefit plan. All retired full-time employees are eligible for benefits if actively employed by the District immediately before retirement. As of September 30, 2014, there were twenty six (26) retirees receiving benefits, twenty-two (22) of which are on the District's health insurance plan. The remaining four (4) retirees are of Medicare age and are receiving a stipend from the District. The opportunity to obtain coverage is available to all retired District employees. The benefits require contribution from the retirees, depending on certain specified criteria and, in particular, length of creditable employment. The District pays 4% of the premium cost per month for each year of service towards the employees' cost of insurance premiums up to 100% of the premium cost upon completion of 25 years of service. The District finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time premiums are due.

The year ended September 30, 2010, was the District's transition year. As such, the District implemented GASB No. 45 on a prospective basis. As such, the District actuarially determined Net OPEB Obligation.

The retiree's premiums for these benefits totaled \$ 128,498 during the year ended September 30, 2014, of which the District paid \$109,852.

Funding Policy

The District's OPEB benefits are unfunded. The District has not determined if a separate trust fund or equivalent arrangement will be established into which the District would make contributions to advance-fund the obligation. Therefore, no separate financial statement is issued. All required disclosures are presented herein. The District obtained an actuarial valuation for its OPEB Plan to measure the current year's subsidies and project these subsidies into the future, making an allocation of that cost to different years. The following schedule of funding progress presents multiyear trend information about whether the actuarial value of plans asset is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(OPEB), CONTINUED**

Funding Policy, continued

Schedule of Funding Progress

(1)	Actuarial	Actuarial	Unfunded		Annual	UAAL as a
Actuarial	Value of	Actuarial	Actuarial	Funded	Covered	Percentage of
Valuation	Assets	Accrued	Accrued	Ratio	Payroll	Covered
Date	(AVA)	Liability (AAL)	(UAAL)	(a/b)	(c)	Payroll
	(a)	(b)	(b-a)			(b-a)/c
10/01/10	\$ -	\$ 6,528,000	\$ 6,528,000	0.0%	N/A	N/A
10/01/11	\$ -	\$ 7,057,000	\$ 7,057,000	0.0%	N/A	N/A
10/01/12	\$ -	\$ 7,604,000	\$ 7,604,000	0.0%	N/A	N/A
10/01/13	\$ -	\$ 8,020,000	\$ 8,020,000	0.0%	N/A	N/A

(1) - Initial actuarial valuation dated 10/1/09 (transition year)

N/A - not available as this is not a factor of the Plan

Schedule of Contributions from Employer

Year	Annual	Expected	Percentage of	Net OPEB
Ended	OPEB Cost	Cash	Annual OPEB	Obligation
		Payment	Cost	
09/30/10	\$ 518,000	\$ 43,000	8%	\$ 475,000
09/30/11	\$ 558,000	\$ 53,000	9%	\$ 980,000
09/30/12	\$ 601,000	\$ 64,000	11%	\$ 1,517,000
09/30/13	\$ 577,000	\$ 137,000	24%	\$ 1,957,000
09/30/14	\$ 611,000	\$ 153,000	25%	\$ 2,415,000

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost is the amount that was expensed in the current year. Since the District's plan is unfunded, the offset to that expense comes from subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the expected cash payment. The cumulative difference between the annual OPEB cost for the year and the expected cash payment is called the net OPEB obligation (NOO). The net OPEB obligation is reflected as a liability in the Statement of Net Assets. The following table shows the components of the District's annual OPEB cost for the year and the net OPEB obligation.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(OPEB), CONTINUED**

Annual OPEB Cost and Net OPEB Obligation, continued

<u>Fiscal year ended September 30, 2014</u>	<u>Amount</u>
Annual required contribution (ARC)	\$ 621,000
Less Net OPEB Obligation (NOO) amortization	(88,000)
Plus interest on NOO	<u>78,000</u>
Annual OPEB cost	611,000
Expected cash payment	<u>(153,000)</u>
Yearly change in OPEB obligation	458,000
Net OPEB obligation - beginning of year	<u>1,957,000</u>
Net OPEB obligation - end of year	<u><u>\$2,415,000</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funding status of a 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.

