

**BONITA SPRINGS FIRE CONTROL
AND RESCUE DISTRICT**

**BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR**

**YEAR ENDED
SEPTEMBER 30, 2009**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the Bonita Springs Fire Control and Rescue District (the "District"), Florida, as of and for the year ended September 30, 2009, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2009, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing*

Standards, and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the District taken as a whole. The Management's Discussion and Analysis and the required supplementary information are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. The Management's Discussion and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Ashley, Brown + Co.

February 25, 2010

Bonita Springs Fire Control & Rescue District, Florida

Management's Discussion and Analysis (Unaudited)

This discussion and analysis of the Bonita Springs Fire Control & Rescue Service District (the "District") financial statements is designed to introduce the basic financial statements and provide an analytical overview of the District's financial activities for the fiscal year ended September 30, 2009. The basic financial statements are comprised of the government-wide financial statements, governmental and fiduciary fund financial statements, and footnotes. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

District Highlights

- At the close of fiscal year 2009 the District's assets exceeded its liabilities, resulting in net assets of \$26,991,974.
- The District's total net assets increased \$1,906,757 or 7.6 percent, in comparison to prior year.
- The District had \$13,656,558 of unrestricted net assets that can be used to meet the District's ongoing obligations.
- Total revenues decreased \$491,723, or 2.4 percent, in comparison to prior year.
- Total expenditures increased \$552,111, or 3.1 percent, in comparison to prior year.

Government-wide Financial Statements

Government-wide financial statements (Statement of Net Assets and Statement of Activities found on pages 10 and 11) are intended to allow a reader to assess a Government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. Government-wide financial statements concentrate on the District as a whole and do not emphasize fund types.

The Statement of Net Assets (Page 10) presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. The District's capital assets (property, plant and equipment) are included in this statement and reported net of their accumulated depreciation.

The Statement of Activities (Page 11) presents revenue and expense information showing how the District's net assets changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when a liability is incurred).

Governmental Fund Financial Statements

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

Governmental fund financial statements (found on pages 12 and 14) are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets.

Fiduciary Fund Financial Statements

Fiduciary funds reflect the net assets available for the District's firefighter retirement plan and the general employees plan, as well as the related financial activity. These assets are not available to fund the District's operations, but are held strictly to fund the respective retirement benefits.

Notes to the Financial Statements

The *notes* to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 20. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

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

The following is a condensed summary of net assets for the primary government for fiscal years 2009 and 2008:

Bonita Springs Fire Control and Rescue District
Summary of Net Assets
September 30, 2009

Assets:	2009	2008
Current and other assets	\$ 14,542,385	\$ 13,414,148
Capital Assets	<u>18,701,387</u>	<u>17,905,898</u>
Total Assets	<u>33,243,772</u>	<u>31,320,046</u>
Liabilities:		
Current liabilities	706,393	528,476
Non-current Liabilities	<u>5,545,405</u>	<u>5,706,353</u>
Total liabilities	<u>6,251,798</u>	<u>6,234,829</u>
Net assets:		
Invested in capital assets, net of related debt	12,887,348	11,941,379
Restricted	448,068	809,846
Unrestricted	<u>13,656,558</u>	<u>12,333,992</u>
Total net assets	<u>\$ 26,991,974</u>	<u>\$ 25,085,217</u>

Current and other assets represent 43.7 percent of total assets. Current assets are comprised of unrestricted cash and investment balances of \$13,873,877, restricted cash of \$437,615 and other assets of \$230,893. The balances of unrestricted cash represent amounts that are available for spending at the District's discretion. Restricted cash balances are comprised of impact fee funds, which are restricted for the purchase of capital assets. The District is using the Impact fees to pay off the loan which was used to build Station 4.

The investment in capital assets, net of related debt represent 47.7 percent of net assets and are comprised of land, buildings, improvements, equipment, furniture, and vehicles, net of accumulated depreciation, and the outstanding related debt used to acquire the assets. The balance of net assets restricted for capital projects is impact fees. The unrestricted net asset balance of \$13,656,558 represents resources available for spending. The District has designated \$9,897,677 of the unrestricted net asset balance for reserves and replacements.

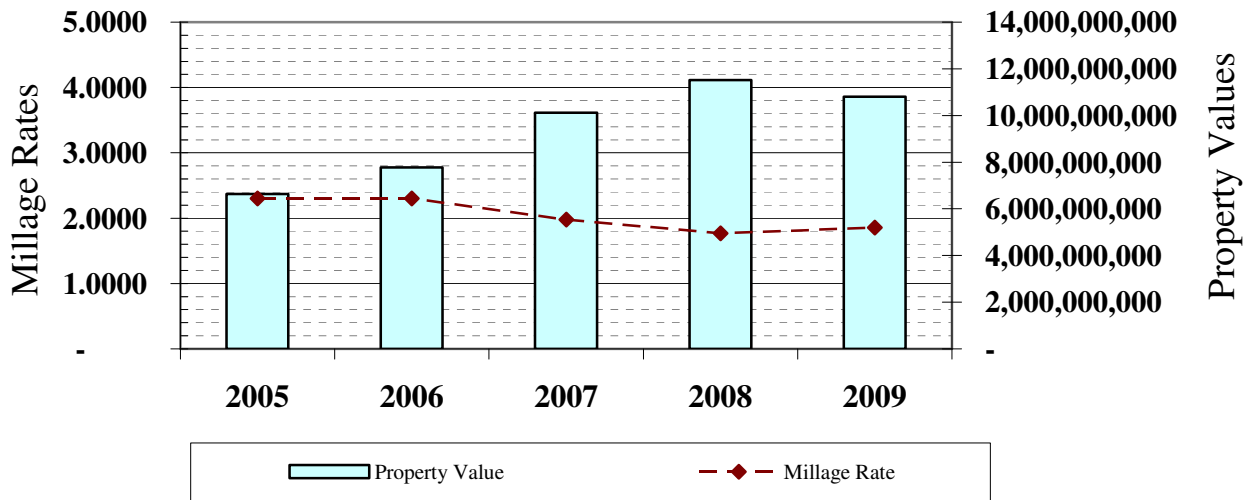
The following schedule reports the revenues, expenses, and changes in net assets for the District for the current and previous fiscal year.

**Bonita Springs Fire Control and Rescue District
Summary of Revenues, Expenses and Changes in Net Assets
As of September 30, 2009**

Revenues:	<u>2009</u>	<u>2008</u>
General Revenues		
Property taxes	\$ 19,634,328	\$ 19,855,342
Intergovernmental	33,479	36,867
Charges for services	83,867	114,277
Miscellaneous		
Impact fees	91,991	189,997
Investment earnings	443,919	610,378
Other	<u>82,544</u>	<u>54,990</u>
Total Revenues	<u>20,370,128</u>	<u>20,861,851</u>
Expenses:		
Public Safety - Fire and Rescue Services	<u>18,463,371</u>	<u>17,911,260</u>
Increase in net assets	1,906,757	2,950,591
Net Assets - Beginning of the year	<u>25,085,217</u>	<u>22,134,626</u>
Net Assets - End of the year	<u><u>\$ 26,991,974</u></u>	<u><u>\$ 25,085,217</u></u>

Assessed property value decreased 6.1 percent resulting in a revenue decrease of \$491,723. In comparison to the prior year, this was a 2.4 percent decrease in revenue. Total expenses increased \$552,111, or 3.1 percent, in comparison to prior year. Property values had previously increased by \$5,717,660,391 or 98.7 percent in the previous five years. The current year property values decreased for the first time by \$1,686,298,402. Even with the decrease in values, the District was able to lower the millage rate and use unspent dollars to provide funds for the cost of growth and reserve requirements. The following schedule compares the change in property value and millage rates for the past five years.

Property Values and Millage Assessed



Impact fees decreased \$98,006, or 51.6 percent, in comparison to prior year. The decrease is due to a slowdown in new construction within the District's boundaries.

Budgetary Highlights

Budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 60 through 64. A transfer was made in the general fund to reduce reserves in Repairs and Replacement and transfer the funds to the Machinery and Equipment account. The transfer was performed so the District could purchase new MSA air packs to improve the safety factor for the firefighters. The final amended budgets did not increase or decrease total revenues or expenditures for either fund.

Capital Assets

Non-depreciable capital assets include land and construction in progress. Depreciable assets include buildings, improvements other than buildings, office equipment, machinery & equipment and vehicles.

The following is a schedule of the District's Capital Assets as of September 30, 2009.

**Bonita Springs Fire Control & Rescue District
Capital Assets
September 30, 2009**

CAPITAL ASSETS	<u>2009</u>	<u>2008</u>
Land	\$ 2,559,787	\$ 2,559,787
Construction in progress	607,740	249,696
Total Capital Assets not depreciated	<u>3,167,527</u>	<u>2,809,483</u>
Buildings	13,336,780	13,336,779
Office equipment	584,416	624,867
Vehicles	3,893,242	3,349,306
Machinery & equipment	<u>1,872,302</u>	<u>1,704,012</u>
Total Capital Assets being depreciated	<u>19,686,740</u>	<u>19,014,964</u>
ACCUMULATED DEPRECIATION		
Buildings	(1,800,309)	(1,348,349)
Office equipment	(312,114)	(279,818)
Vehicles	(1,127,648)	(1,451,874)
Machinery & equipment	<u>(912,809)</u>	<u>(838,508)</u>
Total accumulated depreciation	<u>(4,152,880)</u>	<u>(3,918,549)</u>
CAPITAL ASSETS, NET	<u>\$ 18,701,387</u>	<u>\$ 17,905,898</u>

Noteworthy capital asset purchases/projects that took place in fiscal year 2009 were as follows:

- The District replaced 50 air packs and 100 bottles, along with four RIT Packs at a cost of \$234,400. The new advanced packs will greatly enhance safety for the firefighters.
- Construction of a new Station 5 to replace the current station has been started at a total cost of \$1,340,000. The building should be completed and ready to move in sometime in mid February 2010.
- The Fire Boards for the three Districts which include Bonita Springs, San Carlos, and Estero Fire, agreed to an independent study in FY 07/08 to see if a consolidation of the three districts is feasible. The study is currently ongoing and the results will be announced in FY 09/10.

