

**BONITA SPRINGS FIRE CONTROL
AND RESCUE DISTRICT
BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR
YEAR ENDED
SEPTEMBER 30, 2011**

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	3
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Assets.....	10
Statement of Activities.....	11
FUND FINANCIAL STATEMENTS:	
Governmental Funds:	
Balance Sheet.....	12
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets.....	13
in Fund Balances.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities.....	15
Fiduciary Funds	
Firefighters' Pension Plan	
Statement of Fiduciary Net Assets.....	16
Statement of Changes in Fiduciary Net Assets.....	17
General Employee Pension Plan	
Statement of Fiduciary Net Assets.....	18
Statement of Changes in Fiduciary Net Assets.....	19
Retiree Insurance Trust Fund (VEBA)	
Statement of Fiduciary Net Assets.....	20
Statement of Changes in Fiduciary Net Assets.....	21
 NOTES TO THE FINANCIAL STATEMENTS.....	 22-61
<u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A</u>	
BUDGET TO ACTUAL COMPARISON - MAJOR FUNDS (General and Special Revenue)	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Summary Statement.....	62
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Detailed Statement.....	63-66
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Impact Fee Fund.....	67
<u>ADDITIONAL REPORTS OF INDEPENDENT AUDITOR</u>	
Independent Auditor's Report on Internal Control over Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	68-69
Independent Auditor's Report to Management.....	70-71
Management's Response to Independent Auditor's Report to Management.....	72



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

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"), as of and for the fiscal year ended September 30, 2011, 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 the 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 Bonita Springs Fire Control and Rescue District as of September 30, 2011, and the respective changes in financial position for the fiscal 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 27, 2012, on our consideration of the District's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Management's discussion, analysis and the budgetary comparison schedules listed in the table of contents as "required supplementary information" are not a required part 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 inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Ashley, Brown & Co.

February 27, 2012

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, 2011. 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 2011 the District's assets exceeded its liabilities, resulting in net assets of \$19,787,861.
- The District's total net assets decreased \$4,164,887 or 17.4 percent, in comparison to prior year.
- The District had \$6,033,558 of assigned fund balances and \$1,951,714 of unassigned net fund balance that can be used to meet the District's ongoing obligations.
- Total revenues decreased \$673,248, or 4.1 percent, in comparison to prior year.
- Total expenses increased \$452,414, or 2.3 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, the general employees plan and the retiree insurance trust fund 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 22. 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 2011 and 2010:

**Bonita Springs Fire Control and Rescue District
Summary of Net Assets
September 30, 2011**

Assets:	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 8,556,592	\$ 11,183,075
Capital Assets	<u>17,920,618</u>	<u>18,781,360</u>
Total Assets	<u>\$ 26,477,210</u>	<u>\$ 29,964,435</u>
Liabilities:		
Current liabilities	\$ 1,412,340	\$ 637,399
Non-current Liabilities	<u>5,277,009</u>	<u>5,374,288</u>
Total liabilities	<u>6,689,349</u>	<u>6,011,687</u>
Net assets:		
Invested in capital assets, net of related debt	11,770,668	13,127,549
Restricted	31,921	141,375
Unrestricted	<u>7,985,272</u>	<u>10,683,824</u>
Total net assets	<u>19,787,861</u>	<u>23,952,748</u>
Total liabilities and net assets	<u>\$ 26,477,210</u>	<u>\$ 29,964,435</u>

Current and other assets *represent* 32.3 percent of total assets. Current assets are comprised of unrestricted cash and investment balances of \$8,385,442, restricted cash of \$23,340 and other assets of \$147,810. 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 59.5 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 \$7,985,272 represents resources available for spending. The District has designated \$6,033,558 of the unrestricted net asset balance for reserves and replacements.

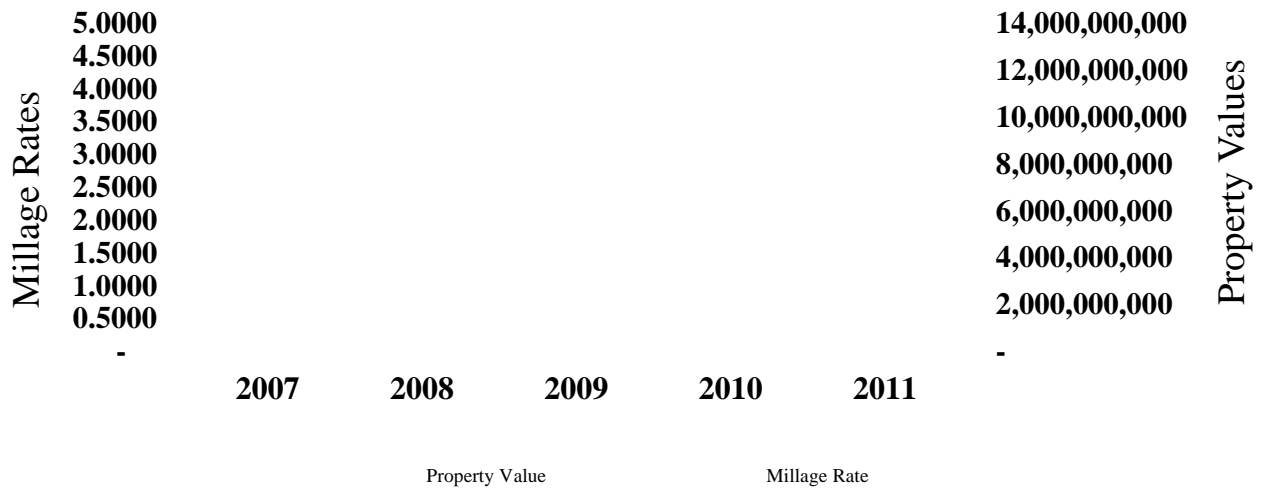
The following schedule reports the revenues, expenses, and changes in net assets for the District for the current and previous fiscal year.

**Bonita Springs Fire Control and Rescue District
Summary of Revenues, Expenses and Changes in Net Assets
As of September 30, 2011**

Revenues:	<u>2011</u>	<u>2010</u>
General Revenues		
Property taxes	\$ 15,220,919	\$ 15,813,368
Intergovernmental	37,320	35,950
Charges for services	84,895	75,754
Miscellaneous		
Impact fees	118,972	150,116
Investment earnings	115,989	175,360
Other	<u>116,086</u>	<u>116,881</u>
Total Revenues	<u>15,694,181</u>	<u>16,367,429</u>
Expenses:		
Public Safety - Fire and Rescue Services	<u>19,859,069</u>	<u>19,406,655</u>
Decrease in net assets	(4,164,888)	(3,039,226)
Net Assets - Beginning of the year	<u>23,952,748</u>	<u>26,991,974</u>
Net Assets - End of the year	<u>\$ 19,787,861</u>	<u>\$ 23,952,748</u>

Assessed property value decreased 13.4 percent resulting in a revenue decrease of \$592,449. In comparison to the prior year, this was a 3.6 percent decrease in revenue. Total expenses increased \$452,414, or 2.3 percent, in comparison to prior year. Property values in the past two years have decreased by \$2,984,504,967 or 27.6 percent in the previous two years. Even with the decrease in values, the District was able to keep the millage rate below rollback and use unspent dollars and reserves to provide funds for the cost of growth. 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 \$31,144, or 20.8 percent, in comparison to the prior year. The receipt of Impact Fees is still well below fees received in 2008 and previous years as the slowdown in new construction within the District’s boundaries continues.

