



**Bonita Springs Fire Control
&
Rescue District**

**Budget
September 19, 2008**

**2008-2009
Annual Budget**



Bonita Springs Fire Control and Rescue District

Fiscal Year 2008-2009

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Bonita Springs Fire Control and Rescue District

Board of Commissioners

Chairman

Frank Liles Jr

Vice Chairman

Evans Conforti

Secretary-Treasurer

Bob Paterson

Fire Commissioners

Pat Buttino

Edward Fitzgerald

Fire Chief

Phillip Kinsey

Assistant Fire Chief

Ken Craft

Fire Marshal

Tim Fernandez

Department Directors

Administration Director
Battalion Chief
Battalion Chief
Battalion Chief
Deputy Chief-EMS
Deputy Chief-Special Ops
Deputy Chief-Fire
Finance Director
Human Resource Coordinator
Public Education/Public Information
Training

Iris Roman
Frank Giuliano
Vaughn Palmateer
Todd Taylor
Joe Daigle
Shane Sibert
Dan Ryan
Anthony Gambino
Sandy Vokoun
Debbi Redfield
Donn Cleland



Bonita Springs Fire Control and Rescue District

Dear Board of Commissioners,

This year was a difficult year to prepare the budget. There were many challenges that the District has not faced before such as a decline in property values, foreclosure rates increasing, the increase in energy cost, statutory and constitutional amendments imposing revenue constraints, declining interest rates and a declining economy.

The District's budget was prepared based on a decrease of 6.2% in property values, which caused the rollback rate to increase over last year's millage. Under the new tax reform rules the millage could have been as high as 2.0277 (rollback plus growth) with the rollback rate at 1.9563. The Board set the proposed preliminary millage rate of 1.9471. The final budget the millage rate was reduced to 1.8569 from the 1.9471 for a 4.6% reduction from what appeared on the public's TRIM (Truth in Millage) notices. The District reduced our gross Ad Valorem proceeds by \$940,646, in comparison to last year; the District will receive \$295,098 less in net Ad Valorem revenue than in 07/08.

Another challenge was explaining why the District must show an additional \$1,021,857.43 in the District's budget for two fire trucks that was paid for in the 2007 -2008 budget year. The District will not receive the trucks until the 2008-2009 budget year, but due to accounting principals (GAAP) the District is required to re-budget them in 2008-2009. This has no financial impact on our proposed budget as the expense is offset by the cash brought forward, which makes the entry tax neutral.

The District's special revenue fund (Impact Fees) is also decreasing due to a decrease in construction in Bonita Springs. The District set up a reserve account to allocate funds for the depletion of the Special Revenue/Impact Fees Fund. Currently, debt service is paid by the Special Revenue/Impact Fees Fund.

The District also allocated funds for the replacement of capital equipment based on the depreciation of the assets, the District would be saving a little over a long period of time instead of raising the millage rate to replace an expensive piece of equipment. This is to help keep the millage rate steady instead of increasing or decreasing between the budget years. The District is currently funding the depreciation at 50% for all capital improvement classifications. The District's auditor and accounting principals (GAAP) recommend fully funding the depreciation at 100%, but in today's economy that is not practical and would be

very costly to do. The District will attempt to increase the depreciation fund in future years.

As you can see, the District had many challenges regarding the 2008-2009 budget, although the overall budget including the Special Revenue/Impact Fees fund increased 2.4%, there was a decrease in the net ad valorem proceeds by \$940,646. This was accomplished by careful long term planning in prior years with a vision towards the future.

Thank you

Sincerely,

PH Kinsey, JR
Fire Chief



Bonita Springs Fire Control and Rescue District

General Information

Located in Southwest Florida, along the pristine beaches of the Gulf of Mexico, Bonita Springs makes up the southern most edge of Lee County. The beauty of Bonita Springs, along with abundant natural amenities, has drawn increasing numbers of tourist and year-round residents. With three miles of sandy shoreline for sunning and shelling, and warm gulf waters ideal for swimming and fishing, the steady growth of residential developments, restaurants, shopping centers and increasing job opportunities have an estimated 45,000 permanent residents and an additional 30,000 seasonal residents calling Bonita Springs their home.

In the mid 1800s, a survey crew from the Army Corps of Engineers was sent to south Florida to survey and map the area. The crew set up its main camp on a creek called Corkscrew, which later became known as Surveyor's Creek. In 1888, when the first pioneers arrived, they stayed in the surveyor's old camp and named the settlement Survey.

In 1912, a group of investors purchased a track of land in Survey and divided it into separate lots, with a town center and park. The investors were concerned, however, that newcomers would not be attracted to a town called Survey, so they renamed it Bonita Springs and called the creek the Imperial River.