Additional information on the District's capital assets can be found in Note E on pages 38 and 39.

Debt Administration

At September 30, 2009, the District had \$5,814,039 of outstanding debt. The following is a schedule of the District's outstanding debt at September 30, 2009.

Bonita Springs Fire Control & Rescue District
Outstanding Debt
September 30, 2009

	<u>Amount</u>
Station #4 Note Payable	\$ 4,860,446
Compensated Absences	<u>953,593</u>
Total Outstanding Debt	<u>\$ 5,814,039</u>

The Impact Fee fund is currently transferring an amount equal to the principal and interest owed on the Station #4 Note Payable to the General Fund for payment of the debt. The Station #4 Note Payable will be repaid in fiscal year ending September 30, 2023. The current amount reported as compensated absences increased by \$107,687 or 12.7 percent. This liability represents the total amount the District has due at the termination of all employees' employment.

Economic Factors and Next Year's Budget Rates

The following were factors considered when next year's budget (2009-2010) was prepared:

- Property values decreased by \$1.7 billion or 15.6% to \$9.1 billion. The District was still able to lower the millage rate from 1.8569 in FY 08/09 to 1.7950. The loss in Ad Valorem taxes amounted to 3.7 million dollars, which the District was able to absorb due to unspent dollars rolling over from the previous year. The District is seeking various cost saving ideas for next years budget as property values are expected to drop again in FY 10/11 and will not have the carry-forward dollars it had last year to absorb the Ad Valorem reduction.
- The District has budgeted \$1.3 million in reserves as the possibility of ALS transport is under consideration at the present time.

Request for information

This financial report is designed to provide the reader an overview of the District. Questions regarding any information provided in this report should be directed to: Bonita Springs Fire & Rescue District, Tony Gambino, Finance Director, 27701 Bonita Grande Drive, Bonita Springs, Florida, 34135, phone (239) 949-6205.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF NET ASSETS
September 30, 2009

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 2,834,612
Cash and cash equivalents - restricted	437,615
Investments-unrestricted	11,039,265
Account Receivable	8,653
Due from other governments	218,010
Other assets	4,230
Total current assets	<u>14,542,385</u>
Noncurrent assets:	
Capital assets:	
Land	2,559,787
Construction in progress	607,740
Depreciable buildings, equipment, office equipment and vehicles (net of \$4,152,880 accumulated depreciation)	<u>15,533,860</u>
Total noncurrent assets	<u>18,701,387</u>
TOTAL ASSETS	<u>33,243,772</u>
LIABILITIES	
Current liabilities:	
Accounts payable	126,672
Accrued expenses	311,087
Current portion of long-term obligations	268,634
Total current liabilities	<u>706,393</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>5,545,405</u>
TOTAL LIABILITIES	<u>6,251,798</u>
NET ASSETS	
Investment in capital assets, net of related debt	12,887,348
Restricted for:	
Capital projects	448,068
Unrestricted	<u>13,656,558</u>
TOTAL NET ASSETS	<u>\$ 26,991,974</u>

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF ACTIVITIES
September 30, 2009

EXPENSES

Governmental Activities

Public Safety - Fire Protection

Personal services	\$ 15,130,796
Operating expenses	2,024,172
Depreciation	941,575
Loss on Disposal of capital assets	167,782
Interest and fiscal charges	<u>199,046</u>

TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES 18,463,371

PROGRAM REVENUES

Charges for services	<u>83,867</u>
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NET PROGRAM EXPENSES 18,379,504

GENERAL REVENUES

Ad Valorem taxes	19,634,328
State supplemental compensation	33,479
Impact fees	91,991
Interest	443,919
Other	<u>82,544</u>

TOTAL GENERAL REVENUES 20,286,261

INCREASE IN NET ASSETS 1,906,757

NET ASSETS - Beginning of the year 25,085,217

NET ASSETS - End of the year \$ 26,991,974

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2009

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Cash Equivalents	\$ 2,834,612	\$ -	\$ 2,834,612
Cash and Cash Equivalents - Restricted	-	437,615	437,615
Investments -Unrestricted	11,039,265	-	11,039,265
Accounts receivable	8,653	-	8,653
Due from other governments	207,557	10,453	218,010
Other Assets-General	<u>4,230</u>	<u>-</u>	<u>4,230</u>
TOTAL ASSETS	<u>\$ 14,094,317</u>	<u>\$ 448,068</u>	<u>\$ 14,542,385</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 126,672	-	\$ 126,672
Accrued expenses	<u>311,087</u>	<u>-</u>	<u>311,087</u>
TOTAL LIABILITIES	<u>437,759</u>	<u>-</u>	<u>437,759</u>
 FUND BALANCES			
Reserved for:			
Capital additions	-	448,068	448,068
Unreserved, reported in:			
General Fund			
Designated for operations	4,138,402	-	4,138,402
Designated for emergency/disaster	400,000	-	400,000
Designated for repair and replacement	1,385,100	-	1,385,100
Designated for land and buildings	674,175	-	674,175
Designated for retirement	1,000,000	-	1,000,000
Designated for Debt Service	1,000,000	-	1,000,000
Designated for ALS Transport	1,300,000	-	1,300,000
Undesignated	<u>3,758,881</u>	<u>-</u>	<u>3,758,881</u>
TOTAL FUND BALANCES	<u>13,656,558</u>	<u>448,068</u>	<u>14,104,626</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,094,317</u>	<u>\$ 448,068</u>	<u>\$ 14,542,385</u>

The accompanying notes are an integral part of this statement.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
September 30, 2009**

Total fund balances for governmental funds \$ 14,104,626

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Capital assets not being depreciated:

Land	\$ 2,559,787	
Construction in progress	<u>607,740</u>	
		3,167,527

Governmental capital assets being depreciated:

Building, Equipment and Vehicles	19,686,740	
Less accumulated depreciation	<u>(4,152,880)</u>	
		15,533,860

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

Note payable	(4,860,446)	
Compensated absences	<u>(953,593)</u>	
		<u>(5,814,039)</u>

Total net assets of governmental activities \$ 26,991,974

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
September 30, 2009

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Ad Valorem taxes	\$ 19,634,328	\$ -	\$ 19,634,328
State supplemental compensation	33,479	-	33,479
Fees:			
Inspection fees	78,786	-	78,786
Impact fees	-	91,991	91,991
Fire flow fees	1,335	-	1,335
CPR classes	3,746	-	3,746
Disposition of fixed assets	7,054	-	7,054
Miscellaneous:			
Interest	431,171	12,748	443,919
Insurance Proceeds	9,251	-	9,251
Other	73,293	-	73,293
TOTAL REVENUES	<u>20,272,443</u>	<u>104,739</u>	<u>20,377,182</u>
EXPENDITURES			
Current			
Public safety			
Personal services	15,023,109	-	15,023,109
Operating expenditures	2,014,522	9,650	2,024,172
Capital outlay	1,911,900	-	1,911,900
Debt service			
Principal reduction	258,170	-	258,170
Interest and fiscal charges	199,046	-	199,046
TOTAL EXPENDITURES	<u>19,406,747</u>	<u>9,650</u>	<u>19,416,397</u>
EXCESS OF REVENUES OVER EXPENDITURES	865,696	95,089	960,785
OTHER FINANCING SOURCES (USES)			
Operating transfers in	361,238	-	361,238
Operating transfers out	<u>-</u>	<u>(361,238)</u>	<u>(361,238)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>361,238</u>	<u>(361,238)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,226,934	(266,149)	960,785
FUND BALANCES - Beginning of the year	<u>12,429,624</u>	<u>714,217</u>	<u>13,143,841</u>
FUND BALANCES - End of the year	<u>\$ 13,656,558</u>	<u>\$ 448,068</u>	<u>\$ 14,104,626</u>

The accompanying notes are an integral part of this statement.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES
September 30, 2009**

Net change (expenditures in excess of revenues and other financing sources) \$ 960,785
in fund balances - total governmental funds

The increase (change) in net assets reported for governmental activities
in the statement of activities is different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense.

Expenditures for capital assets	\$ 1,911,900	
Less current year depreciation	(941,575)	
Proceeds from disposition of capital assets	(7,054)	
Loss on disposal of capital assets	<u>(167,782)</u>	
		795,489

The issuance of debt is reported as a financing source in governmental
funds and thus contribute to the change in fund balance. In the
statement of net assets, however, issuing debt increases long-term
liabilities and does not affect the statement of activities.

Similarly, repayment of principal is an expenditure in the
governmental funds but reduces the liability in the statement of
net assets.

Repayments (principal retirement):		
Notes payable		258,170

Some expenses reported in the statement of activities do not require the
use of current financial resources and therefore are not reported as
expenditures in the governmental funds.