Actuarial Methods and Assumptions

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

In the actuarial valuation for the year ended September 30, 2014, the projected unit credit cost method with linear pro-ratio to assumed benefit commencement was used. The actuarial assumptions included a 4.0 percent discount rate. Since there are no invested plan assets held in trust to finance the Defined Benefit Plan - OPEB obligations, the discount rate is based on the long-term expectation of investment

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014**

Page 34 of 47

**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(OPEB), CONTINUED**

Actuarial Methods and Assumptions, continued

return on assets held in District funds which is assumed to be 8%. The assumptions also included an annual healthcare cost trend using 8% in 2012 trending downward to 4.2% in 2050. The unfunded actuarial accrued liability, as calculated, is being amortized over a closed period of 30 years (as of October 1, 2009) as a level percent of pay (26 years remaining at September 30, 2014). The assumed rate of payroll growth is 3.0 percent and the assumed rate of inflation is 2.5%. The actuarial cost method used was the projected unit credit method. The amortization method was the closed method.

NOTE N - SUBSEQUENT EVENTS

The District was awarded a FEMA grant in the amount of \$47,048 in May 2014. However, the District was not eligible to receive the grant funds until FY15. The funds will be used to bring Station 1 (Trail Dairy Rd.) up to code by installing fire sprinklers, fire alarms and hood suppression system. No expenses relating to this project were incurred during FY14.

NOTE O - DEFICIT UNRESTRICTED NET POSITION (NET ASSET)

During the year ended September 30, 2014, the District's unrestricted net position (net asset) balance became a deficit, due substantially to recording the current year actuarially determined OPEB liability of \$458,000. The total OPEB liability at September 30, 2014 was \$2,415,000. This is a non-cash actuarially determined liability related to future cost of allowing retirees to remain on the District health care policy and for paying a portion of retiree coverage. The District's fund balance remains approximately equal to six (6) months budgeted expenditures.

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

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
SUMMARY STATEMENT
Year Ended September 30, 2014**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		Favorable (Unfavorable)
REVENUES				
Ad valorem taxes	\$ 5,053,584	\$ 5,053,584	\$ 5,160,496	\$ 106,912
Intergovernmental revenue:				
Federal grants	-	-	-	-
City of Cape Coral	500	500	355	(145)
State grant proceeds	-	-	-	-
State supplemental education	13,680	13,680	16,280	2,600
Fees:				
Inspection fees	12,000	12,000	14,725	2,725
Miscellaneous:				
Interest	3,700	3,700	3,643	(57)
Other	35,300	35,300	29,597	(5,703)
Cash brought forward	<u>2,805,375</u>	<u>2,970,102</u>	<u>-</u>	<u>(2,970,102)</u>
TOTAL REVENUES	<u>7,924,139</u>	<u>8,088,866</u>	<u>5,225,096</u>	<u>(2,863,770)</u>
EXPENDITURES				
Current				
Public safety				
Personnel services	4,898,680	4,948,680	4,874,751	73,929
Operating expenditures	2,594,556	2,705,283	607,970	2,097,313
Capital outlay	<u>430,903</u>	<u>434,903</u>	<u>80,784</u>	<u>354,119</u>
TOTAL EXPENDITURES	<u>7,924,139</u>	<u>8,088,866</u>	<u>5,563,505</u>	<u>2,525,361</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>(338,409)</u>	<u>\$ (338,409)</u>
FUND BALANCE - Beginning			<u>2,970,102</u>	
FUND BALANCE - Ending			<u>\$ 2,631,693</u>	

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
DETAILED STATEMENT
Year Ended September 30, 2014**