The town of Bonita Springs grew slowly for many years, with its economic basis centered on citrus, fishing and seasonal tourism. Bonita Springs is now considered one of the fastest growing areas in Lee County.

As the town began to attract new residents and businesses alike, the need for a fire department was evident. Established in 1950 as a small volunteer unit, the department was designated as an independent taxing district in 1965. This important designation meant that the fire department would receive funding from property tax dollars collected in the community in order to fund equipment, fire stations and staff.

Today, the Bonita Springs Fire Control and Rescue District is one of the largest in the area. The department has 112 employees, 117 with the commissioners; five stations, with a response territory of 72-square-miles in southern Lee County. The fire district is governed by a five-member board of fire commissioners, who are elected by the public.

The property values in Bonita Springs have gone up considerable over the years from the growth in the real estate market and new construction but have taken a decline in value for the 2008-2009 fiscal year due to the slow economy. The taxable value of all real estate property located within the District decreased 6.16% or \$709,443,230

Below shows the past ten years growth in assessed taxable value, millage proceed and the past years millage rate.

Year	Millage	Millage Proceeds	Assessed Taxable Value
1998-1999	1.6097	4,632,027.00	2,877,571,380.00
1999-2000	1.6097	5,325,690.00	3,270,838,200.00
2000-2001	1.6860	6,279,409.30	3,724,442,050.00
2001-2002	1.9800	8,563,249.23	4,324,873,346.00
2002-2003	2.3000	11,457,799.62	4,981,652,007.00
2003-2004	2.3000	13,330,865.33	5,796,028,403.00
2004-2005	2.3000	15,279,855.17	6,643,415,290.00
2005-2006	2.3000	17,874,110.45	7,771,352,371.00
2006-2007	1.9800	20,039,667.77	10,121,044,326.00
2007-2008	1.7685	20,362,022.55	11,513,688,794.00
2008-2009	1.8569	20,066,924.34	10,806,680,134.00