Budgetary Highlights

Budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 62 through 67.

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, 2011.

**Capital Assets
September 30, 2011**

CAPITAL ASSETS	<u>2011</u>	<u>2010</u>
Land	\$ 2,559,947	\$ 2,559,787
Construction in progress	-	160
Total Capital Assets not depreciated	<u>2,559,947</u>	<u>2,559,947</u>
Buildings	14,842,768	14,842,768
Office equipment	557,263	577,757
Vehicles	3,890,923	3,890,923
Machinery & equipment	<u>1,951,608</u>	<u>1,890,258</u>
Total Capital Assets being depreciated	<u>21,242,562</u>	<u>21,201,706</u>
ACCUMULATED DEPRECIATION		
Buildings	(2,763,343)	(2,236,084)
Office equipment	(402,534)	(384,027)
Vehicles	(1,602,902)	(1,372,966)
Machinery & equipment	<u>(1,113,112)</u>	<u>(987,216)</u>
Total accumulated depreciation	<u>(5,881,891)</u>	<u>(4,980,293)</u>
CAPITAL ASSETS, NET	<u>\$ 17,920,618</u>	<u>\$ 18,781,360</u>

Noteworthy capital asset purchases/projects that took place in fiscal year 2011 were as follows:

- 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 would be feasible. After a review of the study the three Boards met during the year and decided that consolidation at the present time was not feasible.
- The District continues to try and consolidate services with other fire districts in the vicinity. Bonita Springs Fire Prevention has taken on doing Plan Reviews for South Trail Fire, San Carlos Park Fire, and Fort Myers Beach Fire. The District continues to do Plan Reviews for Estero Fire. Fire Inspections and Plan Reviews are also done for the City of Bonita Springs.

Additional information on the District's capital assets can be found in Note E on pages 40 and 41.

Debt Administration

At September 30, 2011, the District had \$6,149,950 of outstanding debt. The following is a schedule of the District's outstanding debt at September 30, 2011.

Bonita Springs Fire Control & Rescue District Outstanding Debt September 30, 2011

	<u>Amount</u>
Station #4 Note Payable	\$ 4,312,289
Retiree Health Insurance	1,164,176
Compensated Absences	<u>673,485</u>
Total Outstanding Debt	<u>\$ 6,149,950</u>

The Impact Fee Fund and the General Fund are currently using funds in an amount equal to the principal and interest owed on the Station #4 Note Payable for payment of the debt. The Station #4 Note Payable will be repaid in fiscal year ending September 30, 2023. Retiree Health Insurance is the approximate cost for the next two years, until all Retirees will be part of the VEBA. The current amount reported as compensated absences decreased \$388,514 or 63.4 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 (2011-2012) was prepared:

- Property values decreased by \$255 million or 3.2% to \$7.6 billion. The District raised the millage rate from 1.9999 in FY 10/11 to 2.2353. Even with the millage increase, the District needed an early retirement incentive of which 18 employees retired and also reduced Reserves by approximately \$400,000 to balance the budget. The previous two years the District had reduced the millage rate below the rollback rate, which created the deficit. The early retirement incentive is estimated to save the District approximately \$1.6 million a year.
- The number of staff vehicles were reduced by five and one light rescue vehicle was taken off line. Take home vehicles were reduced from nine to three.
- The District included a loan in the amount of \$1.04 million for the purchase of ambulances if the District is able to do ALS transport, which is currently done by Lee County EMS. At the current time the District and Lee County are still in the process of negotiations.

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, 2011

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 6,306,845
Cash and cash equivalents - restricted	23,340
Investments-unrestricted	2,078,597
Account Receivable	8,446
Due from other governments	<u>139,364</u>
Total current assets	<u>8,556,592</u>
Noncurrent assets:	
Capital assets:	
Land	2,559,947
Depreciable buildings, equipment, office equipment and vehicles (net of \$5,881,891 accumulated depreciation)	<u>15,360,671</u>
Total noncurrent assets	<u>17,920,618</u>
 TOTAL ASSETS	 <u>26,477,210</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	35,836
Accrued expenses	503,563
Current portion of long-term obligations	<u>872,941</u>
Total current liabilities	1,412,340
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>5,277,009</u>
 TOTAL LIABILITIES	 <u>6,689,349</u>
 NET ASSETS	
Investment in capital assets, net of related debt	11,770,668
Restricted for:	
Capital projects	31,921
Unrestricted	<u>7,985,272</u>
 TOTAL NET ASSETS	 <u>\$ 19,787,861</u>

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF ACTIVITIES
September 30, 2011

EXPENSES

Governmental Activities

Public Safety - Fire Protection

Personal services	\$ 17,113,059
Operating expenses	1,620,282
Depreciation	948,034
Loss on Disposal of capital assets	2
Interest and fiscal charges	<u>177,692</u>

TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES 19,859,069

Charges for services 84,895

NET PROGRAM EXPENSES 19,774,174

GENERAL REVENUES

Ad Valorem taxes	15,220,919
State supplemental compensation	37,320
Impact fees	118,972
Interest	115,989
Other	<u>116,086</u>

TOTAL GENERAL REVENUES 15,609,286

DECREASE IN NET ASSETS (4,164,888)

NET ASSETS - Beginning of the year 23,952,748

NET ASSETS - End of the year \$ 19,787,861

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2011

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Cash Equivalents	\$ 6,306,845	\$ -	\$ 6,306,845
Cash and Cash Equivalents - Restricted	-	23,340	23,340
Investments -Unrestricted	2,078,597	-	2,078,597
Accounts receivable	8,446	-	8,446
Due from other governments	130,783	8,581	139,364
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 8,524,671</u>	<u>\$ 31,921</u>	<u>\$ 8,556,592</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 35,836	\$ -	\$ 35,836
Accrued expenses	503,563	-	503,563
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>539,399</u>	<u>-</u>	<u>539,399</u>
 FUND BALANCES			
Capital additions (Restricted)	-	31,921	31,921
Assigned	6,033,558		6,033,558
Unassigned	1,951,714	-	1,951,714
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>7,985,272</u>	<u>31,921</u>	<u>8,017,193</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,524,671</u>	<u>\$ 31,921</u>	<u>\$ 8,556,592</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, 2011**