REVENUES	General Fund			Variance Favorable/ (Unfavorable)
	Original Budget	Final Budget	Actual	
Ad valorem taxes:				
Current	\$ 5,033,584	\$ 5,033,584	\$ 5,105,114	\$ 71,530
Delinquent	20,000	20,000	21,057	1,057
Excess fees	-	-	34,325	34,325
Subtotal - Ad Valorem Taxes	<u>5,053,584</u>	<u>5,053,584</u>	<u>5,160,496</u>	<u>106,912</u>
Intergovernmental revenue:				
Federal grants	-	-	-	-
City of Cape Coral	500	500	355	(145)
State grant proceeds	-	-	-	-
State supplemental education	13,680	13,680	16,280	2,600
Fees:				
Inspection fees	12,000	12,000	14,725	2,725
Interest:				
Ad valorem interest	-	-	385	385
Bank interest	3,500	3,500	991	(2,509)
SBA interest	200	200	2,267	2,067
Subtotal - Interest	<u>3,700</u>	<u>3,700</u>	<u>3,643</u>	<u>(57)</u>
Other:				
Donations-CERT				
Donations	500	500	820	320
Lock boxes	5,000	5,000	3,555	(1,445)
Increase (Decrease) in fair value investment	-	-	-	-
Retiree health insurance	23,800	23,800	18,646	(5,154)
Miscellaneous	6,000	6,000	6,576	576
Subtotal - Other	<u>35,300</u>	<u>35,300</u>	<u>29,597</u>	<u>(5,703)</u>
Cash brought forward	<u>2,805,375</u>	<u>2,970,102</u>	<u>-</u>	<u>(2,970,102)</u>
TOTAL REVENUES	<u>7,924,139</u>	<u>8,088,866</u>	<u>5,225,096</u>	<u>(2,863,770)</u>

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2014**

	General Fund			Variance Favorable/ (Unfavorable)
	Original Budget	Final Budget	Actual	
EXPENDITURES				
Current - Public safety				
Personnel services:				
Salaries				
Firefighters & administrative	3,200,000	3,451,550	3,194,939	(256,611)
Voluntary separation pay	-	-	-	-
Overtime	250,000	250,000	236,976	(13,024)
Incentives and holiday pay	13,680	13,680	13,010	(670)
Payroll taxes				
Social Security	260,000	58,150	277,186	219,036
Unemployment	3,000	3,300	4,400	1,100
Benefits				
Retirement	610,000	610,000	589,321	(20,679)
Group insurance - health/life	442,000	442,000	440,664	(1,336)
Workers compensation	120,000	120,000	118,255	(1,745)
Subtotal - Personnel services	<u>4,898,680</u>	<u>4,948,680</u>	<u>4,874,751</u>	<u>(73,929)</u>
Operating expenditures:				
Uniforms	16,000	16,000	12,758	(3,242)
Communications	32,800	33,200	33,197	(3)
Commercial Pkg Insurance	45,000	45,000	42,703	(2,297)
Utilities	33,000	26,500	26,188	(312)
Maintenance				
Vehicle	60,000	62,300	61,952	(348)
Equipment	15,000	15,150	15,122	(28)
Office	8,000	8,000	7,425	(575)
Communications	8,000	8,000	6,871	(1,129)
Hydrant	1,000	1,000	103	(897)
Building	12,000	19,800	19,722	(78)
Bunker gear	2,000	2,000	1,264	(736)
Supplies				
Office	7,000	5,550	3,954	(1,596)
Inter-departmental	4,000	4,000	1,797	(2,203)
Communications	6,000	6,000	607	(5,393)
Firefighter & rescue	44,000	44,000	28,024	(15,976)
Station	18,000	24,300	23,026	(1,274)
Training	1,000	1,000	-	1,000
Fire prevention	-	-	-	-