Chart of Taxable Value

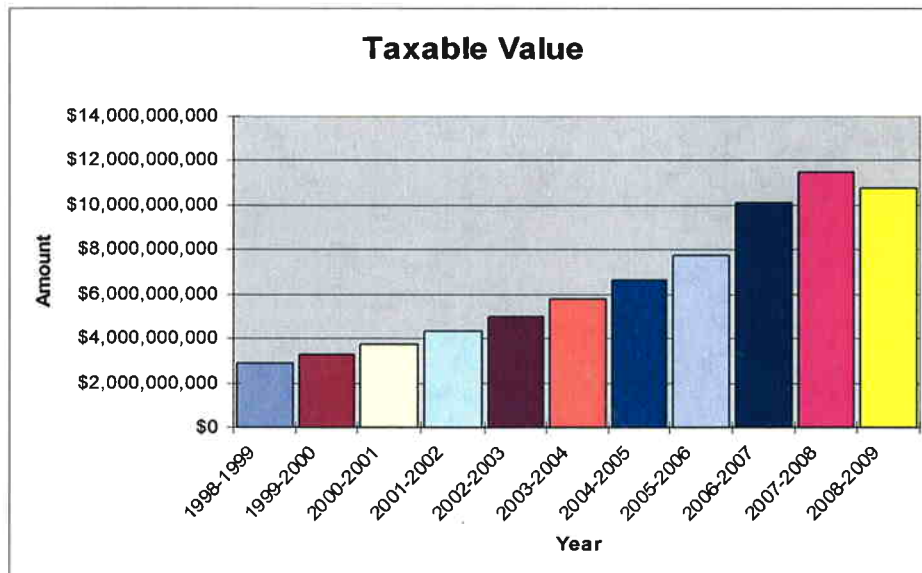
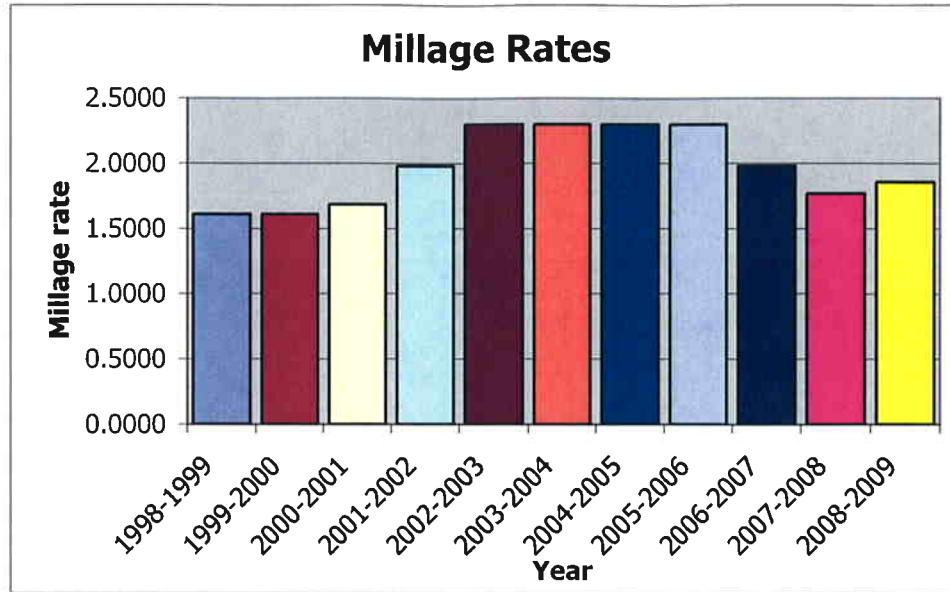
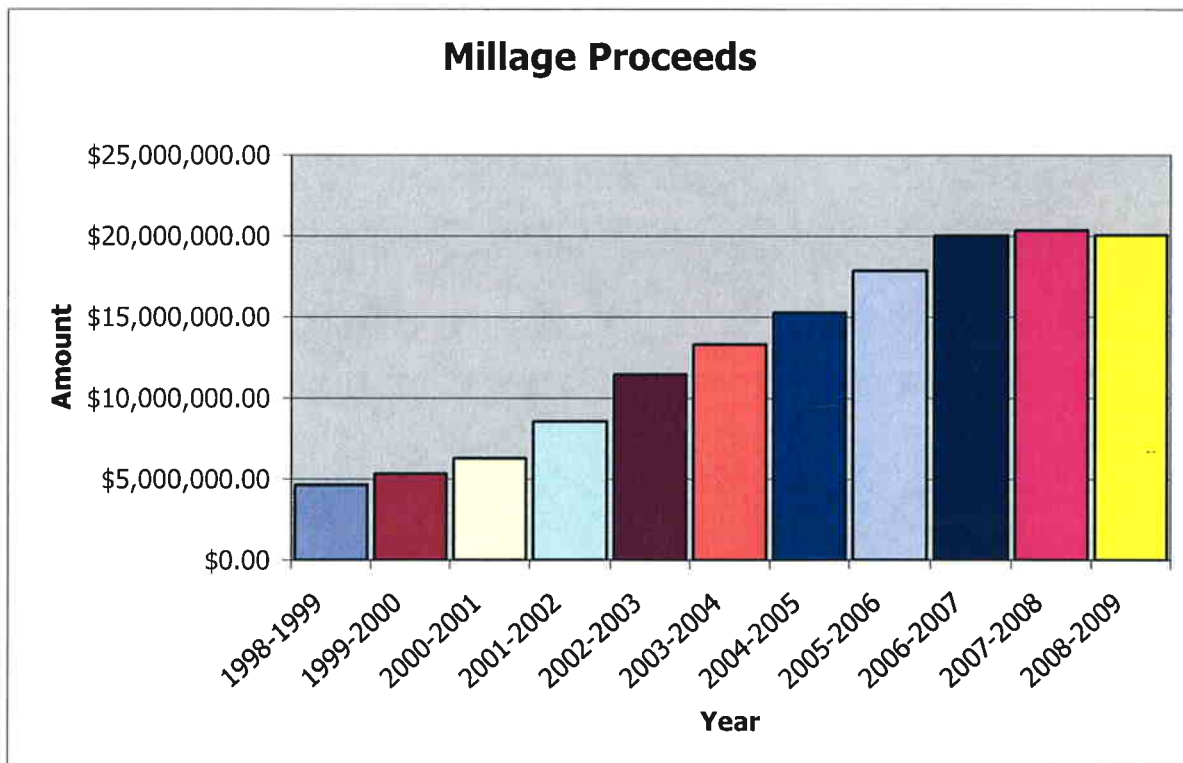


Chart of Millage rates



The proceeds from the ad valorem taxes have increased over the years due to growth and inflation. Below is a graph showing the increase over the years.