Increase in compensated absences	<u>(107,687)</u>	
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Increase in net assets of governmental activities		<u>\$ 1,906,757</u>
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The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
September 30, 2009

	<u>Firefighters' Pension Plan</u>
ASSETS	
Investments	\$ <u>22,426,476</u>
TOTAL ASSETS	<u>\$ 22,426,476</u>
 NET ASSETS	
Held in trust for pension benefits and other purposes	\$ <u>22,426,476</u>
TOTAL NET ASSETS	<u>\$ 22,426,476</u>

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
September 30, 2009

	Firefighters' Pension Plan
	<u>Plan</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,942,025
Plan members	374,663
State of Florida, insurance premiums	<u>603,170</u>
Total contributions	<u>2,919,858</u>
Investment income:	
Gain/(Loss) on sale of investments	(2,520,668)
Net appreciation in fair value of investments	2,775,178
Interest and dividends	<u>665,022</u>
Net investment income	<u>919,532</u>
TOTAL ADDITIONS	<u>3,839,390</u>
DEDUCTIONS	
Benefits paid	899,824
Legal and professional	109,539
Consultant fees	13,000
Actuarial fees	17,999
Insurance	3,580
Dues	600
Miscellaneous	<u>11,672</u>
TOTAL DEDUCTIONS	<u>1,056,214</u>
CHANGE IN NET ASSETS	2,783,176
NET ASSETS - BEGINNING	<u>19,643,300</u>
NET ASSETS - ENDING	<u>\$ 22,426,476</u>

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
September 30, 2009

	<u>General Employees' Retirement System</u>
ASSETS	
Investments	\$ <u>1,331,507</u>
TOTAL ASSETS	\$ <u><u>1,331,507</u></u>
 NET ASSETS	
Held in trust for pension benefits and other purposes	\$ <u>1,331,507</u>
TOTAL NET ASSETS	\$ <u><u>1,331,507</u></u>

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Bonita Springs Fire Control and Rescue District (the "District") is an independent special taxing district located in southern Lee County, Florida. The District was originally established by Laws of Florida, Chapter 65-1828 and was then amended several times including Laws of Florida Chapter 97-340, as amended. The District's governing legislation was recreated, re-enacted and codified by Laws of Florida, Chapter 98-464 on May 28, 1998. The District is governed by a five-member (5) elected Board of Commissioners. Commissioners serve on a staggered four-year (4) term basis.

The District provides fire control and protection services, fire safety inspections, code enforcement, fire hydrant maintenance, firefighter training, and fire rescue services as well as advanced life support services. In providing these services, the District operates and maintains five (5) stations and the related equipment and employs approximately 115 full-time professional firefighters, administrative staff and Board members.

Summary of Significant Accounting Policies

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

The basic financial statements of the District are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information other than MD&A

Reporting Entity

The District adheres to Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity," as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units." This Statement requires the financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB 14, as amended, there are no component units required to be included.

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

Government-wide Financial Statements

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

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

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

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

Program revenues are considered to be revenues generated by service performed and/or by fees charged such as inspection fees and flow testing.

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

Fund Financial Statements

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

Fund financial statements for the District's governmental and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds, in aggregate, for governmental funds. The fiduciary statement includes financial information for the firefighters' pension fund. The fiduciary fund represents assets held by the District in a custodial capacity for the benefit of other individuals.

Governmental Funds

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

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

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

Fiduciary Fund

The pension trust fund accounts for the activities of the Firefighters' Pension Plan and the General Employees' Retirement System Plan. These plans accumulate resources for the pension benefit payments to qualified firefighters and the fire chief and the qualified General Employees respectively

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus and Basis of Accounting, continued

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

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

Non-current Government Assets/Liabilities

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

Major Funds

The District reports the following major governmental funds:

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

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

Fiduciary Fund

Fiduciary funds are excluded from the government-wide financial statements, because the resources of those funds are not available to support the District's programs. The types of fiduciary funds the District maintains are a Firefighters' Pension Plan Fund, and a General Employees Retirement System Fund. These funds account for retirement assets held by the Plan that are payable to eligible full-time certified firefighter personnel upon retirement as well as eligible general employees upon retirement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Budgetary Information

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

Investments

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

Investments, including restricted investments, consist of certificates of deposit, U.S. Government securities, corporate debt securities, and securities of government agencies unconditionally guaranteed by the U.S. Government.

Capital Assets

Capital assets, which include land, construction in progress, buildings, equipment and vehicles, are reported in the government-wide financial statements in the statement of net assets.

The District follows a capitalization policy which calls for capitalization of all fixed assets that have a cost or donated value of \$750 or more and have a useful life in excess of one year.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets, continued

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

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

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

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

<u>Asset</u>	<u>Years</u>
Buildings	10-30
Improvements Other Than Buildings	10-20
Equipment	3-20
Vehicles	7-20

Budgets and Budgetary Accounting

The District has adopted an annual budget for the General Fund, which included budgeted expenditures over revenue of \$11,865,701 which was intended to be funded through prior year unreserved, undesignated fund balance.

The District has also adopted an annual budget for the Special Revenue Fund - Impact Fee, which included budgeted expenditures over revenue of \$654,398 which was anticipated to be funded through prior year fund balance.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

Impact Fees

Through an inter-local agreement, the District levies an impact fee on new construction within the District via a City of Bonita Springs ordinance. The intent of the fee is for growth within the District to pay for capital improvements needed due to the growth. The fee is collected by the City of Bonita Springs and remitted to the District monthly. The fee is refundable if not expended by the District within (6) years from the date of collection. The District, therefore, records this fee as restricted cash. When the funds are expended they are charged to capital outlay in the fund financial statements and capital assets in the government-wide financial statements. Lee County collects any fees that are outside of the City boundaries but are within the District and remits quarterly.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Due To/From Other Funds

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

Due From Other Governments

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

Compensated Absences

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

Encumbrances

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

Management Estimates

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund equity

In the governmental fund financial statements, reservation of fund balance indicates amounts that are limited for a specific purpose, not appropriate for expenditure, or are legally segregated for a specific future use. Designations of fund balance represent tentative management plans. Unreserved, undesignated fund balance indicates funds that are available for current expenditure.

Interfund Transactions

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

Note B- RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Assets

"Total fund balance" as reported on the District's Governmental Funds Balance Sheet of \$14,104,626 differs from the "net assets" of governmental activities of \$33,243,772 that are reported in the Statement of Net Assets. This difference primarily results from the long-term economic focus of the Statement of Net Assets versus the current financial resources focus of the Governmental Funds Balance Sheet. The effect of the difference is illustrated below.

Capital related items

When capital assets (land, buildings and improvements, and machinery and equipment that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds.

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

However, the Statement of Net Assets includes those capital assets among the assets of the District as a whole at September 30, 2009.

	<u>Amount</u>
Cost of capital assets	\$ 22,854,267
Accumulated depreciation	<u>(4,152,880)</u>
Total	<u>\$ 18,701,387</u>

Long-term debt transactions

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Assets. Balances at September 30, 2009 were:

	<u>Amount</u>
Note payable	\$ 4,860,446
Compensated absences	<u>953,593</u>
Total	<u>\$ 5,814,039</u>

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

The "net change in fund balances" for government fund of \$960,785 (revenues in excess of expenditures) differs from the "increase in net assets" for governmental activities of \$ 1,906,757 reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated on the following page:

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

Capital related items

When capital assets are purchased or constructed for governmental activities, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of assets are allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay - expenditures	\$	1,911,900
Proceeds from disposition of capital assets		(7,054)
Loss on disposal of capital assets		(167,782)
Depreciation expense		(941,575)
Difference	\$	<u>795,489</u>

Long-term debt transactions

Repayments of principal on notes and capital leases are reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. Principal payments reduce the liabilities in the Statement of Net Assets, but do not result in an expense in the Statement of Activities.

Notes payable - principal payments	\$	258,170
Increase in current year compensated absences		(107,687)
Total	\$	<u>150,483</u>

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents were \$3,272,227 of which \$437,615 was restricted. Total cash and cash equivalents included cash on hand of \$300 at September 30, 2009.

Deposits

The District's deposit policy allows deposits to be held in demand deposit accounts. All District depositories are institutions designated as qualified depositories by the State Treasurer at September 30, 2009.

District deposits consist of the following at September 30, 2009:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>Unrestricted Cash</u>		
General Fund		
Depository Accounts	\$ 2,834,312	\$ 2,955,478
Total Unrestricted Deposits	2,834,312	2,955,478
Plus Petty Cash (1)	<u>300</u>	<u>-</u>
Total Unrestricted Cash	<u>2,834,612</u>	<u>2,955,478</u>
<u>Restricted Cash</u>		
Special Revenue Fund		
Impact Fee		
Depository Account	<u>437,615</u>	<u>437,615</u>
Total Special Revenue Fund	<u>437,615</u>	<u>437,615</u>
Total Restricted Deposits	<u>437,615</u>	<u>437,615</u>
 TOTAL CASH AND CASH EQUIVALENTS	 <u>\$ 3,272,227</u>	 <u>\$ 3,393,093</u>

(1) Held in General Fund - not considered a deposit

These deposits were entirely covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act (Florida Statute 280) of the State of Florida. Bank balances approximate market value.

NOTE C - CASH AND CASH EQUIVALENTS, CONTINUED

Restricted Cash and Cash Equivalents

The following is a brief description of the restrictions on cash and cash equivalents:

The General Fund holds loan proceeds specifically restricted for the construction of station #4 and the related equipment.

The Impact Fee Fund is used to account for the deposit of impact fees received and is restricted for certain capital asset acquisitions associated with growth within the District. Impact fees are collected by the City of Bonita Springs for the District pursuant to an ordinance and District resolution.

NOTE D - INVESTMENTS

Investments were \$34,797,248 at September 30, 2009, of which \$11,039,265, was held in Governmental Funds (the General Fund), \$22,426,476 was held in the Firefighters' Pension Plan and \$1,331,507 was held in the General Employees Pension Plan.

The District's investment policy allows investments in certificates of deposit for its Governmental Funds. Investments held in the Firefighters' Pension Plan and the General Employees' Pension Plan are controlled by their respective Pension Board policy. The Pension Plan investments are not considered available and usable by the District. The Pension Plan policies provide for investments in treasury notes, federal agency guaranteed securities, and corporate bonds, notes and/or equities and real estate.

Certificates of deposit whose value exceeds the amount of federal depository insurance are collateralized pursuant to the Public Depository Securities Act (Florida Statute 280) of the State of Florida.

The District's Governmental Fund (General Fund) investments consist of the following at September 30, 2009.