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2014**

	General Fund			Variance Favorable/ (Unfavorable)
	Original Budget	Final Budget	Actual	
Operating expenditures (continued):				
CERT	-	-	-	-
Public education	1,000	1,000	891	109
Professional and other fees	-	-	-	-
Legal	5,000	15,000	3,518	11,482
Legal advertising	2,000	7,100	7,065	35
Property appraiser fees	48,029	48,029	45,079	2,950
Tax collector fees	112,000	112,550	103,967	8,583
Election fees	-	-	-	-
Accounting and audit	35,000	35,000	32,565	2,435
Miscellaneous				
Education and travel	12,000	13,500	13,143	357
Postage	2,000	2,000	996	1,004
Gas and oil	60,000	62,700	62,631	69
Employment expenses	13,000	16,600	16,556	44
Computer software/training	10,000	10,000	7,153	2,847
Lock boxes	5,000	5,000	2,950	2,050
Donations	-	-	-	-
Miscellaneous	10,000	27,050	22,920	4,130
Books and dues	5,000	5,000	3,823	1,177
Operational reserves				
Contingency	35,000	35,000	-	35,000
Operating reserve	1,226,727	1,287,954	-	1,287,954
Projected 2014 Loss	540,000	540,000	-	540,000
Disaster preparedness reserve	40,000	40,000	-	40,000
Post retirement medical reserve	120,000	120,000	-	120,000
Subtotal - Operating expenditures	<u>2,594,556</u>	<u>2,705,283</u>	<u>607,970</u>	<u>2,025,139</u>
Capital outlay:				
Vehicles				
Firefighter & rescue equipment	4,000	3,750	17,020	(13,270)
Bunker gear	10,000	10,250	10,200	50
Training equipment	-	-	-	-
Communications equipment	-	-	-	-
Furniture & office	8,000	12,000	-	12,000
Station equipment	-	-	-	-

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2014**

	General Fund			Variance Favorable/ (Unfavorable)
	Original Budget	Final Budget	Actual	
Capital outlay (continued):				
Rescue equipment	-	-	-	-
Bunker gear	-	-	-	-
Station #2 improvements	60,000	60,000	53,564	6,436
Station #3 improvements	-	-	-	-
Station #4 improvements	-	-	-	-
Capital Reserves	-	-	-	-
Building reserve	25,000	25,000	-	25,000
Vehicle reserve	288,903	288,903	-	288,903
Capital equipment reserve	35,000	35,000	-	35,000
Subtotal - Capital outlay	<u>430,903</u>	<u>434,903</u>	<u>80,784</u>	<u>354,119</u>
TOTAL EXPENDITURES	<u>7,924,139</u>	<u>8,088,866</u>	<u>5,563,505</u>	<u>2,305,329</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	(338,409)	<u>\$ (338,409)</u>
FUND BALANCE, October 1, 2013			<u>2,970,102</u>	
FUND BALANCE, September 30, 2014			<u>\$ 2,631,693</u>	

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND
Year Ended September 30, 2014**

	Impact Fee Fund			
	Original	Final	Actual	Variance
	Budget	Budget		Favorable (Unfavorable)
REVENUES				
Fees:				
Impact fees	\$ 15,000	\$ 15,000	\$ 27,034	\$ 12,034
Miscellaneous:				
Interest	150	150	-	(150)
Cash brought forward	140,202	140,202	-	(140,202)
TOTAL REVENUES	<u>155,352</u>	<u>155,352</u>	<u>27,034</u>	<u>(128,318)</u>
EXPENDITURES				
Current				
Public safety				
Operating				
Refunds	-	-	-	-
Miscellaneous	155,352	128,318	-	128,318
Capital outlay				
Contingency	-	-	-	-
Vehicles	-	-	-	-
Equipment - firefighter/rescue	-	7,034	7,034	-
Equipment - bunker gear	-	20,000	20,000	-
Buildings - Station #1	-	-	-	-
TOTAL EXPENDITURES	<u>155,352</u>	<u>155,352</u>	<u>27,034</u>	<u>128,318</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE - Beginning			<u>-</u>	
FUND BALANCE - Ending			<u>\$ -</u>	

The accompanying notes are an integral part of this statement.