Total fund balances for governmental funds \$ 8,017,193

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 2,559,947

Governmental capital assets being depreciated:

Building, Equipment and Vehicles 21,242,562

Less accumulated depreciation (5,881,891)

15,360,671

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

Note payable (4,312,289)

Retiree Health Insurance (1,164,176)

Compensated absences (673,485)

(6,149,950)

Total net assets of governmental activities \$ 19,787,861

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, 2011

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Ad Valorem taxes	\$ 15,220,919	\$ -	\$ 15,220,919
State supplemental compensation	37,320	-	37,320
Fees:			
Inspection fees	58,791	-	58,791
Impact fees	-	118,972	118,972
Fire flow fees	520	-	520
Fleet Maintenance	22,884	-	22,884
CPR classes	2,700	-	2,700
Disposition of fixed assets	225	-	225
Miscellaneous:			
Interest	115,807	182	115,989
Insurance Proceeds	7,975	-	7,975
Other	108,111	-	108,111
TOTAL REVENUES	<u>15,575,252</u>	<u>119,154</u>	<u>15,694,406</u>
EXPENDITURES			
Current			
Public safety			
Personal services	16,337,397	-	16,337,397
Operating expenditures	1,620,282	-	1,620,282
Capital outlay	87,518	-	87,518
Debt service			
Principal reduction	279,523	-	279,523
Interest and fiscal charges	177,692	-	177,692
TOTAL EXPENDITURES	<u>18,502,412</u>	<u>-</u>	<u>18,502,412</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,927,160)	119,154	(2,808,006)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	228,608	-	228,608
Operating transfers out	-	(228,608)	(228,608)
TOTAL OTHER FINANCING SOURCES (USES)	<u>228,608</u>	<u>(228,608)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(2,698,552)	(109,454)	(2,808,006)
FUND BALANCES - Beginning of the year	<u>10,683,824</u>	<u>141,375</u>	<u>10,825,199</u>
FUND BALANCES - End of the year	<u>\$ 7,985,272</u>	<u>\$ 31,921</u>	<u>\$ 8,017,193</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, 2011

Net change (expenditures in excess of revenues and other financing sources) \$ (2,808,006)
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	\$ 87,518	
Depreciation expense	(948,034)	
Disposition of capital assets	<u>(227)</u>	
		(860,743)

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	279,523

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 for Retirees health Insurance	(1,164,176)
Decrease in compensated absences	<u>388,514</u>
Decrease in net assets of governmental activities	<u>\$ (4,164,888)</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, 2011

	<u>Firefighters' Pension Plan</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,228,662
Investments	28,594,087
	<hr/>
TOTAL ASSETS	\$ 29,822,749
	<hr/> <hr/>
NET ASSETS	
Held in trust for pension benefits and other purposes	\$ 29,822,749
	<hr/>
TOTAL NET ASSETS	\$ 29,822,749
	<hr/> <hr/>

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, 2011**

	Firefighters' Pension Plan
	<u>Plan</u>
ADDITIONS	
Contributions:	
Employer	\$ 2,479,516
Plan members	554,895
State of Florida, insurance premiums	<u>548,628</u>
Total contributions	<u>3,583,039</u>
Investment income:	
Gain/(Loss) on sale of investments	1,251,244
Net depreciation in fair value of investments	(2,313,621)
Interest and dividends	<u>741,470</u>
Net investment income	<u>(320,907)</u>
TOTAL ADDITIONS	<u>3,262,132</u>
DEDUCTIONS	
Benefits paid	869,505
Investment Management Fees	179,639
Legal Fees	9,575
Consultant Fees	15,500
Actuarial Fees	16,615
Insurance	3,949
Dues	600
Miscellaneous	<u>17,705</u>
TOTAL DEDUCTIONS	<u>1,113,088</u>
CHANGE IN NET ASSETS	2,149,044
NET ASSETS - BEGINNING	<u>27,673,705</u>
NET ASSETS - ENDING	<u>\$ 29,822,749</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, 2011

	<u>General Employees' Retirement System</u>
ASSETS	
Cash and Cash Equivalents	\$ 80,609
Investments	<u>1,842,235</u>
TOTAL ASSETS	<u><u>\$ 1,922,844</u></u>
NET ASSETS	
Held in trust for pension benefits and other purposes	<u>\$ 1,922,844</u>
TOTAL NET ASSETS	<u><u>\$ 1,922,844</u></u>

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
September 30, 2011**

	<u>General Employees' Retirement System</u>
ADDITIONS	
Contributions:	
Employer	\$ 198,314
Plan members	<u>63,679</u>
Total contributions	<u>261,993</u>
Investment income:	
Gain (loss) on sale of investments	179,609
Net depreciation in fair value of investments	(147,339)
Interest and dividends	<u>31,729</u>
Net investment income	<u>63,999</u>
TOTAL ADDITIONS	<u>325,992</u>
DEDUCTIONS	
Legal Fees	2,437
Investment Management Fees	9,802
Consultant Fees	10,500
Pension Payments	32,336
Actuarial Fees	6,400
Miscellaneous	<u>3,450</u>
TOTAL DEDUCTIONS	<u>64,925</u>
CHANGE IN NET ASSETS	261,067
NET ASSETS - BEGINNING	<u>1,661,777</u>
NET ASSETS - ENDING	<u>\$ 1,922,844</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, 2011**

	<u>Retiree Insurance Trust Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 80,155
Investments	<u>983,310</u>
TOTAL ASSETS	<u><u>\$ 1,063,465</u></u>
NET ASSETS	
Held in trust for VEBA Retiree Health Insurance Benefits	<u>\$ 1,063,465</u>
TOTAL NET ASSETS	<u><u>\$ 1,063,465</u></u>

Note: VEBA trust was established in September 2010.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
September 30, 2011**

	<u>Retiree Insurance Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 87,400
Employees	<u>87,452</u>
Total contributions	<u>174,852</u>
Investment income:	
Gain/(Loss) on sale of investments	(116,690)
Interest and dividends	<u>6,352</u>
Net investment income	<u>(110,338)</u>
TOTAL ADDITIONS	<u>64,514</u>
DEDUCTIONS	
Administrative Expenses	<u>1,450</u>
TOTAL DEDUCTIONS	<u>1,450</u>
CHANGE IN NET ASSETS	63,064
NET ASSETS - BEGINNING	<u>1,000,401</u>
NET ASSETS - ENDING	<u>\$ 1,063,465</u>

Note: VEBA trust was established in September 2010.

