

**FORT MYERS BEACH FIRE
CONTROL DISTRICT
BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR
YEAR ENDED
SEPTEMBER 30, 2013**

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Private Companies Practice Section

Tax Division

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Fort Myers Beach Fire Control District
100 Voorhis Street
Fort Myers Beach, FL 33931

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Myers Beach Fire Control District (the "District") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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

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the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fort Myers Beach Fire Control District as of September 30, 2013, 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.

Emphasis of Matter

As discussed in Note A to the basic financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, effective July 1, 2012. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 Fort Myers Beach Fire Control District's basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is

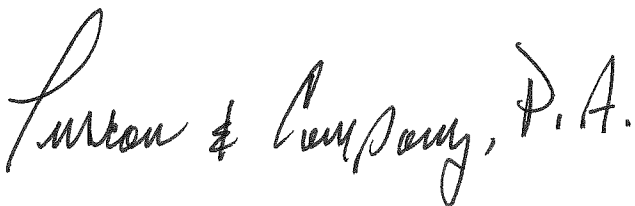
presented for purposes of additional analysis and is not a required part of the basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting 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 Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, 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 Fort Myers Beach Fire Control District's internal control over financial reporting and compliance.



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
February 28, 2014

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

Fort Myers Beach Fire Control District Management's Discussion and Analysis (unaudited)

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

Financial Highlights

- At the close of fiscal year 2013, the District's assets exceeded its liabilities, resulting in a net position of \$12,371,733.
- The District's total net position decreased \$85,085, or 0.7%.
- The District assigned/committed fund balance was 89.1% or \$5,417,719 of the District's total fund balance of \$6,083,130 at year end. Additional information relating to fund balance can be found in Note J on pages 42 and 43.
- Total revenues decreased \$447,082, or 5.3%, in comparison to the prior year.
- Total expenses decreased \$347,961 or 4.1%, in comparison to the prior year.

Government-wide Financial Statements

Government-wide financial statements (Statement of Net Position and Statement of Activities found on pages 4 and 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 (property, plant 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).

Governmental Fund Financial Statements

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

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

Fiduciary Funds

The Fiduciary fund (pages 10 and 11) is used to account for resources held in the Retiree Insurance Trust (VEBA) for the benefit of retired District employees. The fiduciary fund is not reflected in the government-wide financial statements because the resources of the VEBA fund are not available to support the District's programs.

Notes to the Financial Statements

The *notes* to the financial statements explain in detail the data contained in the preceding statements and begin on page 12. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

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

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

Fort Myers Beach Fire Control District
Summary of Net Position
September 30, 2013 and 2012

Assets:	2013	2012
Current and other assets	\$ 6,409,437	\$ 6,255,532
Capital assets, net	<u>8,388,202</u>	<u>8,427,983</u>
Total Assets	<u>\$ 14,797,639</u>	<u>\$ 14,683,515</u>
Liabilities:		
Current liabilities	\$ 441,245	\$ 362,467
Non-current Liabilities	<u>1,984,661</u>	<u>1,864,230</u>
Total liabilities	<u>2,425,906</u>	<u>2,226,697</u>
Net position:		
Invested in capital assets, net of related debt	7,170,408	7,123,825
Restricted	-	92,557
Unrestricted	<u>5,201,325</u>	<u>5,240,436</u>
Total net position	<u>12,371,733</u>	<u>12,456,818</u>
Total liabilities and net position	<u>\$ 14,797,639</u>	<u>\$ 14,683,515</u>

Current and other assets represent 43.3% of the total assets for fiscal year 2013. Current assets were comprised of unrestricted cash and cash equivalents of \$2,010,016, restricted cash and cash equivalents of \$910, investments of \$4,030,216, due from other governments of \$53,853, net receivables from ambulance transports of \$133,065, and prepaid expenses of \$181,377.

Investment in capital assets, net of related debt represents 58.0% of net position for fiscal year 2013. Capital assets are comprised of land, buildings, equipment, and vehicles, net of accumulated depreciation, and related debt used to acquire the assets. The unrestricted net position of \$5,201,325 represents available resources to be used at the District's discretion. Restricted net position of \$92,557 in fiscal year 2012 is

comprised of cash and cash equivalents as required by a prior debt agreement. This requirement does not exist in the refinanced debt agreement executed in fiscal year 2013. The District has assigned \$4,959,719 of the General Fund fund balance for purposes such as disaster, equipment replacement and building improvements. On a Governmental fund-basis the District had a total General Fund fund balance of \$6,083,130.

Current liabilities for fiscal year 2013 are comprised of accounts payable and accrued expenses of \$326,307 and the current portion of long-term liabilities of 114,938. Non-current liabilities are comprised of notes payable of \$1,102,856, a Net OPEB obligation of \$606,000 and compensated absences of \$275,805. Total liabilities increased \$199,209, or 8.9%, in comparison to the prior year. Additional information relating to long-term liabilities can be found in note F on pages 31-32.

The following schedule reports the revenues, expenses, and changes in net position for the District for fiscal years 2013 and 2012:

Fort Myers Beach Fire Control District
Summary of Revenues, Expenses and Changes in Net Position
Years ended September 30, 2013 and 2012

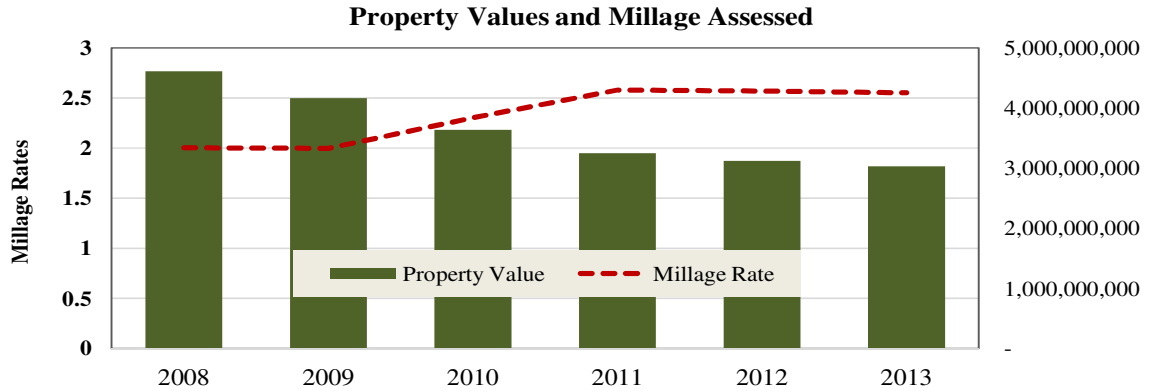
Revenues:	2013	2012
General Revenues		
Property taxes	\$ 7,489,418	\$ 7,730,604
Miscellaneous		
Impact fees	7,274	17,447
Interest	13,623	45,686
Gain (Loss) on disposition of capital assets	(40,800)	(3,919)
Other	44,593	64,955
Program Revenues		
Charges for services		
Ambulance	478,501	580,293
Inspection fees	11,013	16,220
Grants and contributions	18,622	18,040
Total Revenues	8,022,244	8,469,326
Expenses:		
Public Safety - Fire and Rescue Services	8,107,329	8,455,290
Increase (decrease) in net position	(85,085)	14,036
Net Position - Beginning of the year	12,456,818	12,442,782
Net Position - End of the year	\$ 12,371,733	\$ 12,456,818

In comparison to the prior year:

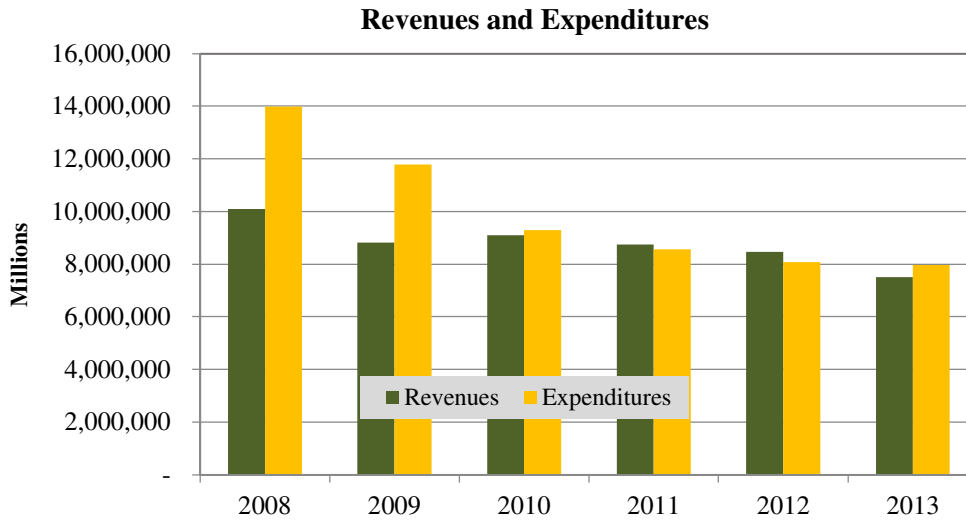
- Total revenues decreased \$447,082 or 5.3%.
- Total expenses decreased \$347,961 or 4.1%.
- Assessed property values decreased \$86,764,022 or 2.8%.
- Ad Valorem tax revenues decreased \$241,186 or 3.1%.
- Impact fee revenues decreased \$10,173 or 58.3%.