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Carrying Value</u>
Certificate of Deposit*	7/2/2009	10/1/2009	1.50%	\$ 2,007,438
	9/24/2009	10/22/2009	1.25%	\$ 1,003,102
	6/4/2009	12/3/2009	1.40%	\$ 4,018,172
	7/2/2009	12/31/2009	1.75%	\$ 2,008,669
	9/10/2009	3/11/2010	1.65%	\$ 2,001,884
				<u><u>\$ 11,039,265</u></u>

* **Note: All of the above investments are through CDAR accounts.**

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE D - INVESTMENTS, CONTINUED

In accordance with GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Purchase Agreements, " as amended by GASB Statement No. 40, the District's Investments are categorized as follows to give an indication of the level of risk assumed by the District:

- Category 1 Includes investments that are insured or registered, or securities held by the District or its agents in the District's name, or held by the District's agents in a Depository Trust Company custodial account.
- Category 2 Includes uninsured and unregistered investments held by a counterparty's trust department or agent in the District's name.
- Category 3 Includes uninsured and unregistered investments for which securities are held by a counterparty, its trust department or agent, but not in the District's name.

There were no losses during the period due to default by counterparties to investment transactions, and the District had no other types of investments during the year other than those listed below.

	<u>Market Value/Carrying Value</u>		<u>Total</u>	<u>Cost</u>
	<u>Category 1</u>	<u>Category 3</u>		
Governmental Funds				
Certificates of Deposit (CDARs)	\$ 11,039,265	\$ -	\$ 11,039,265	\$ 11,039,265
Firefighters' Pension Trust Fund				
Cash & Money Market Funds	-	998,739	998,739	998,739
Corporate Bonds	-	9,900,272	9,900,272	9,171,714
Corporate Security Equities	-	10,413,976	10,413,976	9,759,851
International Equities	-	1,113,489	1,113,489	1,450,000
Total Firefighters' Pension Trust Fund	<u>-</u>	<u>22,426,476</u>	<u>22,426,476</u>	<u>21,380,304</u>
General Employees' Retirement System				
Cash & Money Market Funds	-	2,618	2,618	2,618
Rockwood Cap Adv. Fixed Units	-	509,790	509,790	490,461
Rockwood Cap Adv. Equity Units	-	819,099	819,099	810,420
Total General Employees' Retirement System	<u>-</u>	<u>1,331,507</u>	<u>1,331,507</u>	<u>1,303,499</u>
TOTAL INVESTMENTS	<u>\$ 11,039,265</u>	<u>\$ 23,757,983</u>	<u>\$ 34,797,248</u>	<u>\$ 33,723,068</u>

NOTE D - INVESTMENTS, CONTINUED

Authorized Plan Investment Limitations:

The following is a summary of investment limitations for the Firefighters' Pension Plan and The General Employees' Retirement System:

	<u>Firefighters' Pension Plan</u>	<u>General Employees' Retirement System</u>
The aggregate investment in common stock or capital stock of any one issuing company shall not exceed the following percentage of the fund assets	5%	5%
The aggregate investment in common stock, capital stock or convertible securities of any one issuing company shall not exceed the following percentage of the fund assets		
The aggregate investment in any one issuing company shall not exceed the following percentage of the outstanding capital stock of that company	5%	5%
The value of bonds issued by any single corporation shall not exceed the following percentage of the total fund	10%	10%
Investments in common stock and convertible bonds shall not exceed the following percentage of the fund assets	60% Cost or 70% Market	60% Cost or 70% Market
Investments in foreign securities shall not exceed the following percentage of the fund assets	10%	10%

Concentration of Credit Risk:

The investment policies of the Firefighters' Pension Plan and the General Employees' Retirement System contain limitations on the amount that can be invested in any one issuer. There were no individual investments that represented 5% or more of plan net assets at September 30, 2009 for either the Firefighters' Pension Plan or the General Employees' Retirement System.

NOTE D - INVESTMENTS, CONTINUED

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. As a means of limiting its exposure to interest rate risk, the Firefighters' Pension Plan and General Employees' Retirement System diversify their investment by security type and institution, and limit holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of each Plan's fixed income investments to market interest rate fluctuations is provided by the following table that shows the distribution of each Plan's investment by maturity at September 30, 2009:

<u>Investment Maturities (in years)- Firefighters' Pension Plan</u>					
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Corporate Bonds	\$ 9,900,272	\$ 990,027	\$ 3,366,092	\$ 3,366,092	\$ 2,178,060
	<u>\$ 9,900,272</u>	<u>\$ 990,027</u>	<u>\$ 3,366,092</u>	<u>\$ 3,366,092</u>	<u>\$ 2,178,060</u>

<u>Investment Maturities (in years)- General Employees' Retirement System</u>					
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
* Corporate Bonds	\$ 509,790	\$ 10,196	\$ 188,622	\$ 107,056	\$ 203,916
	<u>\$ 509,790</u>	<u>\$ 10,196</u>	<u>\$ 188,622</u>	<u>\$ 107,056</u>	<u>\$ 203,916</u>

* Note: There is no ownership of the bonds. They are part of a co-mingled fund which the District owns units of the underlying bonds.

NOTE D - INVESTMENTS, CONTINUED

Credit Risk:

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The investment policy of the Firefighters' Pension Plan and the General Employees' Retirement System utilized portfolio diversification in order to control this risk.

The following table discloses credit rating by fixed income investment type at September 30, 2009, if applicable:

	Firefighters' Pension Plan			General Employees' Retirement System	
	Fair Value	Percentage of Portfolio		Fair Value	Percentage of Portfolio
U.S. government guaranteed*	-	0%		N/A	0%
Quality rating of credit risk debt securities			Rating		
AAA	\$ 2,141,429	21.6%	AAA	\$ 134,687	26.4%
AA-	923,695	9.3%	AA2	18,913	3.7%
AA+	355,420	3.6%	AA3	18,760	3.7%
A+	306,908	3.1%	A1	21,921	4.3%
A-	1,253,374	12.7%	A2	25,540	5.0%
A	2,283,004	23.1%	A3	38,438	7.5%
BBB	729,650	7.4%	BAA1	42,771	8.4%
BBB+	822,713	8.3%	BAA2	5,404	1.1%
BBB-	489,073	4.9%	BAA3	8,921	1.8%
B+	38,611	0.4%	N/A	194,435	38.1%
B	212,856	2.1%			
NR	199,985	2.0%			
Total credit risk debt securities	9,756,718	98.5%		509,790	100.0%
Money Market	143,554	1.5%		-	0.0%
Total Bond Fund	\$ 9,900,272	100.0%		\$ 509,790	100.0%

* Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Custodial Credit Risk:

This is the risk that in the event of the failure of the counterparty, the Plans will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. Consistent with the each Plan's investment policy, the investments are held by Plan's custodial bank and registered in the Plan's name.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE E - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2009:

	Balance October 1 <u>2008</u>	Increases/ <u>Additions</u>	Decreases/ <u>Deletions</u>	Adjustments/ <u>Reclassifications</u>	Balance September 30 <u>2009</u>
Capital Assets Not Being Depreciated:					
Land	\$ 2,559,787	\$ -	\$ -	\$ -	\$ 2,559,787
Construction in Progress	<u>249,696</u>	<u>358,044</u>	<u>-</u>	<u>-</u>	<u>607,740</u>
Total Capital Assets Not Being Depreciated	<u>2,809,483</u>	<u>358,044</u>	<u>-</u>	<u>-</u>	<u>3,167,527</u>
Capital Assets Being Depreciated:					
Buildings	13,336,779	-	-	1	13,336,780
Office Equipment	624,867	21,038	(62,374)	885	584,416
Vehicles	3,349,306	1,180,070	(636,134)	-	3,893,242
Equipment & Machinery	<u>1,704,012</u>	<u>352,747</u>	<u>(185,459)</u>	<u>1,002</u>	<u>1,872,302</u>
Total Capital Assets Being Depreciated	<u>19,014,964</u>	<u>1,553,855</u>	<u>(883,967)</u>	<u>1,888</u>	<u>19,686,740</u>
Less Accumulated Depreciation:					
Buildings	(1,348,349)	(451,960)	-	-	(1,800,309)
Office Equipment	(279,818)	(92,053)	59,855	(98)	(312,114)
Vehicles	(1,451,874)	(238,809)	563,034	1	(1,127,648)
Equipment & Machinery	<u>(838,508)</u>	<u>(158,753)</u>	<u>84,452</u>	<u>-</u>	<u>(912,809)</u>
Total Accumulated Depreciation	<u>(3,918,549)</u>	<u>(941,575)</u>	<u>707,341</u>	<u>(97)</u>	<u>(4,152,880)</u>
Total Capital Assets Being Depreciated, Net	<u>15,096,415</u>	<u>612,280</u>	<u>(176,626)</u>	<u>1,791</u>	<u>15,533,860</u>
Capital Assets, Net	<u>\$17,905,898</u>	<u>\$ 970,324</u>	<u>\$ (176,626)</u>	<u>\$ 1,791</u>	<u>\$ 18,701,387</u>

Adjustments/reclassifications in capital assets represent reclassifications from Donated items and reclassification of an asset from disposed to active.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE E - CAPITAL ASSETS ACTIVITY, CONTINUED

Depreciation expense was charged to the following functions during the year ended September 30, 2009:

General Government	<u>\$ 941,575</u>
Total Depreciation Expense	<u>\$ 941,575</u>

NOTE F - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the fiscal year ended September 30, 2009:

	Balance October 1 <u>2008</u>	Additions	Retirements / Adjustments	Balance September 30 <u>2009</u>	Amounts Due Within <u>One Year</u>
Note Payable (1)	\$ 5,118,616	\$ -	\$ (258,170)	\$ 4,860,446	\$ 268,634
Compensated Absences	<u>845,906</u>	<u>107,687</u>	<u>-</u>	<u>953,593</u>	<u>-</u>
	<u>\$ 5,964,522</u>	<u>\$ 107,687</u>	<u>\$ (258,170)</u>	<u>\$ 5,814,039</u>	<u>\$ 268,634</u>

During the year ended September 30, 2009, \$361,238 was transferred from the impact fee account and the balance of the loan proceeds in the amount of \$95,978 was transferred to pay the principal of \$258,170 and interest of \$199,046 on the \$6,298,494 note payable.