Bonita Springs Fire Control and Rescue District

Budget Planning Calendar For Fiscal Year 2008-2009

April 2, 2008	Finance to send out request for budget instruction and forms.
May 1, 2008	Proposed budgets due from Department directors to Deputy Chiefs
May 12, 2008	Budgets due to Assistant Chief
June 1, 2008	Proposed Taxable Value from Lee County
June 2, 2008	Budget due to Finance
June 26, 2008	Internal Budget meeting #1 9:00am
July 1, 2008	Lee County to Certify Taxable Value
July 8, 2008	Internal Budget meeting #2 9:00am
July 14, 2008	Board to set proposed preliminary millage for DR 420
July 16, 2008	Internal Budget meeting #3
July 21, 2008	Budget books to Board
July 31, 2008	Board Budget workshop 3:30pm Station 4
August 4, 2008	Deadline to complete and return DR 420 to Property Appraiser
August 24, 2008	Property Appraiser to mail out Notice of Proposed Property Taxes (TRIM Notice)
September 8, 2008.....	Budget meeting to set tentative millage and budget
September 19, 2008.....	Adopt Final Budget and Millage



Bonita Springs Fire Control and Rescue District

OUR MISSION...

It is the mission of the Bonita Springs Fire Control and Rescue District to preserve life and property and promote public safety through strong leadership, management, professionalism and integrity

OUR FOCUS...

The District will focus its efforts on responding rapidly and safely to emergencies, providing appropriate interventions, community outreach and rigorous training to constantly improve our safety, skills and readiness.

OUR CORE VALUES... "Four General Orders"

To Residents:

We owe the residents of Bonita Springs the highest quality of service possible, characterized by responsiveness, integrity and professionalism. We will continually strive for quality improvement.

To The District:

We owe the Bonita Springs Fire Control and Rescue District our full commitment and dedication. We will always look beyond the traditional scope of our individual positions to promote teamwork and safe organizational effectiveness.

To Each Other:

We owe each other a working environment characterized by trust and respect for the individual, fostering open and honest communication at all levels.

To Ourselves:

We owe ourselves personal and professional growth. We will seek new knowledge and greater challenges, and strive to be at the leading edge of our profession.

OUR GOALS...

GOAL#1:

All personnel and staff do their best, enjoy their job and promote safety for themselves, their coworkers and the organization.

GOAL #2:

Develop or improve our organization to effectively administer and manage the resources of the District.

GOAL #3:

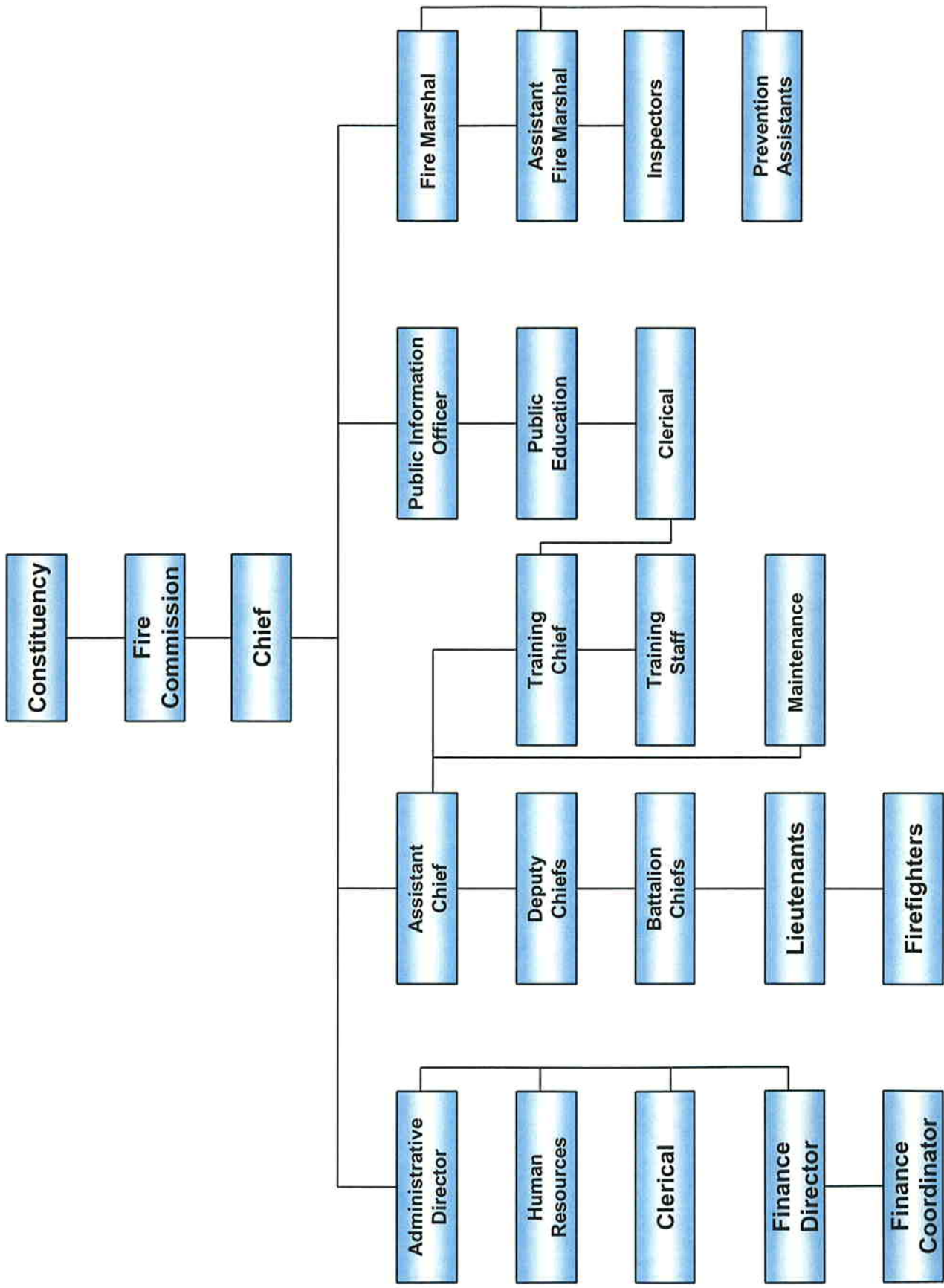
Develop or improve a system for minimizing the impact of fires, disasters and other emergencies on life and property.