The millage rate decreased 0.8% from 2.57 mills per thousand in 2012 to 2.55 mills per thousand in 2013. Property taxes represent 93.4% of total revenues.

The following chart compares the change in property value and millage rates for the past six years:



The following chart compares revenues and expenditures for the past six years:



Budgetary Highlights

The following is a brief review of noteworthy budgeting changes from the original budget to the final budget for the General Fund (see supplementary information on pages 45-48). The final budget increased \$84,451, or 0.6% from the original budget. The increase to fund balance is a result of final accounting for the prior fiscal year and applied to designated reserves. The District used \$108,281 of designated reserves for equipment replacement to augment the purchase of cardiac monitors and portable radios.

Budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 45-48.

Capital Assets

Non-depreciable capital assets include land; depreciable assets include buildings, vehicles, equipment, furniture and fixtures.

The following is a schedule of the District's capital assets as of September 30, 2013 and 2012:

Fort Myers Beach Fire Control District
Capital Assets
September 30, 2013 and 2012

CAPITAL ASSETS	<u>2013</u>	<u>2012</u>
Land	\$ 1,429,970	\$ 1,429,970
Total Capital Assets not depreciated	<u>1,429,970</u>	<u>1,429,970</u>
Buildings	6,372,065	6,368,215
Vehicles	2,404,114	2,401,439
Equipment	<u>1,360,406</u>	<u>1,304,708</u>
Total Capital Assets being depreciated	<u>10,136,585</u>	<u>10,074,362</u>
ACCUMULATED DEPRECIATION		
Buildings	(1,185,195)	(1,036,320)
Vehicles	(1,284,320)	(1,138,351)
Equipment	<u>(708,838)</u>	<u>(901,678)</u>
Total accumulated depreciation	<u>(3,178,353)</u>	<u>(3,076,349)</u>
CAPITAL ASSETS, NET	<u>\$ 8,388,202</u>	<u>\$ 8,427,983</u>

Major capital asset events during the current fiscal year included the following:

- Purchase of cardiac monitors and charging units at a cost of \$235,962.
- Purchase of portable radios at a cost of \$88,650.
- Purchase of Toughbook computers at a cost of \$30,214.
- Purchase of desktop computers at a cost of \$16,366.
- Remove outdated portable radios at an original cost of \$92,407.
- Remove outdated cardiac monitors and charging systems at an original cost of \$189,763.
- Remove outdated software and computers at an original cost of \$44,119.

Additional information on the District's capital assets can be found in Note E on page 30.

Debt Administration

The District had a total of \$2,099,599 of outstanding debt and is comprised of a note payable of \$1,217,794, compensated absences of \$275,805, and a net OPEB (other post employment benefit) obligation of \$606,000 for retiree health insurance. The following is a schedule of the District's outstanding debt at September 30, 2013 and 2012:

	2013	2012
Current portion of long-term liabilities	\$ 114,938	\$ 99,388
Non-current liabilities	1,378,661	1,477,230
Net OPEB obligation	606,000	387,000
Total outstanding debt	<u>\$ 2,099,599</u>	<u>\$ 1,963,618</u>

Compensated absences increased by \$3,345 or 1.2% in comparison to the prior year. This liability represents the total amount the District has due at the termination of all employees' employment as of September 30, 2013. Note payable of \$1,217,794 decreased in comparison to the prior year as a result of \$86,364 in principal payments.

Additional information on the District's debt obligations can be found in Note F on pages 31-32.

Economic Factors and Next Year's Budget

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

- Economic indicators such as the rise in home sales, increase in new construction permits and reduction in unemployment rates suggest the local economy is beginning to rebound.
- The commercial property values continue to fall, however this has minimal impact to the District; commercial property represents less than 10% of the District's total taxable property value.
- Overall property values within the District increased \$50,618,228 or 1.7% to \$3,081,006,895.
- The District adopted the rolled-back millage rate of 2.5137.
- The economic stabilization fund (the committed portion of fund balance) totaling \$458,000 at the end of fiscal 2013 is used to augment the operating budget.
- Ambulance fee revenue increased to compensate for the new user fees schedule effective August 1, 2013.
- Modest wage increases budgeted to accommodate rank advancements and educational incentives.
- Personnel benefits increased in expectation of rising costs in health care and retirement contributions.

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: Fort Myers Beach Fire Control District, Jane M. Thompson, Finance Director, 100 Voorhis Street, Fort Myers, Florida, 33931, phone (239) 590-4200.

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF NET POSITION
September 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,010,016
Cash and cash equivalents - restricted	910
Investments	4,030,216
Due from other governments	53,853
Receivables, net	133,065
Prepaid expenses	<u>181,377</u>
Total current assets	<u>6,409,437</u>
Noncurrent assets:	
Capital assets:	
Land	1,429,970
Depreciable buildings, vehicles, and equipment (net of \$3,178,353 accumulated depreciation)	<u>6,958,232</u>
Total noncurrent assets	<u>8,388,202</u>
TOTAL ASSETS	<u><u>14,797,639</u></u>
 LIABILITIES	
Current liabilities:	
Accounts payable	69,183
Accrued expenses	257,124
Current portion of long-term obligations	<u>114,938</u>
Total current liabilities	441,245
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>1,984,661</u>
TOTAL LIABILITIES	<u><u>2,425,906</u></u>
 NET POSITION	
Net investment in capital assets	7,170,408
Restricted for debt service	-
Unrestricted	<u>5,201,325</u>
TOTAL NET POSITION	<u><u>\$ 12,371,733</u></u>

The accompanying notes are an integral part of this statement.

**FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2013**

	<u>Governmental Activities</u>
EXPENSES	
Governmental activities	
Public safety - fire protection	
Personnel services	\$ 6,221,523
Operating expenses	1,429,357
Interest and fiscal charges	59,477
Depreciation	396,972
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	<u>8,107,329</u>
 PROGRAM REVENUES	
Charges for services	
Ambulance	478,501
Inspection fees	11,013
Operating grants and contributions	18,622
Capital grants and contributions	-
TOTAL PROGRAM REVENUES	<u>508,136</u>
NET PROGRAM EXPENSES	<u>7,599,193</u>
 GENERAL REVENUES	
Ad Valorem taxes	7,489,418
Impact fees	7,274
Interest	13,623
Loss on disposition of capital assets	(40,800)
Other	44,593
TOTAL GENERAL REVENUES	<u>7,514,108</u>
DECREASE IN NET POSITION	(85,085)
 NET POSITION - Beginning of the year	 <u>12,456,818</u>
NET POSITION - End of the year	\$ <u>12,371,733</u>

The accompanying notes are an integral part of this statement.

**FORT MYERS BEACH FIRE CONTROL DISTRICT
 BALANCE SHEET - GOVERNMENTAL FUNDS
 September 30, 2013**

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 2,010,016	\$ 2,010,016
Cash and cash equivalents - restricted	910	910
Investments	4,030,216	4,030,216
Due from other governments	53,853	53,853
Receivables, net	133,065	133,065
Prepays	<u>181,377</u>	<u>181,377</u>
TOTAL ASSETS	<u>\$ 6,409,437</u>	<u>\$ 6,409,437</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 69,183	\$ 69,183
Accrued expenses	<u>257,124</u>	<u>257,124</u>
TOTAL LIABILITIES	<u>326,307</u>	<u>326,307</u>
 FUND BALANCE		
Nonspendable	239,203	239,203
Restricted	-	-
Committed	458,000	458,000
Assigned	4,959,719	4,959,719
Unassigned	<u>426,208</u>	<u>426,208</u>
TOTAL FUND BALANCE	<u>6,083,130</u>	<u>6,083,130</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,409,437</u>	<u>\$ 6,409,437</u>

The accompanying notes are an integral part of this statement.