(1) Debt is serviced through the use of Impact Fees and the remaining proceeds from the note.

NOTE F - LONG-TERM LIABILITIES, CONTINUED

The following is a summary of the long-term obligations at September 30, 2009:

\$6,298,494 note, payable monthly to a financial institution in the amount of \$38,101 including interest at 3.98% to finance the construction of Station #4. The note is uncollateralized. Final payment due August 22, 2023.	\$ 4,860,446
Non-current portion of compensated absences. Employees of the District are entitled to paid leave based on length of service and job classification.	953,593
	<u>\$ 5,814,039</u>

The annual debt service requirements at September 30, 2009 were as follows:

Year Ending September 30	Note Payable (1) Principal	Interest
2010	\$ 268,634	\$ 188,581
2011	279,523	177,692
2012	290,853	166,361
2013	302,643	154,572
2014	314,910	142,305
2015-2019	1,776,698	509,377
2020-2023	<u>1,627,185</u>	<u>130,350</u>
Total Notes Payable	4,860,446	1,469,238
Accrued Compensated Absences	<u>953,593</u>	<u>0</u>
	<u>\$ 5,814,039</u>	<u>\$ 1,469,238</u>

(1) Debt service paid through impact fees and the remaining proceeds from the note transferred to and paid via the General Fund.

NOTE G - RETIREMENT PLANS

The following three retirement plans have been established by the District:

- Plan 1 - Florida Retirement System (FRS) - Elected Officials
- Plan 2 - Firefighters' Pension Trust Fund (Florida Statute 175)
- Plan 3 - General Employees' Retirement System

Employee participation in a specific plan is based on the respective employee's classification.

Plan 1 - Plan Description and Provisions - Florida Retirement System

All District Board of Commissioners members, beginning January 1, 2002, became participants in the statewide Florida Retirement System (FRS) under the Authority of Article X, Section 14 of the State Constitution and Florida Statutes, Chapters 112 and 121. The District's Board of Commissioners were not participants in any retirement plan prior to enrollment in the FRS. The Plan provides for all District Board of Commission members to become eligible to participate in the Plan immediately upon election, beginning January 1, 2002 per District resolution number 02-01-05. The FRS is noncontributory and is totally administered by the State of Florida. The District contributed 100% of the required contributions for the years ended September 30, 2009, September 30, 2008, and the period ended September 30, 2007. Pension cost for the District was 16.53% for the year ended September 30, 2009. The District's covered payroll for the years ended September 30, 2009, 2008, 2007 was \$30,000, \$30,000, and \$30,000, respectively. The Districts contributions to the FRS were \$5,051, \$4,959, and \$4,959 for the years ended September 30, 2009, 2008, and 2007, respectively, which represents approximately 16.5%, 16.5% and 16.5% of covered payroll, respectively. There were no employee contributions to the FRS.

Employees who retire at or after age 62 with 6 years of creditable service or 30 years of service regardless of age, are entitled to a retirement benefit, payable for life, equal to 1.5% to 3.3% per year of creditable service, depending on the class of employee (regular, special risk, etc.) based on average final compensation of the five (5) highest fiscal years' compensation.

Benefits vest after six years of credited service. Vested employees may retire anytime after vesting and incur a 5% benefit reduction for each year prior to normal retirement age.

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System, continued

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

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

Description of funding policy

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

Trend information

A copy of the FRS's June 30, 2009 annual report can be obtained by writing the Florida Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (850) 488-5706.

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

The following brief description of the Bonita Springs Fire Control and Rescue District Firefighters' Pension Plan (the "Plan") is provided for general information purposes only. Participants should refer to the plan agreement for a more complete description of the Plan. Under the authority of Florida Statute 175 and Laws of Florida, Chapter 95-338, the District's Board of Commissioners passed Resolution 95-05-30 and subsequently amended the Plan through resolutions 02-03-07, 03-10-15 and 05-01-01 to provide for the establishment and funding of a single-employer defined benefit retirement plan and trust for all full-time eligible certified firefighter personnel. The resolution establishes that all full-time eligible certified firefighters employed on May 30, 1995 and all full-time eligible certified firefighters hired thereafter are to become participants in the District's Firefighters' Pension Trust Fund. The Plan is totally administered, including all investment management, by the Plan's appointed Pension Board or its designee. The Board has designated a third party investment manager.

NOTE G - RETIREMENT PLANS, CONTINUED

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

The Plan provides for full-time eligible certified firefighting personnel to become eligible to participate in the Plan immediately upon hire and successful completion of a medical examination. Employees are eligible for normal retirement at the earlier of the attainment of age 50 with 25 years of creditable services or attainment of age 55 with 10 years of credited service. Employees may elect early retirement after 10 years of creditable service and attainment of age 50 with a reduction in benefit not to exceed 3% for each year before normal retirement. The Plan also includes certain disability and death benefits.

Contributions

Contributions to the Plan are derived from three sources: employees: 5% of compensation paid by the employee, State funds: (insurance premium tax per Florida Statute Chapter 175) and the employer: remaining amount necessary to meet actuarial funding requirement, however, in no event shall the employer contribution be less than 15%. The State contribution is based on property fire insurance premiums collected within the District and is applied up to an approved "frozen" limit of \$556,479. The District (employer) is required to fund the difference each year between the total contributions from all other sources for the year and the total funding cost for the year pursuant to the most recent actuarial valuation of the Plan. The total cost for any year equals total normal cost plus the additional amounts sufficient to amortize the unfunded past service liability over a 35 year period commencing the first year of the Plan's inception.

Pursuant to the revised actuarial study dated October 1, 2009, the District's fiscal year 2009 contribution requirement was \$1,876,034, which approximated 25.9% of estimated covered payroll. Actual District contributions to the Plan for the year ended September 30, 2009 were \$1,942,025 which was approximately 25.9% of covered payroll. Employee contributions for the year ended September 30, 2009 were \$374,663 and the State of Florida contributions for the year ended September 30, 2009 were \$553,703.

The employees and the employer contributed 100% of their respective required contributions to the Plan during the year ended September 30, 2009.

Pension benefits

Employees with 10 or more years of service are entitled to annual pension benefits, beginning at the earlier of age 55 with 10 years of credited service or 25 years credited service and attainment of age 50, equal to 3.58% of their average final compensation

NOTE G - RETIREMENT PLANS, CONTINUED

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

Pension benefits, continued

(AFC) multiplied by the number of years of credited service. AFC is defined as one twelfth (1/12) of the average salary of the five (5) highest years of the last ten (10) years of credited service or the career average as a full-time firefighter, whichever is greater. Maximum benefit is 100% of AFC, paid during the retirees life time with a minimum of 120 monthly benefit payments. The plan permits early retirement at age 50 with 10 years of credited service with a maximum 3% reduction for each year the member's retirement proceeds the normal retirement age. Employees may elect to receive their pension benefits in the form of a 10-year certain and life annuity. If employees terminate before rendering 10 years of credited service, they forfeit the right to receive the portion of their accumulated plan benefits. The maximum annual member benefit shall not exceed \$160,000.

Death and Disability benefits

Upon the death of any vested member, whether or not still in active employment, a survivor benefit is payable to the beneficiary starting when the member would have reached retirement age. The benefit is equal to the vested pension benefit and is payable for 10 years.

Active employees who become totally disabled receive the greater of a monthly benefit equal to 3.58% of AFC times number of years of credited service, but not less than 42% of AFC for line of duty disabilities. A non service connected disability with at least 10 years of credited service will receive a monthly benefit equal to 3.58% of AFC times the

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.

NOTE G - RETIREMENT PLANS, CONTINUED

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

Actuarial present value of accumulated plan benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' age at entry to the Plan and is based upon the current starting salary for firefighters at entry level. Benefits payable under all circumstances; retirement, death, disability and termination of employment, are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of September 30, 2009 were (a) life expectancy of participants (the 1983 Group Annuity Mortality Table was used) (b) retirement age assumptions (the assumed average retirement age was 55) and (c) investment return. (Assumed investment return was 8%). 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. At September 30, 2009, the plan held excess state special distribution contributions of \$46,691. A summary of certain Plan details and trend information is included below.

No separate Plan audit is issued. A copy of the District audited financial statements including the Plan for September 30, 2009 can be obtained by writing the District at 27701 Bonita Grande Drive, Bonita Springs, Florida 34135, or by calling (239) 949-6200.

NOTE G - RETIREMENT PLANS, CONTINUED

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

The following is a summary of the Single Employer-Defined Benefits Plan, including funding policies, contribution methods, benefit provisions and trend information:

	<u>Firefighters' Pension Trust Fund - Plan 2</u>
Year established and governing authority	District Resolution #95-05-30 (Effective 5/30/95) as amended by District resolutions 02-03-07, 03-10-15, 05-01-01 05-12-06, 07-03-01 & 07-08-02
Governing entity	Board of Trustees of Plan
Determination of contribution requirements:	Actuarially determined; however,
Employer (District)	not less than 15% of covered payroll, based upon age of employees. Contributions are required in addition to State revenue under Chapter 175 (insurance premium tax refunds) received. (approximately 25.9% for the year ended September 30, 2009.)
Plan members	5% of covered payroll
Funding of administrative costs	Employer
Period required to vest	10 years
Post retirement benefit increase	Cost of living increase of of 3% each year for 17 years commencing after retirement.
Eligibility for distribution (Normal retirement)	Earlier of age 55 with 10 years of credited service or age 50 and 25 years credited service.
Normal retirement benefit	3.58% of average final compensation times credited service.