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 112 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. The Retiree Insurance Trust Fund (VEBA) accounts for health insurance for retirees of both the General and Firefighters upon retirement.

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, a General Employees Retirement System Fund and a Retirement Insurance Trust 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 \$10,703,868 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 \$123,768 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 \$8,017,193 differs from the "net assets" of governmental activities of \$19,787,861 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.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

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, 2011.

	<u>Amount</u>
Cost of capital assets	\$ 23,802,509
Accumulated depreciation	<u>(5,881,891)</u>
Total	<u>\$ 17,920,618</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, 2011 were:

	<u>Amount</u>
Note payable	\$ 4,312,289
Retiree Health Insurance	1,164,176
Compensated absences	<u>673,485</u>
Total	<u>\$ 6,149,950</u>

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

The "net change in fund balances" for government fund of (\$2,808,006) (expenditures in excess of revenues) differs from the "decrease in net assets" for governmental activities of (\$4,164,888) 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	\$	87,518
Disposal of capital assets		(2)
Depreciation expense		<u>(948,034)</u>
Difference	\$	<u><u>(860,518)</u></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	\$	279,523
Retiree Health Insurance		(1,164,176)
Decrease in current year compensated absences		<u>388,514</u>
Total	\$	<u><u>(496,139)</u></u>

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents were \$6,330,184 of which \$23,340 was restricted. Total cash and cash equivalents included cash on hand of \$300 at September 30, 2011.

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, 2011.

District deposits consist of the following at September 30, 2011:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>Unrestricted Cash</u>		
General Fund		
Depository Accounts	\$ 6,306,545	\$ 6,619,072
Total Unrestricted Deposits	6,306,545	6,619,072
Plus Petty Cash (1)	300	-
Total Unrestricted Cash	<u>6,306,845</u>	<u>6,619,072</u>
<u>Restricted Cash</u>		
Special Revenue Fund		
Impact Fee		
Depository Account	23,340	23,340
Total Special Revenue Fund	<u>23,340</u>	<u>23,340</u>
Total Restricted Deposits	<u>23,340</u>	<u>23,340</u>
 TOTAL CASH AND CASH EQUIVALENTS	 <u>\$ 6,330,185</u>	 <u>\$ 6,642,412</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 \$34,887,655 at September 30, 2011, of which \$2,078,597, was held in Governmental Funds (the General Fund), \$29,822,749 was held in the Firefighters' Pension Plan, \$1,922,844 was held in the General Employees Pension Plan and \$1,063,465 was held in the Retiree Insurance Trust Fund.

The District's investment policy allows investments in certificates of deposit for its Governmental Funds. Investments held in the Firefighters' Pension Plan, the General Employees' Pension Plan and the Retiree Insurance Fund are controlled by their respective Board Policies. The 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, 2011.

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Carrying Value</u>
Certificate of Deposit	12/3/2010	12/3/2011	1.20%	\$ 2,078,597
				<u><u>\$ 2,078,597</u></u>

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

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	\$ 2,078,597	\$ -	\$ 2,078,597	\$ 2,078,597
Firefighters' Pension Trust Fund				
Cash & Money Market Funds	-	1,228,662	1,228,662	1,228,662
Corporate Bonds	-	11,695,100	11,695,100	11,200,715
Corporate Security Equities	-	13,792,057	13,792,057	13,185,677
RBC Global Mutual Funds	-	3,106,930	3,106,930	3,594,419
Total Firefighters' Pension Trust Fund	-	29,822,749	29,822,749	29,209,473
General Employees' Retirement System				
Cash & Money Market Funds	-	80,609	80,609	80,609
Rockwood Cap Adv. Fixed Units	-	774,721	774,721	725,465
Rockwood Cap Adv. Equity Units	-	824,459	824,459	763,324
Vanguard Mutual Funds	-	243,055	243,055	298,923
Total General Employees' Retirement System	-	1,922,844	1,922,844	1,868,321
Retiree Insurance Trust Fund (VEBA)				
Cash & Money Market Funds	-	80,155	80,155	80,155
Investments in Equities & Bonds	-	983,310	983,310	1,100,000
Total Retiree Insurance Trust Fund	-	1,063,465	1,063,465	1,180,155
TOTAL INVESTMENTS	<u>\$ 2,078,597</u>	<u>\$ 32,809,058</u>	<u>\$ 34,887,655</u>	<u>\$ 34,336,546</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, capital stock or convertible securities of any one issuing company shall not exceed the following percentage of the fund assets	5%	5%
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, 2011 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, 2010:

<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	\$ 11,695,100	\$ 1,403,412	\$ 3,859,383	\$ 3,976,334	\$ 2,455,971
	<u>\$ 11,695,100</u>	<u>\$ 1,403,412</u>	<u>\$ 3,859,383</u>	<u>\$ 3,976,334</u>	<u>\$ 2,455,971</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	\$ 774,721	\$ 78,557	\$ 344,673	\$ 118,532	\$ 232,959
	<u>\$ 774,721</u>	<u>\$ 78,557</u>	<u>\$ 344,673</u>	<u>\$ 118,532</u>	<u>\$ 232,959</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, 2011, if applicable:

	Firefighters' Pension Plan			General Employees' Retirement System	
	Fair Value	Percentage of Portfolio		Fair Value	Percentage of Portfolio
U.S. government guaranteed*	N/A	0.0%		N/A	0%
Quality rating of credit risk			Rating		
debt securities					
AAA	\$ 2,128,508	18.2%	AAA	\$ 278,666	36.0%
AA	128,646	1.1%	AA2	7,670	1.0%
AA-	888,828	7.6%	AA3	18,671	2.4%
AA+	982,388	8.4%	A1	22,854	3.0%
A+	374,243	3.2%	A2	36,644	4.7%
A-	1,988,167	17.0%	A3	30,292	3.9%
A	1,824,436	15.6%	BAA1	34,553	4.5%
BBB	994,084	8.5%	BAA2	82,198	10.6%
BBB+	374,243	3.2%	BAA3	30,214	3.9%
BBB-	865,437	7.4%	N/A	232,959	30.1%
NR	292,378	2.5%			
Total credit risk debt securities	10,841,358	92.7%		774,721	100.0%
Money Market	853,742	7.3%		-	0.0%
Total Bond Fund	\$ 11,695,100	100.0%		\$ 774,721	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, 2011

NOTE E - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2011:

	Balance October 1 <u>2010</u>	Increases/ <u>Additions</u>	Decreases/ <u>Deletions</u>	Adjustments/ <u>Reclassifications</u>	Balance September 30 <u>2011</u>
Capital Assets Not Being Depreciated:					
Land	\$ 2,559,787	\$ -	\$ -	\$ 160	\$ 2,559,947
Construction in Progress	<u>160</u>	<u>-</u>	<u>-</u>	<u>(160)</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>2,559,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,559,947</u>
Capital Assets Being Depreciated:					
Buildings	14,842,768	-	-	-	14,842,768
Office Equipment	577,757	11,169	(31,663)	-	557,263
Vehicles	3,890,923	-	-	-	3,890,923
Equipment & Machinery	<u>1,890,258</u>	<u>76,350</u>	<u>(15,000)</u>	<u>-</u>	<u>1,951,608</u>
Total Capital Assets Being Depreciated	<u>21,201,706</u>	<u>87,519</u>	<u>(46,663)</u>	<u>-</u>	<u>21,242,562</u>
Less Accumulated Depreciation:					
Buildings	(2,236,084)	(527,259)	-	-	(2,763,343)
Office Equipment	(384,027)	(49,943)	31,436	-	(402,534)
Vehicles	(1,372,966)	(229,936)	-	-	(1,602,902)
Equipment & Machinery	<u>(987,216)</u>	<u>(140,896)</u>	<u>15,000</u>	<u>-</u>	<u>(1,113,112)</u>
Total Accumulated Depreciation	<u>(4,980,293)</u>	<u>(948,034)</u>	<u>46,436</u>	<u>-</u>	<u>(5,881,891)</u>
Total Capital Assets Being Depreciated, Net	<u>16,221,413</u>	<u>(860,515)</u>	<u>(227)</u>	<u>-</u>	<u>15,360,671</u>
Capital Assets, Net	<u>\$18,781,360</u>	<u>\$ (860,515)</u>	<u>\$ (227)</u>	<u>\$ -</u>	<u>\$ 17,920,618</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, 2011

NOTE E - CAPITAL ASSETS ACTIVITY, CONTINUED

Depreciation expense was charged to the following functions during the year ended September 30, 2011:

General Government	<u>\$ 948,034</u>
Total Depreciation Expense	<u>\$ 948,034</u>

NOTE F - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the fiscal year ended September 30, 2011:

	Balance October 1 <u>2010</u>	<u>Additions</u>	Retirements / <u>Adjustments</u>	Balance September 30 <u>2011</u>	Amounts Due Within <u>One Year</u>
Note Payable (1)	\$ 4,591,812	\$ -	\$ (279,523)	\$ 4,312,289	\$ 290,853
Retiree Health Insurance	-	1,164,176	-	1,164,176	582,088
Compensated Absences	<u>1,061,999</u>	<u>-</u>	<u>(388,514)</u>	<u>673,485</u>	<u>-</u>
	<u>\$ 5,653,811</u>	<u>\$ 1,164,176</u>	<u>\$ (668,037)</u>	<u>\$ 6,149,950</u>	<u>\$ 872,941</u>

During the year ended September 30, 2011, \$228,608 was transferred from the Impact Fee fund and \$228,607 was paid from the General Fund to pay the principal of \$279,523 and interest of \$177,692 on the \$6,298,494 note payable.

(1) Debt is serviced through the use of Impact Fees and the General Fund as needed.

NOTE F - LONG-TERM LIABILITIES, CONTINUED

The following is a summary of the long-term obligations at September 30, 2011:

\$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.	\$ 4,312,289
Two year portion of the Retiree Health Insurance which will end 10/01/13 as the Retirees will become part of the VEBA.	1,164,176
Non-current portion of compensated absences. Employees of the District are entitled to paid leave based on length of service and job classification.	673,485
	<u>\$ 6,149,950</u>

The annual debt service requirements at September 30, 2011 were as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Note Payable (1)</u> <u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 290,853	\$ 166,361	\$ 457,214
2013	302,643	154,572	457,215
2014	314,910	142,305	457,215
2015	327,675	129,540	457,215
2016	340,957	116,258	457,215
2017-2021	1,923,639	362,436	2,286,075
2022-2023	811,612	102,818	914,430
	<hr/>	<hr/>	<hr/>
Total Notes Payable	4,312,289	1,174,290	5,486,579
Retiree Health Insurance	1,164,176	-	1,164,176
Accrued Compensated Absences	673,485	-	673,485
	<hr/>	<hr/>	<hr/>
	\$ 6,149,950	\$ 1,174,290	\$ 7,324,240
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(1) Debt service is paid from Impact Fees which are 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 now a contributory plan and is totally administered by the State of Florida. The District contributed 100% of the required contributions for the years ended September 30, 2011, September 30, 2010, and the period ended September 30, 2009. Pension cost for the District was 15.7% for the year ended September 30, 2011. The District's covered payroll for the years ended September 30, 2011, 2010, 2009 was \$30,000, \$30,000, and \$30,000, respectively. The District's contributions to the FRS were \$4,705, \$5,116, and \$5,051 for the years ended September 30, 2011, 2010, and 2009, respectively, which represents approximately 15.7%, 17.1% and 16.8% of covered payroll, respectively. As of July 1, 2011, employees were required to make contributions of 3% of salary to FRS. During the year, one of the Commissioners entered DROP which is why the District funding requirement was less than in previous years.

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, 2011 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: 7% 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 \$1,000,155. 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 30 year period commencing the first year of the Plan's inception.

Pursuant to the revised actuarial study dated October 1, 2011, the District's fiscal year 2011 contribution requirement was 31.6% of estimated covered payroll. Actual District contributions to the Plan for the year ended September 30, 2011 were \$2,457,391. The actual required contribution was \$2,479,516 of which the difference of \$22,125 was made up from the previous year excess State monies in the amount \$35,338. The excess will be utilized to help offset the requirement for Fiscal Year 2012. Employee contributions for the year ended September 30, 2011 were \$554,895 and the State of Florida contributions for the year were \$548,628.

The employees and the employer contributed 100% of their respective required contributions to the Plan during the year ended September 30, 2011.

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 \$195,000.

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 number of years of credited service.

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, 2011 were (a) life expectancy of participants (the RP-2000 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, 2011, the plan held excess state special distribution contributions of \$35,338.05 of which \$22,124.71 was used to help offset the Districts funding requirements. A summary of certain Plan details and trend information is included in the following pages.

No separate Plan audit is issued. A copy of the District audited financial statements including the Plan for September 30, 2011 can be obtained by writing the District at 27701 Bonita Grande Drive, Bonita Springs, Florida 34135, or by calling (239) 949-6200. The Audit Report can also be found on the District website (www.bonitafire.org) under the heading of Documents.