**FORT MYERS BEACH FIRE CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2013**

	<u>Amount</u>
Total fund balance for governmental funds	\$ 6,083,130
<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>	
<p>Capital assets not being depreciated:</p>	
Land	<u>1,429,970</u>
	1,429,970
<p>Capital assets being depreciated:</p>	
Building, vehicles, and equipment	10,136,585
Less: accumulated depreciation	<u>(3,178,353)</u>
	6,958,232
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>	
Note Payable- Series 2007	-
Note payable-Series 2013	(1,217,794)
Compensated absences	(275,805)
Net OPEB obligation	<u>(606,000)</u>
	<u>(2,099,599)</u>
Total net position of governmental activities	<u>\$ 12,371,733</u>

The accompanying notes are an integral part of this statement.

**FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended September 30, 2013**

	General Fund	Total Governmental Funds
	<u> </u>	<u> </u>
REVENUES		
Ad valorem taxes	\$ 7,489,418	\$ 7,489,418
Intergovernmental revenue		
F/F supplemental income	18,622	18,622
Charges for services - ambulance	478,501	478,501
Impact Fees	7,274	7,274
Inspection fees	11,013	11,013
Interest income	13,623	13,623
Other income		
Donations	175	175
Miscellaneous	44,418	44,418
	<u>8,063,044</u>	<u>8,063,044</u>
TOTAL REVENUES		
EXPENDITURES		
Current		
Public safety		
Personnel services	5,999,178	5,999,178
Operating expenditures	1,429,357	1,429,357
Capital outlay	397,991	397,991
Debt service		
Principal reduction	1,341,364	1,341,364
Interest and fiscal charges	59,477	59,477
	<u>9,227,367</u>	<u>9,227,367</u>
TOTAL EXPENDITURES		
EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	<u>(1,164,323)</u>	<u>(1,164,323)</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from issuance of debt	<u>1,255,000</u>	<u>1,255,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,255,000</u>	<u>1,255,000</u>
NET CHANGE IN FUND BALANCE	90,677	90,677
 FUND BALANCE - Beginning of the year	 <u>5,992,453</u>	 <u>5,992,453</u>
FUND BALANCE - End of the year	<u>\$ 6,083,130</u>	<u>\$ 6,083,130</u>

The accompanying notes are an integral part of this statement.

**FORT MYERS BEACH FIRE CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES**

Year Ended September 30, 2013

	Amount
Net change (excess revenues and other financing sources over (under) expenditures and other financing uses) in fund balance - total governmental funds.	\$ 90,677

The decrease in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, the loss on the disposition of capital assets is recorded on the Statement of Activities but not in the governmental funds.

Less: proceeds from issuance of debt-Series 2013	(1,255,000)	
Plus: expenditures for capital assets	397,991	
Less: current year depreciation	(396,972)	
Less: loss on disposition of capital assets	(40,800)	
Less: proceeds from disposition of capital assets	-	
		(1,294,781)

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

Repayments (principal retirement):		
Note Payable-Series 2007	1,255,000	
Note payable- Series 2013	86,364	
		1,341,364

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Net increase in compensated absences	(3,345)
Net increase in OPEB obligations	(219,000)

Decrease in net position of governmental activities	\$ (85,085)
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The accompanying notes are an integral part of this statement.

**FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF FIDUCIARY NET
POSITION - FIDUCIARY FUND
September 30, 2013**

	Retiree Insurance <u>Trust Fund (VEBA)</u>
ASSETS	
Cash and cash equivalents	\$ 56,032
Investments, at fair value:	
Domestic common stock & options	439,245
International stocks	159,354
Corporate bonds	146,187
Government & GSE bonds	139,508
Accrued interest	2,052
Other assets	<u>-</u>
TOTAL ASSETS	<u>942,378</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued expenses	<u>-</u>
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Held in trust for health insurance benefits and other purposes	<u>942,378</u>
TOTAL NET POSITION	<u>\$ 942,378</u>

The accompanying notes are an integral part of this statement.

**FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - FIDUCIARY FUND
Year Ended September 30, 2013**

	Retiree Insurance Trust Fund (VEBA)
ADDITIONS	
Contributions:	
Employer	\$ -
Employees	-
Total contributions	-
Investment income:	
Net appreciation in fair value of investments	64,826
Net realized gain	28,752
Interest	9,586
Dividends	12,968
	116,132
Less: investment expenses	(9,157)
Net investment income	106,975
TOTAL ADDITIONS	106,975
DEDUCTIONS	
Administrative expenses	11,420
TOTAL DEDUCTIONS	11,420
NET INCREASE IN NET POSITION	95,555
NET POSITION - BEGINNING	846,823
NET POSITION - ENDING	<u>\$ 942,378</u>

The accompanying notes are an integral part of this statement.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Fort Myers Beach Fire Control District (the "District") is an independent special district established in May 1951, by Laws of Florida, Chapter 51-27676, as amended, under the provisions of Florida Statute Chapter 633. Laws of Florida, Chapter 2000-422 codified, reenacted, amended and repealed its prior enabling acts and was effective June 5, 2000. The District's codified act was amended by Laws of Florida, Chapter 2008-275 which was approved by the Governor on June 17, 2008. This law approved a change in District boundaries by removing certain lands from within the District. The District has the general and special powers prescribed by Florida Statutes Chapters 189, 191 and 633.15 as well as Laws of Florida, Chapter 97-340. The District was created for the purpose of providing fire control and protection services for a certain designated area along coastal Lee County. The District also provides emergency medical and crash and rescue services including transport (ambulance) services. The District's service area includes the Town of Fort Myers Beach and certain adjacent areas of unincorporated Lee County. The District is governed by an elected five (5) member Board of Commissioners serving staggered four (4) year terms. The District operates three (3) stations plus its administrative offices.

During the year ended September 30, 2008, per the requirement of Government Accounting Standards Board Statement Number 45, "Accounting and Financial Reporting by Employers for Post-Retirement Benefits Other Than Pensions" (GASB 45), the District established a fiduciary fund to record the net assets available for retiree insurance benefits - VEBA.

Summary of Significant Accounting Policies

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

Reporting Entity

The District adheres to Governmental Accounting Standards Board Statement Number 14, "Financial Reporting Entity" (GASB 14), as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units" (GASB 39) and GASB Statement Number 61, "The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34".

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

Reporting Entity, continued

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 14, as amended, there are no component units required to be included. Therefore, no component units are 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 Number 33, "Accounting and Financial Reporting for Nonexchange Transactions" (GASB 33).

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.

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

Government-wide Financial Statements, continued

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 and ambulance fees, as well as operating and capital grants.

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 and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in aggregate for governmental funds. The fiduciary statements include information for the Fort Myers Beach Retiree Insurance Trust Fund (VEBA). The fiduciary fund represents assets held by the District in a custodial capacity for the benefit of other individuals. This fund is properly not reflected as part of the government-wide financial statements as the net assets of this fund are not available to support the District's operations.

**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" (GASB 34). 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.

Fiduciary Fund

The insurance trust fund (VEBA) accounts for the activities of the Retiree Insurance Trust, which accumulates resources for the payment of post employment benefits other than pension for qualified retirees. This fund is not reported in the government-wide financial statements, as the assets in this fund are held in trust for retirees and are not available for the operations of the District.

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.

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

Measurement Focus and Basis of Accounting, continued

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.

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, ambulance fees, 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 and ambulance fees 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 the long-term debt, if any, which is recognized when due; and (2) expenditures, which 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.

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

Measurement Focus and Basis of Accounting, continued

The Fiduciary Fund - Retiree Insurance Trust Fund (VEBA) financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

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

Change in Accounting Principles

Effective July 1, 2012, the District adopted the provisions of Governmental Accounting Standards Board Statement 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" (Statement No. 63). The implementation required the District to present a Statement of Net Position, replacing previously presented Statement of Net Assets, in the District's financial statements.

Non-current Government Assets/Liabilities

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

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, including any impact fees collected.

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

Major Funds, continued

During the year ended September 30, 2013, the District resolved to eliminate the Impact fee Fund due to the small amount of impact fees collected annually. Impact fees imposed and collected by Lee County and the Town of Fort Myers Beach is based on new construction within the District. The fees are restricted and can only be used for certain capital expenditures and/or related debt associated with growth within the District. Any amounts collected are applied to debt service and a previously approved use.