NOTE G - RETIREMENT PLANS, CONTINUED

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

Provisions for:

Disability benefits	Yes
Death benefits	Yes
Early retirement	Yes

Membership of the Plan consisted of the following at September 30, 2009:

	<u>Firefighters' Pension Trust Fund - Plan 2</u>
Retirees and beneficiaries receiving benefits	<u>16</u>
Terminated Plan members entitled to but not yet receiving benefits	0
Vested active members	35
Non-vested active members	<u>58</u>
Total	<u>93</u>
Number of participating employers	<u>1</u>
Number of participating state agencies	<u>1</u>

Annual Pension Cost, Net Pension Obligation and Reserves

Current year annual pension costs for the Firefighters' Pension Trust Fund are shown in the trend information provided. There were no net pension obligations for the Plan at September 30, 2009.

The plan assets are legally reserved for the payment of the respective plan member benefits within each Plan. There are no assets legally restricted for plan benefits other than those assets within the respective Plans. The Firefighters' Pension Trust Fund held certain investments at year end. There are no long-term contracts for contributions.

Trend Information

Firefighters' Pension Trust Fund							
Actuarial Study Date	Annual Required District/State Contribution	Required Annual District Contribution	Actuarially Determined Contribution	Actual District Contribution	Actual District Percentage Contributed	State Contribution	Net Pension Obligation
2009	\$ 2,432,513	\$ 1,876,034	\$ 1,876,034	\$ 1,942,025	104%	\$ 556,479 *	\$ (696,646)
2008	2,196,522	1,778,014	1,640,043	1,798,343	110%	556,479 *	(720,532)
2007	1,733,682	1,362,790	1,315,174	1,513,480	115%	418,508 *	(492,748)
2006	1,437,552	1,128,912	1,066,660	1,301,218	122%	370,892 *	(228,073)
2005	1,463,823	1,128,995	1,155,183	1,380,959	120%	308,640 *	-
2004	1,289,557	1,023,352	1,023,352	1,173,051	115%	266,205 *	-
2003	1,108,501	950,358	908,587	974,812	103%	199,914 *	-
2002	852,883	694,740	694,740	717,549	103%	158,143 *	(490,599)
2001	479,208	336,521	336,521	498,188	148%	142,687 *	(418,965)
2000	382,969	287,098	N/A	347,012	121%	95,871 *	(219,729)
1999	353,078	N/A	N/A	314,189	N/A	71,670 *	(418,965)
1998	307,368	N/A	N/A	290,481	N/A	71,670 *	(219,729)

*Frozen per Florida Statute Chapter # 175, as amended.
N/A - Information not available

NOTE G - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, continued
Pension Trust Required Supplementary Information, September 30, 2009

Schedule of Funding Progress Firefighters' Pension Plan:

Actuarial Study Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded (AAL) (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2009	\$ 26,130,449	\$ 43,873,729	\$ 17,743,280	60%	\$ 7,485,571	237%
10/1/2008	23,197,618	39,897,278	16,699,660	58%	7,167,721	233%
10/1/2007	20,346,521	33,450,433	13,103,912	61%	6,940,727	189%
10/1/2006	16,444,208	26,375,866	9,931,658	62%	6,452,751	154%
10/1/2005	13,271,313	21,938,092	8,666,779	60%	5,394,748	161%
10/1/2004	10,830,913	17,955,583	7,124,670	60%	4,614,335	154%
10/1/2003	8,991,563	11,751,538	2,759,975	77%	4,155,106	66%
10/1/2002	7,497,098	9,450,482	1,953,384	79%	3,718,438	53%
10/1/2001	6,317,507	7,781,765	1,464,258	81%	3,120,059	47%
10/1/2000	5,290,262	6,772,889	1,482,627	78%	2,284,788	65%
10/1/1999	4,188,646	5,907,273	1,718,627	71%	2,121,112	81%
10/1/1998	3,323,429	4,887,262	1,563,833	68%	1,952,072	80%
10/1/1997	2,660,096	3,954,740	1,294,644	67%	1,869,589	69%
10/1/1996	1,784,921	3,061,573	1,276,652	58%	1,836,904	70%
10/1/1995	1,229,340	2,492,340	1,263,000	49%	1,598,170	79%
10/1/1994	972,325	2,156,834	1,184,509	45%	1,406,192	84%

Firefighters' Pension Trust Fund - Plan 2

Valuation date	10/1/2007
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	29 years
Actuarial asset valuation method	4 year smooth
Actuarial assumptions:	
Investment rate	8%
Projected salary	6%
Post retirement	3%
Cost of living adjustment	3%, for 17 years commencing after retirement
Inflation	3%

NOTE G - RETIREMENT PLANS, CONTINUED

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

The District established a Single-Employer defined retirement benefit plan on December 12, 2005 via Resolution 05-12-07 for its general employees who are not employed as certified firefighters and are not participants in any other District retirement plan. The General Employees' Retirement System (the "Plan") replaced the previous Governmental Money Purchase Plan for General Employees.

The following brief description of the Bonita Springs Fire Control and Rescue District General Employees' Retirement System is provided for general information purposes only. Participants should refer to the plan agreement for a more complete description of the Plan. The Plan is totally administered, including all investment management, by the Plan's appointed Pension Board or its designee. The Plan provides for the District's general employees who are not employed as certified firefighters and are not participants in any other District retirement plan to participate upon their hire date. The Plan also includes certain disability and death benefits.

Contributions

Contributions to the Plan are derived from two sources: employees: 7% on compensation paid by the employee, and the employer: remaining amount, paid quarterly, necessary to meet actuarial funding requirement, however, in no event shall the employer contribution be less than 15% of the combined salaries of the Plan members. Pursuant to the actuary study dated September 30, 2009 the District's fiscal year 2009 contribution requirement was \$184,185 which approximated 19.8% of estimated covered payroll. Actual District contributions to the Plan for the year ended September 30, 2009 were \$177,443 which was approximately 19.08% of covered payroll. Employee contributions for the year ended September 30, 2009 were \$65,116. The employees and the employer contributed 98% of their respective required contributions to the Plan during the year ended September 30, 2009. The District was not notified of the increased requirement of 19.8% until a month and a half into the Fiscal Year. Employees vest 100% after 7 years of credited service. The District will pay \$6,743 in FY 09/10 to make up for the shortage.

Pension benefits

Employees are entitled to annual pension benefits, (early retirement) beginning at the earlier of age 50 with 7 years of creditable services or 20 years of service regardless of age. Normal retirement is defined as the earlier of age 55 and 7 years of credited service or 25 years of credited service, regardless of age. Benefits are equal to 2.48% of average final compensation (AFC) times credited service. AFC is defined as average salary of the five (5) highest years of the last ten (10) years immediately preceding retirement or termination. Benefits shall be paid monthly with a minimum of one hundred twenty (120) monthly payments guaranteed. Employees may elect early retirement at the earlier of age 50 and 7 years of credible service or 20 years of credible service, regardless of age with a 7.0% reduction of the accrued benefit per year. Employees may elect to receive their pension benefits in the form of a 10 year certain and life annuity. Normal and early retirees and their beneficiaries receive a 1.35% increase in their benefits each October 1st following retirement.

NOTE G - RETIREMENT PLANS, CONTINUED

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

Death and Disability Benefits

Upon the death of any vested member a survivor benefit is payable to the beneficiary for 10 years at member's normal or early retirement date. Upon the death of any non-vested member the accumulated member's contributions are refunded without interest.

In-service incurred disability provides a benefit equal to 2.48% of AFC times years of service. The benefit paid is that which had been accrued to date of disability payable for 10 years or until recovery. Non service incurred disability is covered after 7 years of credited service. The benefit paid is that which had been accrued to date of disability payable for 10 years or until recovery.

Actuarial present value of accumulated plan benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provision to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died. And (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' age at entry to the Plan and upon the current starting salary at entry level. Benefits payable under all circumstances; retirement, death, disability and termination of employment, are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payments (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of June 1, 2005 were (a) life expectancy of participants (the 1983 Group Annuity Mortality Table was used) (b) retirement age assumptions (the assumed average retirement age was 55 and 7 years of credited service or 25 years of service regardless of age) (c) investment return (assumed investment return was 8%) (d) salary increases (6% per year until assumed retirement age) and (e) early retirement (member eligible will retire at the rate of 5% per year). The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan terminated, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

NOTE G - RETIREMENT PLANS, CONTINUED

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

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

No separate Plan audit is issued. A copy of the District audited financial statements including the Plan for September 30, 2009 can be obtained by writing the District at 27701 Bonita Grande Drive, Bonita Springs, Florida 34135, or by calling (239) 949-6200.

The following is a summary of the Single Employer-Defined Benefits Plan, including funding policies, contribution methods, benefit provisions and trend information:

	<u>General Employees'</u> <u>Retirement System-Plan 3</u>
Year established and governing authority	District Resolution #05-12-07 (Effective 12/12/05)
Governing entity	Board of Trustees of Plan
Determination of contribution requirements:	Actuarially determined; however,
Employer (District)	not less than 15% of covered payroll, based upon age of employees.
Average final compensation	Average salary for the best 5 years during the 10 years immediately preceding retirement or termination.
Funding of administrative costs	Employer
Period required to vest	100% after 7 years of credited service

NOTE G - RETIREMENT PLANS, CONTINUED

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

	<u>General Employees'</u> <u>Retirement System-Plan 3</u>
Post retirement benefit increase	Cost of living increase of 1.35% each year commencing after retirement
Eligibility for distribution	
Normal retirement	Earlier of age 55 with 7 years of credited service or 25 years credited services, regardless of age
Normal retirement benefit	2.48% of average final compensation times credited service.
Early retirement	Earlier of age 50 with 7 years of credited service or 20 years credited service, regardless of age
Early retirement benefit	Accrued benefit, reduced 7% per year
Provisions for:	
Disability benefits	Yes
Death benefits	Yes
Early retirement	Yes

NOTE G - RETIREMENT PLANS, CONTINUED

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

Membership of the Plan consisted of the following at September 30, 2009:

	General Employees' Retirement System-Plan 3
Active Members	16
Service retirees	2
Beneficiaries	0
Disability retirees	0
Terminated vested	0
	<hr/>
Total	18

Annual Pension Cost, Net Pension Obligation and Reserves

Current year annual pension costs for the General Employees' Retirement System are shown in the trend information provided. There were no net pension obligations for the Plan at September 30, 2009.