ADDITIONAL REPORTS



TUSCAN
 & Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
 OVER FINANCIAL REPORTING AND ON COMPLIANCE
 AND OTHER MATTERS BASED ON AN AUDIT OF BASIC
 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
 WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
 North Fort Myers Fire Control and Rescue Service District
 P.O. Box 3507
 North Fort Myers, Florida 33918

We have audited, 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 of America, the basic financial statements of the governmental activities and each major fund of North Fort Myers Fire Control and Rescue Service District (the "District") as of and for the 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 and have issued our report thereon dated March 3, 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 basic financial statements will not be prevented or detected and

INTEGRITY SERVICE EXPERIENCE

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, as defined previously. However, material weaknesses may exist that have not been identified.

We did, however, note certain other matters, comment 2013-1 and 2014-1 in our report to management dated March 3, 2015.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Fort Myers Fire Control and Rescue Service District's financial statements are free of 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 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 internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



TUSCAN & COMPANY, P.A.

Fort Myers, Florida

March 3, 2015



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Private Companies Practice Section

Tax Division

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

Board of Commissioners
North Fort Myers Fire Control and Rescue Service District
P.O. Box 3507
North Fort Myers, Florida 33918

We have examined North Fort Myers Fire Control and Rescue Service District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2014. Management is responsible for North Fort Myers Fire Control and Rescue Service District's compliance with those requirements. Our responsibility is to express an opinion on North Fort Myers Fire Control and Rescue Service 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 North Fort Myers Fire Control and Rescue Service District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on North Fort Myers Fire Control and Rescue Service District's compliance with specified requirements.

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

This report is intended solely for the information and use of the North Fort Myers Fire Control and Rescue Service District and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
March 3, 2015

INTEGRITY SERVICE EXPERIENCE



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Page 44 of 47

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Commissioners
North Fort Myers Fire Control and Rescue Service District
P.O. Box 3507
North Fort Myers, Florida 33918

We have audited the accompanying basic financial statements of North Fort Myers Fire Control and Rescue Service District (the "District") as of and for the year ended September 30, 2014 and have issued our report thereon dated March 3, 2015.

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 of America and Chapter 10.550, Rules of the Florida Auditor General. 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 Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which are dated March 3, 2015, should be considered in conjunction with this report to management.

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

- 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 financially significant prior year comments.
- 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. One such recommendation was noted to improve financial management.

INTEGRITY SERVICE EXPERIENCE

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- 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 an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)4., Rule 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 the management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. The District did not meet any of the conditions described in Section 218.503(1). Florida Statutes.
- Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 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.
- Pursuant to Sections 10.554(1)(i)5.c. and 10.556(7), Rules of the Auditor General, we have 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. In connection with our audit, we determined that the District did meet one or more of the criteria of a deteriorating financial condition described in Section Auditor General Rule 10.554(1)(i)(6).c. See comment 2013-1.
- Pursuant to Section 10.554(1)(i)5.d., Rules of the Auditor General, requires a statement indicating a failure, if any, of a component unit Special District to provide financial information necessary to a proper reporting of the component unit within the audited financial statements of this entity (F.S. Section 218.39(3)(b)). There are no known component special districts required to report within these financial statements.

- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the entity's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated March 3, 2015, included herein.

PRIOR YEAR COMMENTS:

2013-1 Certain Indications of a Deteriorating Financial Condition Noted, As Amended

We applied financial condition assessment procedures as required by Auditor General Rule 10.554(1)(i)6.c. We used the financial condition assessment tools provided on the Auditor General's website. The results of the procedures showed the following eight (8) unfavorable indicators:

- unassigned and assigned fund balance/total expenditures
- change in net assets/beginning net assets
- unassigned and assigned fund balance + unrestricted net assets
- ratio of cash and investments/current liabilities
- ratio of cash and investments/the average of one month's expenditures
- ratio of accumulated depreciation/capital assets
- ratio of the excess of revenues over(under) expenditures/total revenues
- current liabilities/total revenues

The aforementioned balances and ratios are trending in an unfavorable direction and are unfavorable when compared to the respective balances and ratios of other districts of a similar function and size. In addition, the District has experienced net losses (expenditures in excess of revenues) in the last six years.