Fiduciary Fund

Fiduciary funds are excluded in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The only type of fiduciary fund the District maintains is a Retiree Insurance Trust Fund (VEBA), which accounts for the assets held by the plan that are payable to qualified retirees for post employment benefits other than retirement plan benefits.

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 Statement Number 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (GASB 31), in which all investments are reported at fair value. Specifically, the District (not including the VEBA Fund) has adopted a policy to adhere to Chapter 218.415(17), Florida Statutes.

Investments held by the District's fiduciary fund (VEBA) may include marketable securities, bonds, time deposits, mutual funds, money market funds and depository accounts. On November 28, 2008, the (VEBA) fund adopted a separate investment policy from that of the District.

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

Capital Assets

Capital assets, which include land, construction in progress, buildings, vehicles and equipment, 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 year.

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

Maintenance, repairs and minor renovations are not capitalized. The acquisition of land and construction projects utilizing resources received from Federal and State agencies is 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	20-40
Vehicles	5-20
Equipment	3-20

**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.

No budget was legally required or adopted for the District's Fiduciary Fund - VEBA.

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

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

During the year ended September 30, 2013, the Board, in accordance with Florida Statutes, approved several budget amendments in the General Fund which increased budgeted revenues and expenditures by \$84,451 in total.

Impact Fees/Unearned Revenue

Through an interlocal agreement, 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 both Lee County and the Town of Fort Myers Beach and is 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, in the general fund, until the date of expenditure, at which time it is recognized as revenue and charged to growth related debt service in the fund financial statements and debt reduction in the government-wide financial statements.

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

Due To/From Other Funds

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

Due From Other Governments

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

Compensated Absences

The District's employees accumulate annual leave based on the number of years of continuous service. Upon termination of employment, employees can receive payment of accumulated annual leave if certain criteria are met. The cost of personal leave benefits (compensated absences) are expended in the respective operating funds when payments are made to employees. However, the liability for all accrued personal 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.

Management Estimates

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

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

Fund Balances

The governmental fund financial statements the District maintains include nonspendable, restricted, committed, 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 and SBA Fund "B".

The District's restricted fund balance consists of amounts that can be spent only on specific purposes stipulated by constitutional provisions or enabling legislation or externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed fund balance consists of amounts that can only be used for specific purposes pursuant to resolution of the District Board. Committed fund balance may be redirected by the District Board to other purposes as long as the original constraint is removed by a similar resolution. The resolution giving rise to the committed fund balance must be imposed by the end of the fiscal year.

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 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). At September 30, 2013, fund balance is also assigned for a variety of specific items by District Board action. Any use of the assigned fund balance requires the District's Board approval.

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.

Subsequent Events

Subsequent events have been evaluated through February 28, 2014, which is the date the basic financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

At September 30, 2013, cash and cash equivalents were \$2,010,926 (exclusive of the Retiree Insurance Trust Fund), which included \$300 cash on hand and restricted cash of \$910. Restricted cash is comprised of donations received to construct a 9/11 memorial at Station 33.

Additionally, the Retiree Insurance Trust Fund (VEBA) as later defined, held restricted cash and cash equivalents of \$56,032 (book and bank balance as well as deposits), at September 30, 2013, in a money market fund. This cash account is not subject to coverage under the Federal Depository Insurance (FDIC) or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280). The money market fund is an external 2a7-like investment pool. The Fund is publicly traded and may lose principal. The Fund's shares are stated at quoted market price which approximates cost. This type of fund is not required to be risk categorized because it is not evidenced by securities that exist in physical or book entry form. Cash and cash equivalents held by the Fiduciary fund represent less than 1% of the Money Market total investments. Investors of the Fund own shares of the Fund rather than the underlying securities. The Fiduciary Fund's cash, cash equivalents, and investments are insured up to the limits of the Securities Investor Protection Corporation (SIPC) as may apply.

NOTE B - CASH AND CASH EQUIVALENTS, CONTINUED

Deposits - District

The District's deposit policy allows deposits to be held in fully insured demand deposit or money market accounts. All District deposits were held in banks designated as qualified depositories by the State Treasurer.

At September 30, 2013, the carrying amounts of the District's deposits were \$2,010,626 and \$0 in the General Fund and the Impact Fee Fund respectively. Cash carried in the General Fund totaling \$910 was restricted. At September 30, 2013, bank balance was \$2,157,827 in the General Fund. These deposits were entirely insured by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280).

NOTE C - INVESTMENTS

District Investments

The District adheres to GASB Statement Number 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (GASB 31). Under this Statement, the District has elected to show all investments at fair value, with the exception of the Local Government Surplus Funds Investment Pool Trust Fund (State Board of Administration) PRIME (formerly Fund "A"), an external 2a7-like investment pool. The Local Government Surplus Funds Investment Pool Trust Fund's shares are stated at amortized cost, which approximates fair value.

Florida Statutes and District policy authorize investments in Local Government Surplus Funds Trust Fund (SBA) administered by the Florida State Board of Administration.

The District's investments are noted below to give an indication of the level of risk assumed at year-end. The Local Government Surplus Funds Trust Fund is not required to be categorized because the investments are not evidenced by securities that exist in physical or book entry form.

NOTE C - INVESTMENTS, CONTINUED

District Investments, continued

Investments in the SBA Fund exceeded the year-end balance during the year due to fluctuations in cash flow.

	<u>Interest Rate</u>	<u>Cost</u>	<u>Market / Carrying Amount</u>
<u>General Fund</u>			
Local Government Surplus			
Trust Fund (SBA)			
PRIME (formerly Fund "A")	.18%	\$ 3,972,390	\$ 3,972,390
Fund "B"	N/A	<u>51,056</u>	<u>57,826</u>
		<u>\$ 4,023,446</u>	<u>\$ 4,030,216</u>

The Local Government Surplus Funds Trust Fund - PRIME (Fund) 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, 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 .06% 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.

At September 30, 2013, the District reported SBA investments of \$3,972,390 fair value/cost for accounts held in the PRIME (Fund "A"). The PRIME carried a credit rating of AAAM by Standard and Poors and had a weighted average days to maturity (WAM) of 44 days at September 30, 2013.

NOTE C - INVESTMENTS, CONTINUED

District Investments, continued

At September 30, 2013, the District reported investments of \$57,826 for amounts held in Fund "B" Surplus Funds Trust Fund (Fund B) administered by the State Board of Administration (SBA) pursuant to Section 218.405, Florida Statutes. The District's investments in the Fund "B" investment pool are similar to money market funds in which shares are owned in the fund rather than the underlying investments. Securities and Exchange Commission Rule 2a7 permits money market funds to use amortized cost to maintain a constant net asset value (NAV) or use fluctuating NAV. SBA uses fluctuating NAV for valuation of Fund "B". The SBA has taken the position that Fund "B" does not meet the criteria of a SEC 2a-7-like investment pool; therefore, SBA is providing a fair value factor (i.e.: total net asset value of Fund "B" divided by total participant balance of Fund "B" at September 30, 2013 as a means of determining net asset value (NAV). The fair value factor for September 30, 2013 (the latest valuation available) is 1.13262284. Participants in the Fund "B" investment pool should disclose information related to interest rate risk and credit risk. Fund "B" was not rated by a national recognized statistical rating agency as of September 30, 2013. The District's investment in Fund "B" was approximately .04% of the total fund's value. The weighted average life (WAL) of Fund "B" at September 30, 2013, was 4.04 years. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity is based on legal final maturity dates for Fund "B" as of September 30, 2013. WAL measures the sensitivity of Fund "B" to interest rate changes. Fund "B" did not participate in a securities-lending program during the fiscal year ended September 30, 2013.

It is the belief of the SBA that the remaining balance may, in whole or in part, be recovered. However, it may not be available for up to one year. At September 30, 2013, the SBA has determined the market value of the Fund "B" shares to be in excess of the cost in the General Fund. The gain, although technically unrealized, is recorded as a current year gain in keeping with the District's policy to reflect investments at market value.

NOTE C - INVESTMENTS, CONTINUED

Retiree Insurance Trust Fund (VEBA) Investments

Investments of the Retiree Insurance Trust Fund (VEBA) totaled \$886,346 (including \$598,599 in equity securities and \$287,747 in fixed income securities) at September 30, 2013. Such investments are controlled by Retiree Insurance Trust Fund Board policy.

Investment Authorization:

The Retiree Insurance Trust Fund (VEBA) investment policy is determined by its Board of Trustees. The policy provides for the use of investment managers to oversee the investments of the Fund in a manner so that the assets will provide benefits to the participants and preserve capital while maximizing the rate of return.