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 08-05-03, 09-07-02, 10-4-2 10-4-3, 10-4-4, 10-4-5, 11-08-04
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 31.6% for the year ended September 30, 2011.)
Plan members	7% of Salary
Funding of administrative costs	Employer
Period required to vest	10 years
Post retirement benefit increase	Cost of living increase of 3% each year for 17 years (12 years for Firefighters hired after June 1, 2010) commencing 1 year 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% (3% for Firefighters hired after June 1, 2010) 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, 2011:

	<u>Firefighters' Pension Trust Fund - Plan 2</u>
Retirees and beneficiaries receiving benefits	<u>33</u>
Terminated Plan members entitled to but not yet receiving benefits	<u>2</u>
Vested active members	24
Non-vested active members	<u>54</u>
Total active participants	<u>78</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, 2011.

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

Actuarial Study Date	Firefighters' Pension Trust Fund						Net Pension Obligation
	Annual Required District/State Contribution	Required Annual District Contribution	Actuarially Determined Contribution	Actual District Contribution	Actual District Percentage Contributed	State Contribution	
2010	\$ 3,028,144	\$ 2,479,516	\$ 2,479,516	\$ 2,479,516	100%	\$ 548,628	** \$ (638,506)
2010	2,916,281	2,390,574	2,390,574	2,390,574	100%	525,707	* (666,943)
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	117%	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.

**District contributions for Fiscal 2011 includes \$22,124.71 from Excess State Monies Reserve used to help offset the first year cost of benefit changes

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, 2011

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
10/1/2011	31,017,767	60,986,013	29,968,246	51%	6,482,298	462%
10/1/2010	28,705,369	50,856,516	22,151,147	56%	7,924,994	280%
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	28,845,276	12,401,068	57%	6,452,751	192%
10/1/2005	13,271,313	22,387,987	9,116,674	59%	5,394,748	169%

	<u>Firefighters' Pension Trust Fund - Plan 2</u>
Valuation date	10/1/2009
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	28 years as of 10/1/11
Actuarial asset valuation method	4 year smooth
Actuarial assumptions:	
Investment rate	8%
Projected salary	6%
Inflation	3%
Cost of living adjustment	3%, for 17 years commencing after retirement

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, 2011 the District's fiscal year 2011 contribution requirement was \$198,314 which approximated 21.8% of estimated covered payroll. Actual District contributions to the Plan for the year ended September 30, 2011 were \$198,314 which was approximately 21.8% of covered payroll. Employee contributions for the year ended September 30, 2011 were \$63,679. The employees and the employer contributed 100% of their respective required contributions to the Plan during the year ended September 30, 2011.

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 October 1, 2009 were (a) life expectancy of participants (the RP-2000 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, 2011 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' Retirement System-Plan 3</u>
Year established and governing authority	District Resolution #05-12-07 (Effective 12/12/05) #11-08-03
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, 2011:

	General Employees' Retirement System-Plan 3
Active Members	13
Service retirees	3
Entered Drop	1
Transfer to Fire	1
Terminated non-vested	1
	<hr/>
Total	19

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, 2011.

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
2011	\$ 198,314	\$ 208,764	\$ 198,314	95%	\$ (67,703)
2010	185,626	197,185	185,626	94%	(78,153)
2009	184,185	195,608	184,185	94%	(89,712)
2008	105,375	95,505	140,832	147%	(101,135)
2007	86,790	93,313	129,340	139%	(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, 2011

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
10/1/2011	\$ 1,955,409	\$ 1,907,343	\$ (48,066)	102.5%	\$ 540,894	-8.9%
10/1/2010	1,764,960	1,719,658	(45,302)	102.6%	937,679	-4.8%
10/1/2009	1,531,755	1,475,497	(56,258)	103.8%	889,966	-6.3%
10/1/2008	1,313,731	1,294,700	(19,031)	101.5%	860,996	-2.2%
10/1/2007	1,113,966	1,216,089	102,123	91.6%	820,686	12.4%
10/1/2006	817,581	856,569	38,988	95.4%	755,405	5.2%
6/1/2005	561,380	619,001	57,621	90.7%	473,892	12.2%

General Employees' Retirement System-Plan 3

Valuation Date	10/1/2009
Amortization method	Level Percentage of Pay, Closed
Remaining amortization period	34 Years (as of 10/01/11)
Actuarial asset valuation method	4-Year Smoothed Market
Actuarial assumptions:	
Mortality rate	RP-2000 Mortality Table
Investment rate	8%
Projected salary increases	6%
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 currently finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time the premiums are due. The district paid \$216,921 on behalf of the retirees for these benefits during the year ended September 30, 2011.

The District offered an early retirement incentive during the year ending September 30, 2011 which offered two years of health insurance paid for by the District. There were 18 employees that decided to take the retirement incentive.

During the year ended September 30, 2010, the District established a separate trust to fund the cost of medical, dental, and prescription drug benefits for retirees. The trust is not scheduled to begin paying benefits until September 30, 2013. The District will continue to pay the benefits for the 35 current retirees on a pay-as-you-go basis until October 1, 2013.

Plan Description and Provisions - Retiree Insurance Trust Fund

The Bonita Springs Fire Department Retiree Insurance Trust Fund, a defined contribution plan, was established in 2010. This is a voluntary employee beneficiary association ("VEBA") which was established under Internal Revenue Section 501(c)(9) and related benefit plan (the "Plan"). The following is a brief description of the Plan which is provided for general information purposes only.

The VEBA trust will consist of the Board of Trustees which will be governed by five trustees. The trustees will consist of the Fire Chief, the President of the Union, one person appointed by the Union President, one person appointed by the Fire Chief, and one person appointed by the preceding four members of the Board of Trustees.

Funding Policy - The District and the Union agreed to amend the collective bargaining agreement to provide for the creation and establishment of the VEBA. The District agreed to provide an initial contribution of one million dollars (\$1,000,000) to the trust in fiscal year 2009/2010. Also effective October 1, 2010, all employees had their base annual pay as set forth in the collective bargaining agreement reduced by one percent (1%). The 1% of base pay was deposited into the VEBA. On October 1, 2010 the District contributed \$87,400 to the VEBA as provided for in this amendment. Effective October 1, 2011, all employees shall have their base annual pay reduced by an additional one percent (1%). From that point on, in behalf of each employee, a contribution equal to two percent (2%) will be made by the District to the VEBA. During each of the fiscal years beginning October 1, 2011 and October 1, 2012, the District shall contribute \$87,400 to the VEBA.

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 (\$40,000 per individual employee for fiscal year ending 2011) and aggregate loss limits (approximately \$1,636,695 claims only-does not include administrative premium/fees) for fiscal year ending 2010 (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 \$2,310,213 in health insurance claims and third party administration costs and reinsurance premiums during the fiscal year ending September 30, 2011 for the self-insurance program. No accrual has been made as of September 30, 2011 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 requires 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, 2011 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 did reduce its Umbrella limits from \$5,000,000 occurrence/\$10,000,000 aggregate to \$2,000,000 occurrence/\$4,000,000 aggregate.