The plan assets are legally reserved for the payment of the respective plan member benefits within each Plan. There are no assets legally restricted for plan benefits other than those assets within the respective Plans. The General Employees' Retirement System held certain investments at year end. There are no long-term contracts for contributions.

Trend Information

General Employees' Retirement System					
Fiscal Year	Required Annual District Contribution	Actuarially Determined Contribution	Actual District Contribution	Actual District Percentage Contributed	Net Pension Obligation
2009	\$ 184,185	\$ 184,185	\$ 184,185	100%	\$ (89,712)
2008	105,375	89,202	140,832	158%	(101,135)
2007	86,790	91,292	129,340	142%	(55,810)
2006	70,704	55,856	75,780	136%	(19,924)

NOTE G - RETIREMENT PLANS, CONTINUED

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

Plan Required Supplementary Information, October 1, 2009

Schedule of Funding Progress General Employees' Retirement System:

Actuarial Study Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded (AAL) (UAAL) (b-a)	Funded Ration (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2009	\$ 1,531,755	\$ 1,475,497	\$ (56,258)	103.8%	\$ 889,966	-6.3%
10/01/08	1,313,731	1,294,700	(19,031)	101.5%	860,996	-2.2%
10/01/07	1,113,966	1,216,089	102,123	91.6%	820,686	12.4%
10/01/06	817,581	856,569	38,988	95.4%	755,405	5.2%
6/01/05	561,380	619,001	57,621	90.7%	473,892	12.2%

General Employees' Retirement System-Plan 3

Valuation Date	10/1/2008
Amortization method	Level Percentage of Pay, Closed
Remaining amortization period	36 Years (as of 10/01/09)
Actuarial asset valuation method	Smoothed (as of 10/1/08)
Actuarial assumptions:	
Mortality rate	RP-2000 Mortality Table
Investment rate	8%
Projected salary increases	6%
Early retirement	5%
Cost of living adjustment	1.35%
Inflation	3%
Funding Method	Frozen Initial Liability Actuarial Cost Method

NOTE H. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The District provides insurance (health insurance) benefits to its retired employees. All retired full-time employees are eligible for benefits if actively employed by the District immediately before retirement. The benefits are provided both with and without contractual or labor agreements. The benefits may require contributions from the retirees, depending on certain specified criteria and, in particular, length of creditable employment. The District pays up to 100% of retiree coverage. The District had an early pension buy out during September and October of 2007, in which 12 employees took advantage. The District agreed to pay for dependent insurance coverage for two years for the employees who took advantage of the early pension buy out. As of September 30, 2009 the District has 17 retirees of which 12 employees are receiving dependent insurance coverage. The District currently finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time premiums are due. The premiums for these benefits totaled \$267,856 during the year ended September 30, 2009.

NOTE I - RISK MANAGEMENT

The District participates in a self-insurance program for health insurance claims beginning November 1999. The self-insurance program has stated annual individual stop loss limits (\$35,000 per individual employee for fiscal year ending 2009) and aggregate loss limits (approximately \$1,678,000 claims only-does not include administrative premium/fees) for fiscal year ending 2009 (but varies with number of covered employees) and retains third party excess coverage (reinsurance) for claims in excess of the loss limits. The District incurred \$2,236,367 in health insurance claims and third party administration costs and reinsurance premiums during the fiscal year ending September 30, 2009 for the self-insurance program. No accrual has been made as of September 30, 2009 or estimates of amounts to be paid for actual and incurred but not reported (IBNR) claims as it is not possible to determine claims incurred and not reported. The policy is based on a fiscal year and does not require the District to initially fund the claim, then determine if stop loss limits were exceeded or reinsurance refunds are due. The District's estimated remaining maximum cost exposure for the year ending September 30, 2009 was \$0. The actual claims cost incurred did not exceed the aggregate stop loss limits.

It is the policy of the District to purchase commercial insurance for other remaining forms of potential risks to which it is exposed. The District's risk management activities are reported in the General Fund. The District had no significant reductions in insurance coverage from the prior year. Reported claims have not exceeded the insurance coverage for the years ended September 30, 1999 through September 30, 2009. The District's total liability within any one year is limited to the annual loss limit, except for tail coverage estimated at approximately three (3) months' average claims in the year of plan termination. The District has no plan to terminate coverage; therefore, no such accrual has been recorded in the financial statements.

NOTE J- PROPERTY TAXES

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid taxes and must be sold not later than June 1 of each year. The billing, collection, and related record keeping of all property taxes is performed for the District by the Lee County Tax Collector. No accrual for the property tax levy becoming due in November 2009 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, 2009, \$207,557 was due from the Lee County Tax Collector to the District for ad valorem taxes and excess fees.

Important dates in the property tax cycle are as follows:

Assessment roll certified	July 1
Millage resolution approved	No later than 100 days following certification of assessment roll
Taxes due and payable (Levy date)	November/with various discount provisions through March 31
Property taxes payable - maximum discount (4 percent)	30 days after levy date
Beginning of fiscal year for which taxes have been levied	October 1
Due date	March 31
Taxes become delinquent (lien date)	April 1
Tax certificates sold by the Lee County Tax Collector	Prior to June 1

For the year ended September 30, 2009, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$1.8569 per \$1,000 (1.8569 mils) of the 2008 net taxable value of real property located within the District.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE K - DESIGNATED AND/OR RESERVED FUND BALANCE

Fund balance was designated and/or reserved for the following purposes at September 30, 2009:

<u>Unreserved, Designated Fund Balance - General Fund</u>	
Operations	\$ 4,138,402
Emergency/disaster	400,000
Repair and replacement	1,385,100
Land and buildings	674,175
Retirement Insurance	1,000,000
Transport ALS	1,300,000
Debt Service	<u>1,000,000</u>
Total Designated Fund Balance	<u>\$ 9,897,677</u>
<u>Reserved Fund Balances</u>	
Impact Fee Fund	<u>448,068</u>
Total Reserved Fund Balance	<u>\$ 448,068</u>

NOTE L - IMPACT FEE FUND ACTIVITY

During the year ended September 30, 2009, the Impact Fee Fund had the following activity:

Fund Balance, October 1, 2008	\$ 714,217
Impact fee receipts	81,538
Due from Other Governments	10,453
Interest Receipts	12,748
Refunds - Back to County	(9,650)
Operating transfers out	<u>(361,238) *</u>
Fund Balance, September 30, 2009	<u>\$ 448,068</u>

- * Impact fees in the amount of \$361,238 were transferred to the General Fund to pay debt service on the \$6,298,494 note payable and the remaining funds from the note in the amount of \$95,978 were also used to make payments. The note was used to pay for the construction of Station #4.

NOTE M - COMMITMENTS AND CONTINGENCIES

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

NOTE N - IMPLEMENTATION OF GASB STATEMENT NO. 45

The Governmental Accounting Standards Board has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions." This Statement will change the manner in which a governmental entity funds and records its post retirement benefit costs other than pension. Specifically, governments will have to actuarially accrue costs rather than fund them on a pay-as-you-go basis, as is currently the method used. This Statement may have a significant effect on the District's annual budget. The Statement is effective for the year ended September 30, 2010. The District intends to implement this Statement at that time. The District is currently exploring various options such as a Voluntary Employee Benefit Account to reduce the District's liability in the future.

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

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
SUMMARY STATEMENT
September 30, 2009

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$ 19,421,582	\$ 19,421,582	\$ 19,634,328	\$ 212,746
Intergovernmental Revenues:				
State Supplemental Compensation	30,000	30,000	33,479	3,479
Fees:				
Inspection Fees	20,000	20,000	78,786	58,786
Fire Flow Fees	1,000	1,000	1,335	335
CPR Classes	5,000	5,000	3,746	(1,254)
Disposition of Fixed Assets	1,000	1,000	7,054	6,054
Miscellaneous:				
Insurance Proceeds	5,000	5,000	9,251	4,251
Interest	400,000	400,000	431,171	31,171
Other	2,250	2,250	73,293	71,043
TOTAL REVENUES	19,885,832	19,885,832	20,272,443	386,611
EXPENDITURES				
Current				
Public Safety				
Personal Services	15,743,785	15,743,785	15,023,109	720,676
Operating Expenditures	11,502,123	11,267,715	2,014,522	9,253,193
Capital Outlay	4,412,496	4,646,904	1,911,900	2,735,004
Debt Service				
Principal Reduction	258,170	258,170	258,170	-
Interest and Fiscal Charges	199,046	199,046	199,046	-
TOTAL EXPENDITURES	32,115,620	32,115,620	19,406,747	12,708,873
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,229,788)	(12,229,788)	865,696	13,095,484
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	364,087	364,087	361,238	(2,849)
Operating Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	364,087	364,087	361,238	(2,849)
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(11,865,701)	(11,865,701)	1,226,934	13,092,635
FUND BALANCE - Beginning	11,865,701	11,865,701	12,429,624	563,923
FUND BALANCE - Ending	\$ -	\$ -	\$ 13,656,558	\$ 13,656,558