The policy establishes certain investment objectives and asset class targets. The VEBA Plan is expected to earn a return over time exceeding the target rate of 7%. In addition, the VEBA Plan should earn a return greater than inflation, as measured by the Consumer Price Index, by 4% per year. The Board of Trustees adopted the following asset class targets, based on market value:

Equity	<u>% Range</u>	<u>% Target</u>
Large Cap. Value Manager	27.0% - 22.0%	24.5%
Large Cap. Growth Manager	27.0% - 22.0%	24.5%
International Manager	18.5% - 13.5%	<u>16%</u>
Total Equity	67.5% - 62.5%	65%
 Fixed Income Manager	 37.5% - 32.5%	 <u>35%</u>
		<u><u>100%</u></u>

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. As a means of limiting its exposure to interest rate risk, the VEBA Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

NOTE C - INVESTMENTS, CONTINUED

Retiree Insurance Trust Fund (VEBA) Investments, continued

Interest Rate Risk, continued:

Information about the sensitivity of the fair values of the VEBA Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the VEBA Plan's investments by maturity at September 30, 2013, using the segmented time distribution method:

<u>Investment Type</u>	<u>N/A</u>	<u>0-5 years</u>	<u>5-10 years</u>	<u>Total</u>
Domestic common stock	\$ 439,245	\$ -	\$ -	\$ 439,245
International stock	159,354	-	-	159,354
Corporate bonds	-	115,806	30,381	146,187
Government & GSE bonds	-	74,877	64,631	139,508
Accrued interest	-	2,052	-	2,052
Totals	<u>\$ 598,599</u>	<u>\$ 192,735</u>	<u>\$ 95,012</u>	<u>\$ 886,346</u>

Credit Risk:

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The VEBA Plan's investment policy utilizes portfolio diversification in order to control this risk.

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

<u>Investment Type</u>	<u>Market Value</u>	<u>Unrated/ Exempt</u>	<u>AA</u>	<u>A</u>
Domestic common stock	\$ 439,245	\$ 439,245	\$ -	\$ -
International stock	159,354	159,354	-	-
Corporate bonds	146,187	-	10,468	135,719
Government & GSE bonds	139,508	139,508	-	-
Accrued interest	2,052	2,052	-	-
Totals	<u>\$ 886,346</u>	<u>\$ 740,159</u>	<u>\$ 10,468</u>	<u>\$ 135,719</u>

Retiree Insurance Trust Fund (VEBA) Investments, continued

Concentration of Credit Risk:

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represented 10% or more of plan net assets at September 30, 2013.

Custodial Credit Risk:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the Plan's investment policy, the investments are held by Plan's custodial bank and registered in the Plan's name.

Foreign Currency Risk:

Foreign currency risk is the risk that fluctuations in the currency exchange rate may affect transactions conducted in currencies other than US Dollars and the carrying value of foreign investments. The VEBA Plan's exposure to foreign currency risk derives mainly from its investments in international equity funds. The VEBA Plan owns international equity funds and the VEBA Plan's exposure to foreign currency risk related to foreign equity funds as of September 30, 2013 are as follows:

	<u>Market Value</u>
International stock	\$ 159,354
	<u>\$ 159,354</u>

NOTE D - RECEIVABLES, NET

Receivables, net consist of the following at September 30, 2013:

	<u>Amount</u>
Ambulance receivables and other	\$ 368,572
Less: Allowance for doubtful accounts	<u>(255,837)</u>
Net ambulance receivables	112,735
Grants receivable	-
Misc. receivable	<u>20,330</u>
Receivables, net	<u>\$ 133,065</u>

FORT MYERS BEACH FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE E - CAPITAL ASSETS ACTIVITY

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

	Balance October 1 2012	Increases/ Additions	Decreases/ Deletions	Adjustments/ Reclassifications	Balance September 30 2013
Capital Assets Not Being Depreciated:					
Land	\$ 1,429,970	\$ -	\$ -	\$ -	\$ 1,429,970
Construction in progress	-	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>1,429,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,429,970</u>
Capital Assets Being Depreciated:					
Buildings	6,368,215	3,850	-		6,372,065
Vehicles	2,401,439	2,675	-		2,404,114
Equipment	<u>1,304,708</u>	<u>391,466</u>	<u>(335,768)</u>		<u>1,360,406</u>
Total Capital Assets Being Depreciated	<u>10,074,362</u>	<u>397,991</u>	<u>(335,768)</u>	<u>-</u>	<u>10,136,585</u>
Less Accumulated Depreciation:					
Buildings	(1,036,320)	(148,875)	-		(1,185,195)
Vehicles	(1,138,351)	(145,969)	-		(1,284,320)
Equipment	<u>(901,678)</u>	<u>(102,128)</u>	<u>294,968</u>		<u>(708,838)</u>
Total Accumulated Depreciation	<u>(3,076,349)</u>	<u>(396,972)</u>	<u>294,968</u>	<u>-</u>	<u>(3,178,353)</u>
Total Capital Assets Being Depreciated, Net	<u>6,998,013</u>	<u>1,019</u>	<u>(40,800)</u>	<u>-</u>	<u>6,958,232</u>
Capital Assets, Net	<u>\$ 8,427,983</u>	<u>\$ 1,019</u>	<u>\$ (40,800)</u>	<u>\$ -</u>	8,388,202
				Related debt	<u>(1,217,794)</u>
				Net assets invested in capital assets, net of related debt	<u>\$ 7,170,408</u>

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

	<u>Amount</u>
General Government	
Total Depreciation Expense	<u>\$ 396,972</u>

FORT MYERS BEACH FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE F - LONG-TERM LIABILITIES

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

	Balance October 1 2012	Additions	Retirements / Adjustments	Balance September 30 2013	Amounts Due Within One Year
Note payable -Series 2007	\$1,304,158	\$ -	\$ (1,304,158)	\$ -	\$ -
Notes payable- Series 2013	-	1,255,000	(37,206)	1,217,794	114,938
Compensated absences	272,460	383,183	(379,838)	275,805	-
Net OPEB obligation	<u>387,000</u>	<u>219,000</u>	<u>-</u>	<u>606,000</u>	<u>-</u>
	<u>\$1,963,618</u>	<u>\$ 1,857,183</u>	<u>\$ (1,721,202)</u>	<u>\$ 2,099,599</u>	<u>\$ 114,938</u>

Long-term liabilities is comprised of the following at September 30, 2013:

	<u>Amount</u>
\$1,700,000 Revenue Note Series 2007, issued December 13, 2007, to fund the construction of Station #33. The note was payable to a financial institution in semi-annual installments of principal and interest in the amount of \$78,805. The principal and interest on the Note was payable solely from pledged ambulance fees received by the District. The note required maintenance of a sinking fund of not less than one year's semi-annual principal and interest payment of \$78,805. The Note was due on December 13, 2022 and has a fixed interest rate of 4.55%. The Revenue Note Series 2007 was refunded by Revenue Note Series 2013 on April 23, 2013.	\$ -
\$1,255,00 Revenue Note Series 2013 issued April 23, 2013, to refinance the Revenue Note Series 2007 which was used to fund the construction of Station #33. The note is payable to a financial institution in monthly principal and interest in the amount of \$11,598. Principal and interest on the Note is payable solely from pledged ambulance fees received by the District. Note is due on May 1, 2023 and has a fixed interest rate of 2.08%.	1,217,794
Non-current portion of compensated absences. Employees of the District are entitled to paid leave based on length of service and job classification.	275,805

FORT MYERS BEACH FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE F - LONG-TERM LIABILITIES, CONTINUED

Net OPEB obligation. Cumulative difference between annual OPEB cost and District payments toward the cost of post employment benefits other than pensions since GASB No. 45 transition date of October 1, 2008.	<u>606,000</u>
Total long-term liabilities	2,099,599
Current portion	<u>(114,938)</u>
Noncurrent portion	<u>\$ 1,984,661</u>

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

<u>Year Ending</u> <u>September 30</u>	<u>Note Payable - Series 2013</u>		<u>Total</u> <u>Principal</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 114,938	\$ 24,238	\$ 114,938
2015	117,352	21,825	117,352
2016	119,816	19,361	119,816
2017	122,332	16,844	122,332
2018	124,901	14,276	124,901
2019-2023	<u>618,455</u>	<u>31,038</u>	<u>618,455</u>
	<u>\$ 1,217,794</u>	<u>\$ 127,582</u>	1,217,794

Accrued compensated absences	275,805
Net OPEB obligation	<u>606,000</u>
Total long-term liabilities	<u>\$ 2,099,599</u>

Interest expenditures for the year ended September 30, 2013 totaled \$59,477 and was recorded in the General Fund including \$7,274 paid by impact fees.