Reported claims have not exceeded the insurance coverage for the years ended September 30, 1999 through September 30, 2011. The Districts 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 2011 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, 2011, \$121,453 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, 2011, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$1.9999 per \$1,000 (1.9999 mils) of the 2010 net taxable value of real property located within the District.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE K - DESIGNATED AND/OR RESERVED FUND BALANCE

Fund balance was assigned for the following purposes at September 30, 2011:

<u>Assigned Fund Balance - General Fund</u>	
Operations	\$ 4,212,093
Emergency/disaster	200,000
Repair and replacement	786,052
Land and buildings	335,413
Debt Service	<u>500,000</u>
Total Assigned Fund Balance	<u>\$ 6,033,558</u> *

* **Assignments consist of limits as approved by the Board of Commissioners.**

Operating - minimum of 60 days and maximum of 90 days of operating expenses.

Emergency/Disaster - minimum of 2% and maximum of 10% of Wages and FICA.

Repair & Replacement - minimum of 25% and maximum 100% of accumulated depreciation.

Land & Buildings - minimum of 15% and maximum of 50% of building accumulated depreciation.

Debt Service - minimum of 1 year and maximum of 2 years of principal & interest on debt.

<u>Reserved Fund Balances - Impact Fee Fund</u>	
Impact Fee Fund	<u>31,921</u>
Total Reserved Fund Balance	<u>\$ 31,921</u>

NOTE L - IMPACT FEE FUND ACTIVITY

During the year ended September 30, 2011, the Impact Fee Fund had the following activity:

Fund Balance, October 1, 2010	\$ 141,375
Impact fee receipts	110,391
Due from Other Governments	8,581
Interest Receipts	182
Operating transfers out	<u>(228,608)</u> *
Fund Balance, September 30, 2011	<u>\$ 31,921</u>

* Impact fees in the amount of \$228,608 were transferred to the General Fund to pay debt service on the \$6,298,494 note payable for the construction of Station # 4. The difference of \$228, 607 was paid out of the General Fund.

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. The District currently has no litigation pending.

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 has changed 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 was the previous method used. To comply with the requirements of GASB No. 45, the District created the Retiree Insurance Trust Fund (VEBA) during the year ended September 30, 2010. For further discussion, see NOTE H. Since the VEBA is not scheduled to start paying funds until October 1, 2013 to the Retirees, the District has booked a two year liability in the amount of \$1,164,176. This liability is approximately what the District anticipates the costs to be in the next two years for the 35 current retirees.

**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, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$ 15,425,180	\$ 15,425,180	\$ 15,220,919	\$ (204,261)
Intergovernmental Revenues:				
State Supplemental Compensation	35,000	35,000	37,320	2,320
Fees:				
Inspection Fees	60,000	60,000	58,791	(1,209)
Fire Flow Fees	1,000	1,000	520	(480)
CPR Classes	4,000	4,000	2,700	(1,300)
Fleet Maintenance	37,500	37,500	22,884	(14,616)
Disposition of Fixed Assets	1,000	1,000	225	(775)
Miscellaneous:				
Insurance Proceeds	5,000	5,000	7,975	2,975
FEMA Reimbursement	-	-	-	-
Interest	115,000	115,000	115,807	807
Other	253,000	253,000	108,111	(144,889)
TOTAL REVENUES	15,936,680	15,936,680	15,575,252	(361,428)
EXPENDITURES				
Current				
Public Safety				
Personal Services	16,423,465	16,423,465	16,337,397	86,068
Operating Expenditures	9,904,636	9,904,636	1,620,282	8,284,354
Capital Outlay	59,250	59,250	87,518	(28,268)
Debt Service				
Principal Reduction	279,523	279,523	279,523	-
Interest and Fiscal Charges	177,692	177,692	177,692	-
TOTAL EXPENDITURES	26,844,566	26,844,566	18,502,412	8,342,154
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,907,886)	(10,907,886)	(2,927,160)	7,980,726
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	204,018	204,018	228,608	24,590
Operating Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	204,018	204,018	228,608	24,590
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(10,703,868)	(10,703,868)	(2,698,552)	8,005,316
FUND BALANCE - Beginning	10,703,868	10,703,868	10,683,824	(20,044)
FUND BALANCE - Ending	\$ -	\$ -	\$ 7,985,272	\$ 7,985,272

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, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ 15,425,180	\$ 15,425,180	\$ 15,220,919	\$ (204,261)
Intergovernmental Revenues:		-		
State Supplemental Compensation	35,000	35,000	37,320	2,320
Fees:		-		
Inspection Fees	60,000	60,000	58,791	(1,209)
Fire Flow Fees	1,000	1,000	520	(480)
CPR Classes	4,000	4,000	2,700	(1,300)
Fleet Maintenance	37,500	37,500	22,884	(14,616)
Disposition of Fixed Assets	1,000	1,000	225	(775)
Miscellaneous:				
Insurance Proceeds	5,000	5,000	7,975	2,975
Interest	115,000	115,000	115,807	807
Other	253,000	253,000	108,111	(144,889)
TOTAL REVENUES	<u>15,936,680</u>	<u>15,936,680</u>	<u>15,575,252</u>	<u>(361,428)</u>
EXPENDITURES				
Current				
Public safety				
Personal services:				
Salaries				
Firefighters & admin.	7,591,835	7,591,835	7,837,464	(245,629)
Commissioners	30,000	30,000	30,000	-
Overtime	721,172	721,172	565,296	155,876
Incentives and Holiday Pay	1,381,600	1,381,600	1,439,501	(57,901)
VEBA - Retiree Health Insurance	172,452	172,452	174,852	(2,400)
Payroll Taxes				
Social Security & Medicare	723,081	723,081	743,436	(20,355)
Benefits and Other Costs				
Retirement - Firefighters	2,553,435	2,553,435	2,497,720	55,715
Retirement - Administration	219,890	219,890	203,019	16,871
Health/Life/Disability Ins.	2,700,000	2,700,000	2,588,801	111,199
Unemployment Compensation	5,000	5,000	-	5,000
Workers Compensation	325,000	325,000	257,308	67,692
Subtotal - Personal services	<u>16,423,465</u>	<u>16,423,465</u>	<u>16,337,397</u>	<u>86,068</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, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Expenditures:				
Professional and Other Fees				
Professional Fees	25,000	25,000	26,883	(1,883)
Legal Fees	75,000	75,000	46,879	28,121
Property Appraiser Fees	141,690	141,690	128,524	13,166
Tax Collector Fees	340,000	340,000	303,235	36,765
Auditing and Accounting	25,000	25,000	23,620	1,380
Medical Director	15,000	15,000	13,725	1,275
Annual Physicals	70,000	70,000	49,172	20,828
ALS Transport Contingency	1,469,200	1,469,200	-	1,469,200
Travel and Training				
Educational Seminars	34,850	34,850	27,511	7,339
Training Books & Supplies	78,600	78,600	64,903	13,697
Communications				
Radio Tower Fees/Pagers	23,430	23,430	18,361	5,069
Station Expenditures				
Telephones and Cellular's	45,000	45,000	31,704	13,296
Electricity	88,300	88,300	67,154	21,146
Water and Sewer	25,800	25,800	21,809	3,991
Garbage	11,300	11,300	9,546	1,754
Gas and Oil	98,000	98,000	94,147	3,853
Pest Control	8,900	8,900	6,395	2,505
Insurance				
Liability Policy	125,000	125,000	103,284	21,716
Repairs and Maintenance				
Building	75,496	75,496	66,184	9,312
Truck	97,500	97,500	100,860	(3,360)
Equipment	49,425	49,425	31,770	17,655
Communications	24,500	24,500	22,473	2,027
Special Operations	16,500	16,500	4,574	11,926
USAR District Expenses	17,190	17,190	17,190	-
Office Equipment	12,200	12,200	8,586	3,614
Computer Support	91,531	91,531	76,713	14,818
Fire Prevention	4,000	4,000	131	3,869