It should be noted, the District had budgeted and worked to build the District's fund balance prior to the economic downturn in an effort to ready the District for such an event. Since the downturn the Board and management have vigilantly monitored the budget and reduced expenses. As a result many cost cutting measures were implemented such as employee buyouts, staff reductions, closing of a station and suspending construction. The Board and management are analyzing further cost reduction efforts. A five year plan was approved that included several cost reduction effort. The Board and management of the District are confident it will remain in stable financial condition.

The budgeted use of unassigned fund balance, along with the related reduction in cash balances, contributes to the unfavorable ratings for each of the above indicators. As a

result, although planned and budgeted, the District experienced indications of a deteriorating financial condition.

We recommend the District continue to monitor its expenditures closely in the future and investigate additional revenue sources to help mitigate further financial hardships and promote further operational efficiency.

Current year addendum:

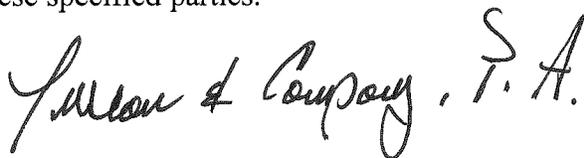
The prior year comment has been amended to reflect the year ended September 30, 2014 results of the financial condition assessment. Specifically, the District budgeted for use of reserves for FY14 and did use reserves. The District has implemented cost cutting measures, including salary reductions through attrition to work towards eliminating the use of reserves to fund operations. Tax revenues have also begun to increase with the improving real estate market. At September 30, 2014, the District fund balance is equal to approximately six (6) months budgeted expenditures.

CURRENT YEAR COMMENTS:

2014-1 Board Should Re-evaluate the OPEB Benefit

Currently, the District pays 4% of premium cost per month for each year of service up to 100% of the premium cost for District retirees until attainment of medicare age. The District paid approximately \$119,000 in FY 14 for retiree coverage. The District's actuary has determined the District's future liability for this benefit is \$2,415,000 at September 30, 2014. GASB Statement No. 45 requires the District to record this liability which has caused the District's unrestricted net position (net assets) to become a deficit. We recommend the Board re-evaluate this benefit in light of the District's current financial position.

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



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
March 3, 2015

EXHIBIT

Board of
Commissioners

Leroy Nottingham
Chairman

Danny Ballard
Vice-Chairman

Robert Hoke
Sec - Treasurer

Tom Mere

Mike Gatewood



P.O. Box 3507 * 2900 Trail Dairy Circle
N. Ft. Myers, FL 33918-3507
(239) 997-8654 (239) 995-3757 fax

Administration

David Rice
Fire Chief

John Meredith
Asst. Fire Chief

Rick Jones
Fire Marshal

Monique Brooks
Office Manager

April 17, 2015

Managements Response to Comment #: 2013-1

The current status of the Previous Fiscal Year 2013 comments to Management
(Deteriorating Financial Condition):

We are continuing to make changes within the District to reduce expenses as well as look at ways to increase revenues. This year we eliminated 2 career administrative positions including a secretarial position and the Training Officer position. We are also experiencing positive financial effects due to attrition. We have had several personnel (some of which had top paying salaries) retire over the last year, which has allowed for a reduction in overall salaries. Additionally, we have several senior personnel who are required to retire over the next 2 years, and because of this we expect to see a reduction in expenses. We also hope to see an increase in our tax revenue, with the improving real estate market.

Managements Response to Comment#: 2014-1

In October 2014, the District revised the current Retiree Insurance Policy. The revision included placing a cap on the amount the District contributes to the health insurance premium of the retirees. The maximum amount that the District will contribute is \$443.00. Anything over that amount, the retiree is responsible for paying, directly to the District. Also, the retiree policy is no longer available for new hires after October 1, 2014. The policy also placed a limit of \$225.00 on the stipend that is paid to retirees who have reached Medicare age, and are no longer on our health insurance plan. We plan to have these changes implemented in the next actuarial report which will hopefully reflect a reduction in our OPEB liability.

Sincerely,

David Rice
Fire Chief