NOTE G - RETIREMENT PLAN

Plan Description and Provisions

All full-time District employees 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 requires a 3% of eligible compensation employee contribution for all classes of employees except for those enrolled in the DROP program, which requires no employee contribution. The FRS is totally administered by the State of Florida. The District contributed 100% of the required contributions. Pension costs for the District ranged between 5.18% and 19.06% of gross wages for the year ended September 30, 2013. The District's contributions to the plan were \$549,009, \$553,220, and \$880,531, for the fiscal years ended September 30, 2013, 2012, and 2011 respectively. The District's covered payroll costs for the plan were \$ 3,940,558, \$4,499,364, and \$4,518,549, for the years ended September 30, 2013, 2012, and 2011, respectively.

Employees enrolled prior to July 1, 2011, who retire with 6 years of creditable service, at or after age 62, 6 years of senior management service and age 62, 6 years of special risk service and age 55, or 30 years of service (25 years for special risk) regardless of age, are entitled to a retirement benefit, payable monthly 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 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 with 8 years of creditable service, at or after age 65, 8 years of senior management service and age 65, 8 years of special risk service and age 60, or 33 years of service (30 years for special risk) regardless of age, are entitled to a retirement benefit, payable monthly 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 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.

NOTE G - RETIREMENT PLAN, CONTINUED

Plan Description and Provisions, continued

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

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

Description of Funding Policy

This is a cost sharing, multi-employer 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.

Plan Information

A copy of the FRS's June 30, 2013 annual report can be obtained by writing to 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 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The District provides insurance (medical, dental, and vision) benefits to its retired employees. All retired full-time employees are eligible for benefits. As of September 30, 2013, there were seventeen (17) retirees receiving these benefits. The benefits are provided both with and without contractual or labor agreements. The benefits may require contribution from the retirees, depending on certain specified criteria and, in particular, length of creditable employment with the District. The retiree then returns to the District his/her FRS health benefit. Coverage continues until Medicare age. The District finances these benefits, for this group of retirees, on a pay-as-you-go basis and recognizes expenditures at the time premiums are due. The retirees' and their dependents' premiums and claims for these benefits totaled \$217,044 during the year ended September 30, 2013. The District paid \$116,626 of this total. The employees contributed \$100,418 of the total premium cost.

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

The District established a separate trust (as noted below) to fund the cost of these future benefits for retirees, effective October 1, 2008. On July 15, 2010, the Retiree Insurance Trust Fund (VEBA) adopted a formal plan document (Plan No. 501) describing participant eligibility, contribution requirements and benefits. As such, the VEBA is designed as a multi-employer cost sharing plan. However, the District is the only employer currently participating and as such, all VEBA costs are absorbed by either the VEBA itself or the District. During the year ended September 30, 2011, the VEBA's Board of Trustees, had an actuarial valuation performed to determine the liability and ongoing funding requirements based upon the information contained in the plan document. The District will continue to finance its post-employment benefits other than pensions on the current pay-as-you-go basis for the retirees prior to October 1, 2008 and per either contract or annual budget for the VEBA until the Retiree Insurance Trust Fund (VEBA) is required to pay benefits.

The collective bargaining agreement between the District and the Union expired in 2010. The District, therefore, resolved to contribute \$0 to the Trust Fund for the year ended September 30, 2013.

Retiree Insurance Trust Fund (VEBA)

The following brief description of the Fort Myers Beach Retiree Insurance Trust Fund, a voluntary employees' beneficiary association ("VEBA") established under Internal Revenue Code Section 501(c)(9) and related benefit plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan. The Fort Myers Beach Retiree Insurance Trust Fund does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or of another entity.

For more information please contact the Administrative offices of the District in writing at 100 Voorhis Street, Fort Myers Beach, FL 33931 or by calling (239) 590-4200. The VEBA is governed by a five (5) member Board of Trustees. Three (3) of the Trustees are selected by Union Districts' 15 and 3 Vice Presidents (DVP's) and two (2) members of the District's managerial staff selected by the Fire Chief.

Note: In fiscal year 2014 one (1) of the three (3) union positions was changed to include a third party investment advisor.

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

Retiree Insurance Trust Fund (VEBA), continued

Funding Policy - Contributions to the VEBA are derived from two sources: employer and participants. Employer contributions are permitted if annually approved by Board action. Participants may make periodic contributions to the Trust Fund for such benefits as may not be funded by employer contributions.

Post employment benefits - Beginning January 1, 2015, benefits will be paid from the Plan to eligible participants (retirees). For eligible participants retiring on or after October 1, 2008, and having completed twenty five (25) years of credited service, the benefit amount will be equal to \$450 per month. For eligible participants retiring on or after October 1, 2008, and having completed at least fifteen (15) years of credited service but less than twenty five (25) years of credited service, the benefit will be \$450 per month reduced by four (4%) percent for each year that the participants earned years of credited service are less than twenty five (25) years of credited service. A participant's monthly benefit shall be reduced by fifty (50%) percent effective the first day of the first month following the month during which the participant attains the age of sixty five (65) years. Benefits are payable annually with the monthly benefit being paid in one lump-sum payment in January of each year. Qualified employees retiring prior to October 1, 2008 continue on in the original pay-as-you-go plan.

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

Actuarial present value of accumulated plan benefits - Accumulated plan benefits are those future periodic payments that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired employees or (b) beneficiaries of retired employees who have died. Benefits under the Plan are based on employees' age at entry to the Plan. Benefits payable under all circumstances are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

Retiree Insurance Trust Fund (VEBA), continued

Actuarial present value of accumulated plan benefits, continued -

The actuarial present value of accumulated plan benefits is determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of January 1, 2013 were (a) life expectancy of participants (the RP-2000 Combined Healthy Mortality Table was used), (b) retirement age assumptions, and (c) annual investment returns of 4.0% for the District and 7.0% for the VEBA Trust. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan terminated, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Payment of benefits - Benefit payments to participants are recorded upon distribution. The Plan was not required to and did not make any benefit payments for the years ended September 30, 2013, 2012, or 2011. A summary of certain Plan details and trend information is included.

A copy of the Plan can be obtained by writing the Board of Trustees of Fort Myers Beach Retiree Insurance Trust Fund at 100 Voorhis Street, Fort Myers Beach, Florida 33931 or by calling (239) 590-4200.

Memberships of the Plan consisted of the following at January 1, 2013:

	<u>Retiree Insurance Trust Fund Census</u>
VEBA active plan participants	51
Retirees and beneficiaries receiving benefits	<u>0</u>
Total OPEB program participants	<u>51</u>
Number of participating employers	1

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

Retiree Insurance Trust Fund (VEBA), continued

Annual Pension Cost, Net Pension Obligation and Reserves - Current year annual OPEB costs for the Retiree Insurance Trust Fund are shown in the trend information provided. For an OPEB plan with no net OPEB obligation, the annual OPEB cost is equal to the annual required contribution.

The Plan assets are legally reserved for the payment of the respective plan member benefits within the Plan. There are no assets legally restricted for plan benefits other than these assets within the Plan. The Retiree Insurance Trust Fund held certain investments at year end. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

RETIREE INSURANCE TRUST REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress:

(1)	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
Date	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
District						
01/01/13	\$ -	\$ 3,323,000	\$3,323,000	0.0%	\$ 3,462,000	96.0%
10/01/10	-	2,890,178	2,890,178	0.0%	4,075,368	70.9%
10/01/09	-	2,039,409	2,039,409	0.0%	4,988,746	40.9%
VEBA						
01/01/13	\$ 861,000	\$ 627,000	\$ (234,000)	137.30%	\$ 3,462,000	-6.8%
10/01/10	665,739	646,768	(18,971)	102.93%	4,075,368	-0.5%
10/01/09	525,842	1,136,834	610,992	46.25%	4,988,746	12.2%

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

FORT MYERS BEACH FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

Retiree Insurance Trust Fund (VEBA), continued

Schedule of Employer Contributions:

Fiscal Year	Annual Required Contribution	Percentage of OBEB Cost Contributed	Net OPEB Obligation (NPO)
District			
2013	\$ 461,000	44.0%	\$ 729,000
2012	463,000	43.0%	509,000
2011	300,565	63.5%	267,644
2010	157,612	141.6%	(65,638)
VEBA			
2013	\$ (8,000)	0.0%	\$ (123,000)
2012	(1,000)	0.0%	(122,000)
2011	28,382	313.1%	(129,113)
2010	124,511	85.8%	17,763

	District	VEBA	Total
Valuation Date	01/01/13	01/01/13	01/01/13
Fiscal Year Ending	9/30/2013	9/30/2013	9/30/2013
Annual Required Contribution (ARC)	\$ 461,000	\$ (8,000)	\$ 453,000
Interest on Net OPEB Obligation	20,000	(9,000)	11,000
Adjustment to ARC	<u>(60,000)</u>	<u>16,000</u>	<u>(44,000)</u>
Annual OPEB Cost	421,000	(1,000)	420,000
Actual Net Contributions Made	(116,626)	-	(116,626)
Estimated Net Contributions Made	<u>(201,000)</u>	<u>-</u>	<u>(201,000)</u>
Anticipated Increase (Decrease) In Net OPEB Obligation	220,000	(1,000)	219,000
Net OPEB Obligation - Beginning of Year	<u>509,000</u>	<u>(122,000)</u>	<u>387,000</u>
Net OPEB Obligation - End of Year	<u>\$ 729,000</u>	<u>\$ (123,000)</u>	<u>\$ 606,000</u>

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

Retiree Insurance Trust Fund (VEBA), continued

	Retiree Insurance Trust Fund
Actuarial methods and assumptions:	
Valuation date	01/01/13
Actuarial cost method	Projected unit credit
Amortization method of UAAL (funding method)	Level dollar, payment
Amortization period	10-year open period
Mortality table	RP-2000
Actuarial asset valuation method	Market
Investment rate - District*	4.0%
Investment rate - VEBA*	7.0%
* includes inflation at	3.0%
Health care inflation	8% (grading down to 5.5% in 2018)
Retirement:	
Regular Class	100% are assumed to retire at age 62 and 6 years of service or upon completion of 30 years of service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 8 years of service. Active employees who are eligible for normal retirement are assumed to work one additional year.
Special Risk Class	100% are assumed to retire at age 55 and 6 years of service or upon completion of 25 years of special risk service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 8 years of service. Active employees who are eligible for normal retirement are assumed to work one additional year.

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

Retiree Insurance Trust Fund (VEBA), continued

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

NOTE I - PROPERTY TAXES

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

Procedures for collecting delinquent taxes, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2013, \$52,641 was due from the Lee County Tax Collector to the District for ad valorem taxes and excess fees.

FORT MYERS BEACH FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE I - PROPERTY TAXES, CONTINUED

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

For the year ended September 30, 2013, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$2.55 per \$1,000 (2.55 mills) of the 2012 net taxable value of real property located within the District.

NOTE J - FUND BALANCE ALLOCATIONS

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

<u>Nonspendable Fund Balance</u>	<u>Amount</u>
<u>General Fund</u>	
Investment - Fund "B"	\$ 57,826
Prepays	<u>181,377</u>
Total Nonspendable Fund Balance	<u>\$ 239,203</u>
<u>Restricted Fund Balance</u>	<u>Amount</u>
<u>General Fund</u>	
Restricted for debt service (1)	\$ -
Total Restricted Fund Balance - General Fund	<u>\$ -</u>

(1) Eliminated due to refinancing of Revenue Note - Series 2007.

**FORT MYERS BEACH FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013**

NOTE J - FUND BALANCE ALLOCATIONS, CONTINUED

<u>Assigned Fund Balance</u>	<u>Amount</u>
<u>General Fund</u>	
Operating bridge (90 days)	\$ 2,000,000
Emergency/disaster (30-45 days)	1,030,000
Building and equipment	1,711,719
OPEB costs	<u>218,000</u>
Total Assigned Fund Balance - General Fund	<u>\$ 4,959,719</u>
<u>Committed Fund Balance</u>	
<u>General Fund</u>	
Economic Stabilization	<u>\$ 458,000</u>

NOTE K - IMPACT FEE FUND ACTIVITY

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

	<u>Amount</u>
Unearned revenue, October 1, 2012	\$ -
Impact fee receipts	6,062
Impact fees receivable*	1,212
Interest receipts	-
Debt service interest	<u>(7,274)</u>
Unearned revenue, September 30, 2013	<u>\$ -</u>

*-Receivable recorded in the General Fund of the District

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, automobile, and property are insured by commercial insurance. The District retains the risk of loss up to a deductible amount (ranging from \$1,000 to 5% of loss) with the risk of loss in excess of this amount transferred to the insurance carrier with limits of liability of \$1,000,000.

NOTE L - RISK MANAGEMENT, CONTINUED

Insurance programs for health, dental, vision, long-term disability, short-term disability and life are also insured through third party commercial insurance.

On April 1, 2010, the District elected to obtain a third party fully insured group health, vision and dental plan administered by the Lee County Board of County Commissioners. The District paid net premiums of \$1,123,866, during the year ended September 30, 2013. The District also provides life and disability insurance for the District's employees. The District incurred costs of \$50,823 for these additional coverages.

NOTE M LITIGATION

The District, from time to time, is involved as a defendant and a plaintiff in certain litigation and claims arising in the ordinary course of operations. As such, the District maintains third party insurance coverages. At September 30, 2013 several claims have been asserted against the District. In the opinion of legal counsel, the range of potential recoveries or liabilities will not materially affect the financial position of the District. The District intends to vigorously defend all claims unless first settled. Potential losses, if any, may be recoverable through insurance coverages less any applicable deductibles. No loss contingencies have been recorded by the District at September 30, 2013.

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

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - SUMMARY STATEMENT
Year Ended September 30, 2013

	General Fund			
	Original	Final		Variance
	Budget	Budget	Actual	Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ 7,341,116	\$ 7,341,116	\$ 7,489,418	\$ 148,302
Intergovernmental revenue				
Grants	-	-	-	-
F/F supplemental income	17,400	17,400	18,622	1,222
Charges for services - ambulance	530,000	530,000	478,501	(51,499)
Impact Fees	16,300	16,300	7,274	(9,026)
Inspection fees	13,100	13,100	11,013	(2,087)
Interest income	16,000	16,000	13,623	(2,377)
Other income				
Donations	250	250	175	(75)
Miscellaneous	25,000	25,000	44,418	19,418
Subtotal - revenues	7,959,166	7,959,166	8,063,044	103,878
Cash brought forward	5,908,000	5,992,451	-	(5,992,451)
TOTAL REVENUES	13,867,166	13,951,617	8,063,044	(5,888,573)
EXPENDITURES				
Current				
Public Safety				
Personnel services	6,496,800	6,456,800	5,999,178	457,622
Operating expenditures	1,529,556	1,514,556	1,429,357	85,199
Capital outlay	157,200	404,932	397,991	6,941
Debt service				
Principal reduction	99,389	100,289	1,341,364	(1,241,075)
Interest and fiscal charges	58,221	57,321	59,477	(2,156)
Reserves	5,526,000	5,417,719	-	5,417,719
TOTAL EXPENDITURES	13,867,166	13,951,617	9,227,367	4,724,250
EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	-	-	(1,164,323)	(1,164,323)
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	-	-	1,255,000	1,255,000
TOTAL OTHER FINANCING SOURCES	-	-	1,255,000	1,255,000
NET CHANGE IN FUND BALANCE	\$ -	\$ -	90,677	\$ 90,677
FUND BALANCE, October 1, 2012			5,992,453	
FUND BALANCE, September 30, 2013			<u>\$ 6,083,130</u>	