GOAL #4:

Provide an effective Emergency Medical Service to lessen the morbidity and mortality of the sick or injured.

GOAL #5:

Provide an effective Fire Prevention and Public Education System to improve the quality of the lives and safety of the citizens we protect.



General Budget Information



House Training Fire



Bonita Springs Fire Control and Rescue District

Revenue Sources

The District has only two major funds, the general fund and the special revenue fund or impact fees.

General Fund

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 general fund is comprised of ad valorem taxes, interest, transfers from the impact fee account, fire prevention fees and other miscellaneous fees.

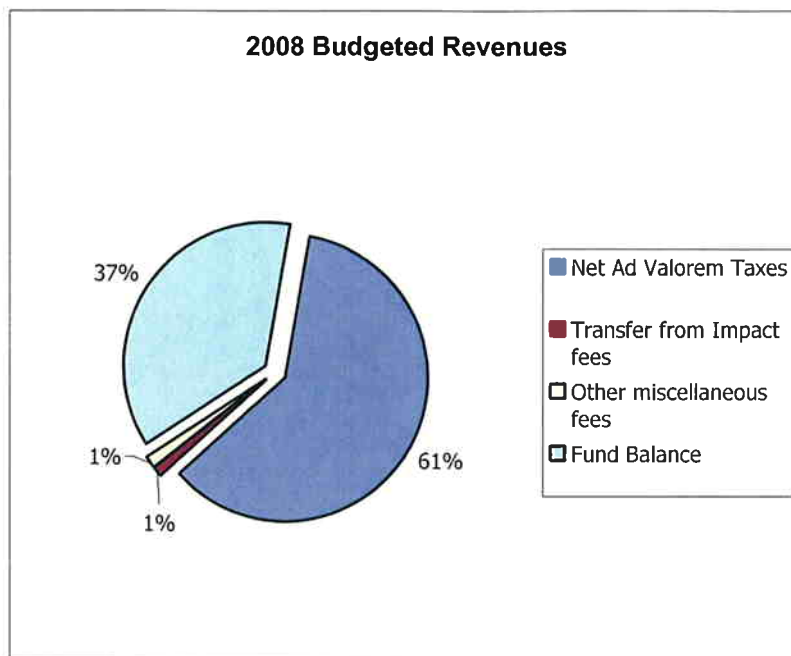
Fire Prevention Fees

The Fire Prevention division assesses a fee for new construction fire inspections, building plan review and permitting in accordance to Resolution 08-07-5 that was approved by the Board of Commissioners on August 11, 2008.

Budget Summary for Revenues:

Revenues by Category	Estimated 2007	Budget 2008
Net Ad Valorem Taxes	19,680,300.00	19,421,582.34
Interest	505,000.00	400,000.00
Transfer from Impact fees	-	364,087.31
Fire Prevention fees	106,600.00	21,000.00
Other miscellaneous fees	110,622.96	43,250.00
	20,402,522.96	20,249,919.65

The decrease in fire prevention fees is from a lack of building permits due to the housing market and economic slow down and increased foreclosures in the housing market.