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, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
CPR Classes	5,000	5,000	5,043	(43)
Car Seat Expense	2,443	2,443	-	2,443
Public Education	28,700	28,700	11,412	17,288
Explorer Post 5513	5,000	5,000	3,878	1,122
Smoke Alarms	4,500	4,500	2,192	2,308
Supplies				
Legal Ads	5,000	5,000	3,783	1,217
Office Supplies	20,000	20,000	15,302	4,698
Postage and Freight	4,000	4,000	2,035	1,965
Administration	16,350	16,350	10,308	6,042
Station Supplies	18,000	18,000	10,382	7,618
Fire and Medical	102,800	102,800	58,065	44,735
Uniforms and Bunker Gear	53,250	53,250	30,283	22,967
Office Equipment	2,500	2,500	10,052	(7,552)
Personal Protection Unif./Bunker Gear	95,500	95,500	69,855	25,645
Food Consumables/Supplies	3,000	3,000	675	2,325
Books and Dues	14,207	14,207	11,595	2,612
PETC Hiring	750	750	-	750
Equipment < \$750	18,100	18,100	7,617	10,483
CERT Training	3,000	3,000	2,472	528
Operating Reserves/Contingencies				
Operating	4,203,580	4,203,580	-	4,203,580
Emergency Disaster	200,000	200,000	-	200,000
Repair and Replacement	970,451	970,451	-	970,451
Land and Building	540,093	540,093	-	540,093
Debt Service	500,000	500,000	-	500,000
Subtotal - Operating Expenditures	9,904,636	9,904,636	1,620,282	8,284,354
Capital Outlay:				
Office Equipment	19,000	19,000	11,169	7,831
Machinery and Equipment	40,250	40,250	76,349	(36,099)
Vehicles	-	-	-	-
Subtotal - Capital Outlay	59,250	59,250	87,518	(28,268)

**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, 2011**

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
DEBT SERVICE				
Principal Reduction	279,523	279,523	279,523	-
Interest and Fiscal Charges	177,692	177,692	177,692	-
TOTAL EXPENDITURES	<u>26,844,566</u>	<u>26,844,566</u>	<u>18,502,412</u>	<u>8,342,154</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (10,907,886)	 (10,907,886)	 (2,927,160)	 7,980,726
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	204,018	204,018	228,608	24,590
TOTAL OTHER FINANCING SOURCES (USES)	<u>204,018</u>	<u>204,018</u>	<u>228,608</u>	<u>24,590</u>
 EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 (10,703,868)	 (10,703,868)	 (2,698,552)	 8,005,316
FUND BALANCE - BEGINNING	<u>10,703,868</u>	<u>10,703,868</u>	<u>10,683,824</u>	<u>(20,044)</u>
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 7,985,272</u>	 <u>\$ 7,985,272</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, 2011

	Impact Fee Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Fees:				
Impact Fees	\$ 100,000	\$ 100,000	\$ 118,972	\$ 18,972
Miscellaneous:				
Interest	250	250	182	(68)
TOTAL REVENUES	<u>100,250</u>	<u>100,250</u>	<u>119,154</u>	<u>18,904</u>
EXPENDITURES				
Expenses				
Refunds	20,000	20,000	-	20,000
Capital Outlay				
Station 4 Reserves	-	-	-	-
TOTAL EXPENDITURES	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
EXCESS OF REVENUES OVER EXPENDITURES	80,250	80,250	119,154	38,904
OTHER FINANCING SOURCES (USES)				
Transfers Out	(204,018)	(204,018)	(228,608)	(24,590)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(204,018)</u>	<u>(204,018)</u>	<u>(228,608)</u>	<u>(24,590)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(123,768)	(123,768)	(109,454)	14,314
FUND BALANCE - Beginning	<u>123,768</u>	<u>123,768</u>	<u>141,375</u>	<u>17,607</u>
FUND BALANCE - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,921</u>	<u>\$ 31,921</u>

The accompanying notes are an integral part of this statement.



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

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

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, 2011, and have issued our report thereon dated February 27, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bonita Springs Fire Control and Rescue District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bonita Springs Fire Control and Rescue District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bonita Springs Fire Control and Rescue District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's basic financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Bonita Springs Fire Control and Rescue District's basic financial statements are free of material misstatements, we performed tests of compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and the Board of Commissioners of Bonita Springs Fire Control and Rescue District, 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. However, this report is a matter of public record and its distribution is not limited.

Ashley, Brown & Co.

February 27, 2012

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, 2011, and have issued our report thereon dated February 27, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in those reports, which are dated February 27, 2012, 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 govern 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. There were no recommendations made in the preceding annual financial audit report.
- 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 Bonita Springs Fire Control and Rescue 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. In connection with our audit, we did not have any such recommendations.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred or are likely to have occurred, that have an effect on the financial statements that is less than material but 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 have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. 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 Bonita Springs Fire Control and Rescue 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, 2011, 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, 2011. 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 Bonita Springs Fire Control and Rescue 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 management and Board of Commissioners of Bonita Springs Fire Control and Rescue 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.

February 27, 2012

Ashley, Brown & Co.



BONITA SPRINGS FIRE CONTROL & RESCUE DISTRICT

27701 BONITA GRANDE DRIVE, BONITA SPRINGS, FL 34135

February 27, 2012

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

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

STEVE LOHAN
CHAIRMAN

EVANS CONFORTI
VICE-CHAIRMAN

WAYNE EDSALL
SECRETARY
TREASURER

EDWARD P. FITZGERALD
COMMISSIONER

FRANK LILES, JR.
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 2011 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