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT
Year Ended September 30, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ 7,341,116	\$ 7,341,116	\$ 7,489,418	\$ 148,302
Intergovernmental revenue				
F/F supplemental income	17,400	17,400	18,622	1,222
Charges for services - ambulance	530,000	530,000	478,501	(51,499)
Impact fees	16,300	16,300	7,274	(9,026)
Inspection fees	13,100	13,100	11,013	(2,087)
Interest income	16,000	16,000	13,623	(2,377)
Other income				-
Donations	250	250	175	(75)
Miscellaneous	25,000	25,000	44,418	19,418
Subtotal - revenues	7,959,166	7,959,166	8,063,044	103,878
Cash brought forward	5,908,000	5,992,451	-	(5,992,451)
TOTAL REVENUES	13,867,166	13,951,617	8,063,044	(5,888,573)
EXPENDITURES				
Current				
Public Safety				
Personnel Services				
Salaries				
Elected officials	30,000	30,000	30,000	-
Firefighters & administrative	4,190,000	4,190,000	3,940,558	249,442
Payroll taxes				
Social Security	322,800	322,800	294,249	28,551
Benefits				
PPL lump sum payments	-	-	-	-
Retirement	596,800	596,800	549,009	47,791
Health & life insurance	1,164,700	1,124,700	1,014,089	110,611
Occupational health	34,000	34,000	29,629	4,371
Workers compensation	158,500	158,500	141,644	16,856
VEBA trust contribution	-	-	-	-
SUBTOTAL - PERSONNEL SERVICES	6,496,800	6,456,800	5,999,178	457,622
OPERATING				
Professional/Contracted Services				
Legal fees	140,000	100,000	102,436	(2,436)
Professional services	32,000	32,000	17,584	14,416
Medical director	32,000	32,000	32,000	-
Audit and accounting	35,000	35,000	27,500	7,500
Property appraiser	72,500	63,500	63,245	255
Tax collector	154,600	154,600	150,200	4,400
Contracted services	42,800	26,900	26,122	778
Subtotal - Prof/contracted services	508,900	444,000	419,087	24,913

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2013

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
General Operations				
Travel	32,500	21,200	21,294	(94)
Telephone	39,060	40,560	40,372	188
Cellular/Pager	5,760	5,760	4,775	985
Communication fees & maintenance	43,180	49,180	50,857	(1,677)
Postage and freight	1,100	1,400	1,270	130
Cable	600	600	754	(154)
Water/sewer	10,100	10,100	10,219	(119)
Electricity & propane	39,700	39,700	36,346	3,354
Garbage	7,000	7,000	6,764	236
Liability insurance	212,500	205,600	205,595	5
EMS equipment maintenance	23,100	18,700	16,117	2,583
Suppression equipment	17,600	17,600	16,271	1,329
Vehicle maintenance	75,000	92,800	94,498	(1,698)
Office equipment maintenance	14,300	12,100	10,340	1,760
Building maintenance	65,000	85,800	87,227	(1,427)
Required advertising	2,700	2,700	2,575	125
Miscellaneous - operations	12,256	12,556	12,300	256
Fuel & oil	49,400	51,900	50,257	1,643
EMS Supplies	90,000	90,000	87,212	2,788
Suppression & protective gear	52,000	23,000	22,789	211
Communication, fees & maintenance	4,500	2,500	3,285	(785)
Rescue supplies	3,800	1,800	972	828
Prevention supplies	3,300	2,300	2,125	175
Training equipment	2,500	2,500	2,451	49
Office supplies	7,200	9,200	9,079	121
Janitorial supplies	8,800	10,800	11,168	(368)
Furniture and fixtures under \$1,000	21,000	32,500	39,969	(7,469)
Uniform expenses	15,000	29,000	29,186	(186)
Software licenses and updates	-	30,000	26,513	3,487
Career development	15,000	15,000	9,522	5,478
Continuing education	45,800	45,800	29,443	16,357
Training- drills & exercise	11,400	11,400	3,591	7,809
License/certification	5,300	5,300	4,025	1,275
Dues and subscriptions	6,500	6,500	5,116	1,384
USAR support	10,800	10,800	10,690	110
CERT support	5,000	5,000	2,597	2,403
Storm expenditures	10,000	10,000		10,000
Ambulance billing	39,000	39,000	34,257	4,743
Community outreach programs	12,900	12,900	8,449	4,451
Subtotal - General operations	1,020,656	1,070,556	1,010,270	60,286
SUBTOTAL - OPERATING	1,529,556	1,514,556	1,429,357	85,199

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2013

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
CAPITAL OUTLAY				
Building improvements	-	3,850	3,850	-
Rolling equipment	-	5,350	2,675	2,675
Suppression, rescue & protective equipment			-	-
Prevention- Life Safety	6,000	7,000	5,380	1,620
Medical equipment	81,500	235,962	235,962	-
Communication equipment	36,000	124,470	122,559	1,911
Training	2,000	-	-	-
IT - hardware & software	31,700	24,300	23,824	476
Furniture, fixtures and office equipment	-	4,000	3,741	259
SUBTOTAL - CAPITAL OUTLAY	<u>157,200</u>	<u>404,932</u>	<u>397,991</u>	<u>6,941</u>
DEBT SERVICE				
Principal reduction	99,389	100,289	1,341,364	(1,241,075)
Interest and fiscal charges	<u>58,221</u>	<u>57,321</u>	<u>59,477</u>	<u>(2,156)</u>
SUBTOTAL - DEBT SERVICE	<u>157,610</u>	<u>157,610</u>	<u>1,400,841</u>	<u>(1,243,231)</u>
RESERVES				
Assigned:				
Emergency disaster operating	1,030,000	1,030,000	-	1,030,000
Operating bridge	2,000,000	2,000,000	-	2,000,000
Equipment & Building Replacement	1,820,000	1,711,719	-	1,711,719
OPEB	218,000	218,000	-	218,000
Equipment	-	-	-	-
Self-insured health insurance	-	-	-	-
Committed:				
Economic stabilization	<u>458,000</u>	<u>458,000</u>	<u>-</u>	<u>458,000</u>
SUBTOTAL - RESERVES	<u>5,526,000</u>	<u>5,417,719</u>	<u>-</u>	<u>5,417,719</u>
TOTAL EXPENDITURES	<u>13,867,166</u>	<u>13,951,617</u>	<u>9,227,367</u>	<u>4,724,250</u>
EXCESS OF REVENUES				
(UNDER) OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(1,164,323)</u>	<u>(1,164,323)</u>
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	-	-	1,255,000	1,255,000
SUBTOTAL - OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>1,255,000</u>	<u>1,255,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>90,677</u>	<u>\$ 90,677</u>
FUND BALANCE, October 1, 2012			<u>5,992,453</u>	
FUND BALANCE, September 30, 2013			<u>\$ 6,083,130</u>	

The accompanying notes are an integral part of this statement.

**ADDITIONAL REPORTS OF
INDEPENDENT AUDITOR**



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
 Fort Myers Beach Fire Control District
 100 Voorhis Street
 Fort Myers Beach, Florida 33931

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 Fort Myers Beach Fire Control District (the "District") as of and for the year ended September 30, 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated February 28, 2014.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fort Myers Beach Fire Control 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

February 28, 2014



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 TO MANAGEMENT

Board of Commissioners
 Fort Myers Beach Fire Control District
 100 Voorhis Street
 Fort Myers Beach, Florida 33931

We have audited the accompanying basic financial statements of Fort Myers Beach Fire Control District (the "District") as of and for the year ended September 30, 2013 and have issued our report thereon dated February 28, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States 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 February 28, 2014, 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 our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415(17), Florida Statutes.

INTEGRITY SERVICE EXPERIENCE

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No such recommendations were noted to improve financial management.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have 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)5., Rule of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit if 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)6.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. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a) Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we 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.
- Pursuant to Section 10.554(1)(i)6.e., Rules of the Auditor General, relates to funds received or expended related to the Deep Water Horizon oil spill; no such funds were received or expended for the year ended September 30, 2013.

PRIOR YEAR COMMENTS:

No financially significant comments noted.

CURRENT YEAR COMMENTS:

No financially significant comments noted.

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.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
February 28, 2014

EXHIBIT

Fort Myers Beach Fire Control District

100 Voorhis Street • Fort Myers Beach, Florida 33931
Mailing Address: PO Box 2880 • Fort Myers Beach, Florida 33932



Established 1949

April 10, 2014

BOARD OF COMMISSIONERS

David S. Brower
Chairman

Theodore R. Schindler II
Vice-Chairman

Betty Goodacre
Secretary/Treasurer

Carol Morris
Fire Commissioner

John Scanlon
Fire Commissioner

FIRE CHIEF
Darren White

David W. Martin, CPA
State of Florida Auditor General
Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

We acknowledge receipt of the independent auditor's report to management for the District's annual audit for fiscal year ended September 30, 2013.

Management is pleased to note the auditor's report did not include comments or recommendations. The District is committed to maintaining a high standard of internal controls and fiscal responsibility.

A handwritten signature in black ink, appearing to read 'D. White', written over a horizontal line.

Darren L. White
Fire Chief

A handwritten signature in black ink, appearing to read 'Jane M. Thompson', written over a horizontal line.

Jane M. Thompson
Finance Director

"Providing Tomorrows Quality Service Today"
Phone (239) 590-4200 • FAX (239) 463-6761