This graph shows the allocations of revenues for 2008 including the fund balance.

Fund Balance

Fund balance is defined as the difference between a fund’s assets and its liabilities. It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are a crucial consideration, too, in long-term financial planning. Credit rating agencies carefully monitor levels of fund balance and unreserved fund balance in a government’s general fund to evaluate a government’s continued credit worthiness. Those interested primarily in a government’s creditworthiness or economic condition (e.g., rating agencies) are likely to favor increased levels of fund balance.

The District auditors suggest that the District have at least 90 days of operating budget reserves and the maximum of 180 days. Currently, the District has an adequate fund balance level and a stable financial position.



Bonita Springs Fire Control and Rescue District

Reserves

The Fire District has six different categories for its Reserves. They are Operating, Emergency Disaster, Capital Improvements, Repairs and Replacements, Retirement Insurance-GASB 45 and Debt Service.

Operating Reserve is for a time period of 90 days- October, November, and December. This has increased over fiscal year 07-08 from 75 days to 90 days, which continues to be according to the recommendations of the District's auditor. The increase from 75-90 days reflects the change in auditing firms and their recommendation.

Emergency Disaster Reserve is for any emergency that might happen in the district including any natural disaster or man made disasters. The District combined the reserves from 07-08 Emergency Disaster and Insurance Reserve. This is for any deductibles from our insurance company and any additional expenses we may encounter due to a disaster.

Capital Improvement Reserve is for the future purchase of land for future station(s) or any other capital improvement projects the board approves. This includes the total depreciation cost associated with the district's fire stations.

Repairs and Replacements Reserve is for the eventual replacement of costly equipment, included is the depreciation cost of the following audit categories: Machinery & Equipment, Office Equipment, and Vehicles from the 2006-2007 audit and is based on the following estimated life as approved by the board of commissioners:

<u>Asset</u>	<u>Estimated Life</u>
Buildings	10-30
Improvements other than Buildings	10-20
Equipment	3-20
Vehicles	7-20

The repairs portion of the reserves is for any large repairs not covered under our insurance that we have not anticipated to budget.

This account also includes the New Vehicle Reserve that was in the 2007-2008 budget for the amount of \$1,025,000 and the Repair and Replacement Reserve for the amount of \$100,000.

This Reserve is funded at 50% the total depreciation cost for the above categories.

Retirement Insurance-GASB 45 Reserve is an estimate for the Implementation of GASB Statement No 45 which will change the manner in which a governmental entity funds and records its post retirement benefits cost other than pension. Governments will have to actuarially accrue and fund costs rather than fund them on a pay-as-you-go basis that the District is currently using.

Debt Service Reserve is for the debt on Station 4 due to a decrease in Impact Fee Revenue to fund this debt. The balance as of September 30, 2008 for the debt at Bank of America for Station 4 is \$5,118,630, payable at 3.98% interest.

Total Reserves for Annual Budget 2008-2009

Account Number	Account	Total
522-05-911	Operating Reserve (90 days)	4,533,876.51
522-05-912	Emergency Disaster	400,000.00
522-05-915	Repairs and Replacements	
	<i>also includes New Vehicle reserve from 07-08</i>	
	Equipment Depreciation 50% funded	357,665.00
	Office Equipment Depreciation 50% funded	183,761.50
	Vehicle Depreciation 50% funded	705,121.00
	Major Repairs	150,000.00
	Total for Repairs and Replacements	1,396,547.50
522-05-916	Capital Improvements	
	Land	100,000.00
	Building Depreciation	448,195.00
	Total for Capital Improvements	548,195.00
522-05-918	Retirement Insurance-GASB 45	750,000.00
522-05-919	Debt Service	1,250,000.00
	Total for all Reserves	8,878,619.01