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT
September 30, 2009

	<u>General Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Ad Valorem taxes	\$ 19,421,582	\$ 19,421,582	\$ 19,634,328	\$ 212,746
Intergovernmental Revenues:				
State Supplemental Compensation	30,000	30,000	33,479	3,479
Fees:				
Inspection Fees	20,000	20,000	78,786	58,786
Fire Flow Fees	1,000	1,000	1,335	335
CPR Classes	5,000	5,000	3,746	(1,254)
Disposition of Fixed Assets	1,000	1,000	7,054	6,054
Miscellaneous:				
Insurance Proceeds	5,000	5,000	9,251	4,251
Interest	400,000	400,000	431,171	31,171
Other	2,250	2,250	73,293	71,043
TOTAL REVENUES	<u>19,885,832</u>	<u>19,885,832</u>	<u>20,272,443</u>	<u>386,611</u>
EXPENDITURES				
Current				
Public safety				
Personal services:				
Salaries				
Firefighters & admin.	7,366,566	7,366,566	7,389,113	(22,547)
Commissioners	30,000	30,000	30,000	-
Overtime	974,179	974,179	898,793	75,386
Incentives and Holiday Pay	1,247,841	1,247,841	1,205,171	42,670
Payroll Taxes				
Social Security & Medicare	715,988	715,988	704,463	11,525
Benefits and Other Costs				
Retirement - Firefighters	1,958,107	1,958,107	1,942,025	16,082
Retirement - Administration	140,883	140,883	182,494	(41,611)
Health/Life/Disability Ins.	2,880,221	2,880,221	2,471,555	408,666
Unemployment Compensation	5,000	5,000	-	5,000
Workers Compensation	425,000	425,000	199,495	225,505
Subtotal - Personal services	<u>15,743,785</u>	<u>15,743,785</u>	<u>15,023,109</u>	<u>720,676</u>

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
September 30, 2009

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Operating Expenditures:				
Professional and Other Fees				
Professional Fees	65,000	65,000	40,148	24,852
Legal Fees	75,000	75,000	41,518	33,482
Property Appraiser Fees	136,000	136,000	120,033	15,967
Tax Collector Fees	420,834	420,834	390,345	30,489
Ad Valorem Postage	1,500	1,500	-	1,500
Auditing and Accounting	23,000	23,000	21,425	1,575
Medical Director	12,500	12,500	12,500	-
Annual Physicals	70,000	70,000	47,544	22,456
Travel and Training				
Educational Seminars	87,950	87,950	88,458	(508)
Training Books & Supplies	109,480	109,480	79,667	29,813
Communications				
Radio Tower Fees/Pagers	32,604	32,604	27,239	5,365
Station Expenditures				
Telephones and Cellular's	45,000	45,000	39,569	5,431
Electricity	108,000	108,000	79,629	28,371
Water and Sewer	25,000	25,000	16,701	8,299
Garbage	12,700	12,700	9,965	2,735
Gas and Oil	162,700	162,700	72,508	90,192
Pest Control	8,190	8,190	5,356	2,834
Insurance				
Liability Policy	150,000	150,000	128,239	21,761
Repairs and Maintenance				
Building	98,500	98,500	98,848	(348)
Truck	134,500	134,500	100,191	34,309
Equipment	55,360	55,360	40,593	14,767
Communications	24,000	24,000	29,464	(5,464)
Special Operations	21,500	21,500	8,917	12,583
USAR District Expenses	20,100	20,100	19,100	1,000
Office Equipment	11,000	11,000	9,905	1,095
Computer Support	143,375	143,375	97,645	45,730
Fire Prevention	6,300	6,300	5,411	889

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
September 30, 2009

	General Fund			Variance
	Original	Final		Favorable
	Budget	Budget	Actual	(Unfavorable)
CPR Classes	8,000	8,000	3,901	4,099
Car Seat Expense	-	-	167	(167)
Public Education	45,500	45,500	17,546	27,954
Explorer Post 5513	-	-	1,553	(1,553)
Smoke Alarms	4,000	4,000	1,570	2,430
Supplies				
Legal Ads	11,000	11,000	3,984	7,016
Office Supplies	27,500	27,500	19,241	8,259
Postage and Freight	3,500	3,500	3,024	476
Administration	26,425	26,425	23,618	2,807
Station Supplies	20,000	20,000	15,108	4,892
Fire and Medical	189,400	189,400	164,417	24,983
Uniforms and Bunker Gear	157,500	157,500	84,348	73,152
Office Equipment	2,000	2,000	2,797	(797)
Food Consumables/Supplies	3,000	3,000	3,359	(359)
Books and Dues	26,385	26,385	19,025	7,360
PETC Hiring	1,000	1,000	500	500
Equipment < \$750	36,200	36,200	18,206	17,994
CERT Training	2,000	2,000	1,240	760
Operating Reserves/Contingencies				
Operating	4,533,877	4,533,877	-	4,533,877
Emergency Disaster	400,000	400,000	-	400,000
Repair and Replacement	1,396,548	1,162,140	-	1,162,140
Land and Building	548,195	548,195	-	548,195
Debt Service	1,250,000	1,250,000	-	1,250,000
Retirees Insurance	750,000	750,000	-	750,000
Subtotal - Operating Expenditures	11,502,123	11,267,715	2,014,522	9,253,193
Capital Outlay:				
Station Construction/Consultants	2,809,500	2,809,500	344,594	2,464,906
General CIP	-	-	13,450	(13,450)
Office Equipment	38,000	38,000	21,039	16,961
Machinery and Equipment	382,139	616,547	352,747	263,800
Vehicles/Prepaid Trucks	1,182,857	1,182,857	1,180,070	2,787
Subtotal - Capital Outlay	4,412,496	4,646,904	1,911,900	2,735,004

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
September 30, 2009**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
DEBT SERVICE				
Principal Reduction	258,170	258,170	258,170	-
Interest and Fiscal Charges	199,046	199,046	199,046	-
TOTAL EXPENDITURES	<u>32,115,620</u>	<u>32,115,620</u>	<u>19,406,747</u>	<u>12,708,873</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (12,229,788)	 (12,229,788)	 865,696	 13,095,484
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	364,087	364,087	361,238	(2,849)
TOTAL OTHER FINANCING SOURCES (USES)	<u>364,087</u>	<u>364,087</u>	<u>361,238</u>	<u>(2,849)</u>
 EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 (11,865,701)	 (11,865,701)	 1,226,934	 13,092,635
FUND BALANCE - BEGINNING	<u>11,865,701</u>	<u>11,865,701</u>	<u>12,429,624</u>	<u>563,923</u>
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 13,656,558</u>	 <u>\$ 13,656,558</u>

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND
September 30, 2009

	Impact Fee Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Fees:				
Impact Fees	\$ 70,000	\$ 70,000	\$ 91,991	\$ 21,991
Miscellaneous:				
Interest	16,000	16,000	12,748	(3,252)
TOTAL REVENUES	<u>86,000</u>	<u>86,000</u>	<u>104,739</u>	<u>18,739</u>
EXPENDITURES				
Expenses				
Refunds	-	-	9,650	(9,650)
Capital Outlay				
Station 4 Reserves	376,311	376,311	-	376,311
TOTAL EXPENDITURES	<u>376,311</u>	<u>376,311</u>	<u>9,650</u>	<u>366,661</u>
EXCESS OF REVENUES OVER EXPENDITURES	(290,311)	(290,311)	95,089	385,400
OTHER FINANCING SOURCES (USES)				
Transfers Out	(364,087)	(364,087)	(361,238)	2,849
TOTAL OTHER FINANCING SOURCES (USES)	<u>(364,087)</u>	<u>(364,087)</u>	<u>(361,238)</u>	<u>2,849</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(654,398)	(654,398)	(266,149)	388,249
FUND BALANCE - Beginning	<u>654,398</u>	<u>654,398</u>	<u>714,217</u>	<u>59,819</u>
FUND BALANCE - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 448,068</u>	<u>\$ 448,068</u>

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

Board of Directors
Bonita Springs Fire Control and Rescue District
Bonita Springs, Florida

We have audited the basic financial statements of the Bonita Springs Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2009, and have issued our report thereon dated February 25, 2010. We conducted our audit in accordance 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with, which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board and management of the District and the Auditor General of the State of Florida, and other state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Ashley, Brown & Co.

February 25, 2010

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

Management Letter

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

We have audited the basic financial statements of the Bonita Springs Fire Control and Rescue District (the "District"), as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated February 25, 2010.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated November 10, 2009, should be considered in conjunction with this management letter.

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 or schedule:

- 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. The District has taken corrective actions in regards to the comment.
- 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, Florida Statutes.

- 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, accounting procedures and internal controls. We do not have any recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts 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., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental 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)7.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, 2008, 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, 2008. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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 Directors, management of the District and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than those specified parties.

Ashley, Brown + Co.

February 25, 2010



BONITA SPRINGS FIRE CONTROL & RESCUE DISTRICT

27701 BONITA GRANDE DRIVE, BONITA SPRINGS, FL 34135
March 5, 2010

ADMINISTRATION
TEL: (239) 949-6200
FAX: (239) 949-6207

FIRE PREVENTION
TEL: (239) 949-6211
FAX: (239) 949-6216

EDWARD P. FITZGERALD
CHAIRMAN

WAYNE EDSALL
VICE - CHAIRMAN

EVANS CONFORTI
SECRETARY
TREASURER

FRANK LILES, JR.
COMMISSIONER

STEVE LOHAN
COMMISSIONER

P. H. KINSEY, JR.
FIRE CHIEF

www.bonitafire.org

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

Mr. Martin,

The records for the Bonita Springs Fire Control and Rescue District for FY ending September 2009 have been audited by Ashley & Brown, Certified Public Accountants and they have provided us with a management letter. There were no comments or recommendations made for the District.

Response:

The District was very pleased with the audit results showing no comments or recommendations. The Bonita Springs Fire Control and Rescue District will continue to work hard towards meeting the same standards in the future.

Sincerely,

P. H. Kinsey, Jr.
Fire Chief