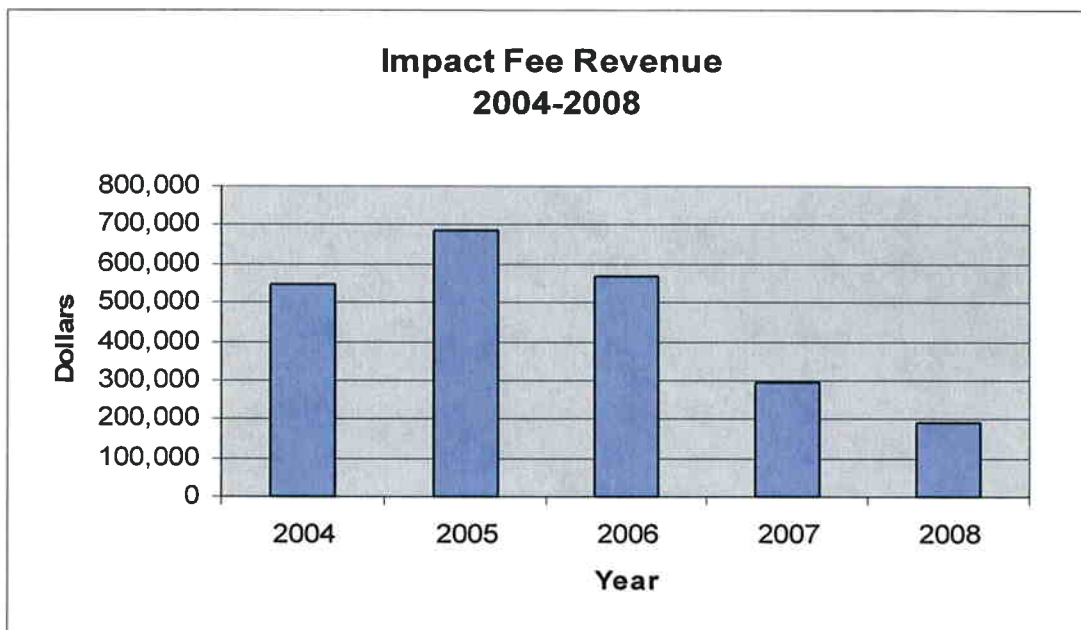


Bonita Springs Fire Control and Rescue District

Impact Fee Fund

The Impact Fee Fund consists of fees imposed by an inter-local agreement with the City of Bonita Springs and are collected by Lee County based on new construction within the District. The intent of these fees is for growth within the District to pay for the capital improvements needed due to the growth. The fee is refundable if not expended within six (6) years from the date of collection. The District records this fee as restricted revenue.

Below is a chart for the Impact Fee Revenue for the last five years:



The decrease is from a lack of building permits due to the housing market and economic slow down and increased foreclosure rates.

The District forecasts that Impact Fees will be considerably less in 2008-2009.

The 2008-2009 budget for the Impact Fee Fund is:

Impact Fee Funds
2008-2009

REVENUES	2007-2008	2008-2009
Fees:		
Impact fees	400,000.00	70,000.00
Miscellaneous:		
Interest	20,000.00	16,000.00
Other		
Cash Brought Forward	543,000.00	654,398.68
TOTAL REVENUES	<u>963,000.00</u>	<u>740,398.68</u>
 EXPENDITURES		
Reserves		
Station 4 reserves	505,784.52	376,311.37
Debt service		
Principal reduction		
Interest and fiscal charges		
 OTHER FINANCING SOURCES (USES)		
Transfers in		
Transfers out	457,215.48	364,087.31
TOTAL EXPENDITURES	<u>963,000.00</u>	<u>740,398.68</u>

This is a decrease of \$222,601.32 or -23% over 2007-2008.



Bonita Springs Fire Control and Rescue District

Overview and Financial Policies

Guidelines

The Bonita Springs Fire Control and Rescue District budget process will be based on a balanced budget. The budget will provide adequate funding for maintenance and replacement of capital equipment.

Interim Financial Reporting

The District will provide monthly budget versus actual reports to the Board of Commissioners for all budgeted revenue and expense activity. The District shall establish and maintain a standard of accounting practices including internal controls.

Balance Budget

The District will pay for all current expenditures with current revenues. The District will avoid budgetary procedures that balance current expenditures at the expense of meeting future years' expenses, such as postponing expenditures or accruing future year's revenues.

Planning

The District will develop a five year financial plan and update it annually, based on forecasting estimates of future operating cost, capital improvements, and projected future revenues.

Capital Improvement Policies

The District will develop a five year capital improvement plan and update it annually. The District will develop a capital budget based on the improvement plan and financial plan. The District shall seek all possible revenue sources including intergovernmental assistance, including grants, whenever possible to finance the capital outlined in the Capital improvement plan. The District will utilize Debt Obligations only for capital improvement projects that cannot be funded from current revenue sources or in cases in which it is more equitable to finance the project over its useful life. Debt will not be issued for periods longer than the useful life of the project.

Debt Management Policies

The District will review its outstanding debt annually to determine if it is cost efficient in comparison to the current interest rates that the present market is offering. The District's total long term debt shall not exceed the current year's

annual budget and debt service payments shall not exceed 5% of the annual total budget.

Reserves

The District will comply with the auditor recommendation of adequate reserves. Currently, the District's auditors recommend a minimum of ninety (90) days of the operating budget reserves and a maximum of 180 days.

Investment Policy

The District has adopted a separate Investment policy. See Appendix B Investment Policy for the full policy.



Bonita Springs Fire Control and Rescue District

Budget Process

The Budget process is very important to the District, as it is an essential element of financial planning, control and evaluation. The District prepares a comprehensive budget for each fiscal year, beginning October 1 and ending September 30.

The District is required to have a balanced budget for every fiscal year beginning October 1 and ending September 30. In order to balance the budget the District will use any revenue, fund balance, transfers, and any loans available to equal the total expenditures, including capital outlay and reserves.

The District has a set procedure for completing the budget as described in Policy 3.3(1) Budget Preparation in the District's Policy and Procedure manual.

The budget committee consists of the department heads and the finance department along with the Fire Chief, Assistant Chief and Deputy Chiefs. The Finance Department will send out a list of tentative dates for internal budgeting meeting and will prepare a budget calendar following the Manual for TRIM Compliance. The budget is adopted in compliance with statutory requirements that include strict requirements and a timetable guide for noticing budget hearings and ensuring residents have an opportunity to be heard. Upon approval, the annual budget becomes the authorization to expend funds in the new fiscal year.

The District's budget is prepared on a modified accrual basis. The modified accrual basis recognizes revenues when they become both measurable and available. Revenues received within sixty (60) days after the fiscal year end are considered measurable and available. Expenditures under the modified accrual basis are recognized when the fund liability is incurred.

At the first meeting each department head will present their budget to the Fire Chief and budget committee. The finance department will print out prior year budget-versus-actual and current year budget-versus-actual year to date reports for comparison and analysis.

Revenue

The revenue budget process includes projecting interest income and service revenue based on historical trends and other known factors.

Pursuant to Section 191.009 (3), F.S, the District may impose user charges in accordance to a reasonable schedule of charges.

Pursuant to Section 191.009 (1), F.S, the District may levy and assess ad valorem taxes on all taxable property in the District to construct, operate, and maintain District facilities and services, to pay the principal of and interest on, general obligation bonds of the District, and to provide for any sinking or other funds established in connection with such bonds. In accordance with the statute, the ad valorem property taxes for operating purposes, exclusive of debt service on bonds, may not exceed 3.00 mills.

The District will always strive to assess the lowest millage possible and still provide the highest level of service for the residents of Bonita Springs while keeping the District financially sound.

Operating Expenditures

The finance department will prepare a list of expenditures that are contractual, such as service agreements and leases. The finance department will obtain the premium cost estimates from the insurance agent for the renewal or issuance of all required insurance coverage, applicable retirement plan and social security rates.

Capital Expenditures

The Capital Expenditure budget is funds needed to build and replace new stations, acquire new equipment and other assets with estimated useful lives greater than one year. Each department head will compile a list of capital expenditure items and present them with their regular operating budget. The estimated cost of the capital items is determined by submitting cost estimates from vendor or other knowledgeable sources.

Budget Adoption

Florida law provides strict requirements and timetables for establishing millage rates, calculating and noticing tax increases and ensuring the taxpayers have an opportunity to be heard before the final action takes place.

Chapter 200, F.S, sets forth the law with respect to the assessment, levy and collection of ad valorem assessments. The Truth in Millage (TRIM) laws are contained in Rule 12D-17, FAC and set forth the procedures necessary in order for a taxing authority to be considered in compliance with Section 200.065, F.S.

The district will schedule a least one (1) budget workshop to present the budget to the Board of Commissioner before the proposed preliminary millage is set for the DR 420 at the July Board meeting, and for discussion on how to facilitate fiscal prudence and responsibility.

The Board will have two public hearings, the tentative and final budget hearings, to discuss the budget and the millage rate with the opportunity for the public to address the board with any questions or comments regarding the proposed budget and millage.

At the final budget meeting the District will pass a resolution for the adoption of the final budget and millage rate.

Budget Amendment

A budget amendment is an increase in the total budget appropriations. The Fire Chief submits the budget amendment to the Board of Commissioners for approval. Budget amendment requests are submitted to the Board in the form of a resolution that clearly set forth the proposed changes. The budget amendment will be advertised and two public hearings will be held prior to adoption of the resolution. The first budget amendment will be to adjust the cash brought forward if necessary.

Budget Control

Budgetary controls are established at the fund level, and total expenditures within a fund should not exceed fund revenues plus available fund balance. In order to assure that any necessary budget amendments are approved prior to incurring expenditures, the District will adhere to the procedures for purchases and expenditures as described in Policy 3.4 (Appendix B-Budgetary Procedures).