

**FORT MYERS BEACH FIRE
CONTROL DISTRICT
BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR
YEAR ENDED
SEPTEMBER 30, 2008**

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Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Fort Myers Beach Fire Control District
100 Voorhis Street
Fort Myers Beach, FL 33932

We have audited the accompanying basic financial statements of Fort Myers Beach Fire Control District (the "District") as of September 30, 2008 and for the year then ended, 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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Fort Myers Beach Fire Control District as of September 30, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 22, 2009, on our consideration of Fort Myers Beach Fire Control District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on 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 considered in assessing the results of our audit.

INTEGRITY SERVICE EXPERIENCE

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Board of Commissioners
Fort Myers Beach Fire Control District
Page 2

The Management's Discussion and Analysis (MD&A) on pages i-vi is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Management's Discussion and Analysis. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements taken as a whole. The required supplementary information other than MD&A on pages 35-40 described in the accompanying table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Tuscan & Company, P.A.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
May 22, 2009

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

Fort Myers Beach Fire Control District, Florida

Management's Discussion and Analysis

(unaudited)

This discussion and analysis of the Fort Myers Beach Fire Control District (the "District") financial statements is designed to introduce the basic financial statements and provide an analytical overview of the District's financial activities for the fiscal year ended September 30, 2008. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and footnotes. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

District Highlights

- At the close of fiscal year 2008 the District's assets exceeded its liabilities, resulting in net assets of \$15,127,766.
- The District's total net assets increased \$408,946, or 2.8%.
- The District had \$7,913,074 of unrestricted net assets that can be used to meet the District's ongoing obligations. Approximately 10.0% of the total, or \$794,439, is undesignated.
- On a government-wide basis, total revenues decreased \$3,029,115, or 23.4%, in comparison to the prior year. The sharp decline in revenues is attributed to the District substantially meeting funding goals for construction and a reduction in millage rate.
- On a government-wide basis, total expenses increased \$360,724 or 3.9%, in comparison to the prior year.

Government-wide Financial Statements

Government-wide financial statements (statement of net assets and statement of activities found on pages 3 and 4) 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 3) 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 4) 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 (pages 5 and 7) 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.

The Fiduciary fund (pages 9 and 10) is used to account for resources held in the Retiree Insurance Trust (VEBA) for the benefit of District employees. This fiduciary fund is not reflected in the government-wide financial statements because the resources of the VEBA fund are not available to the support District's programs.

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 11. 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 2008 and 2007:

Fort Myers Beach Fire Control District Summary of Net Assets September 30, 2008 and 2007		
	2008	2007
Assets:		
Current and other assets	\$ 9,221,164	\$ 11,071,362
Capital Assets	8,795,654	4,582,393
Total Assets	\$ 18,016,818	\$ 15,653,755
Liabilities:		
Current liabilities	\$ 762,818	\$ 428,268
Non-current Liabilities	2,126,234	506,667
Total liabilities	2,889,052	934,935
Net assets:		
Invested in capital assets, net of related debt	7,135,784	4,582,393
Restricted	78,908	-
Unrestricted	7,913,074	10,136,427
Total net assets	15,127,766	14,718,820
Total liabilities and net assets	\$ 18,016,818	\$ 15,653,755

Current and other assets represent 51.2% of the total assets for fiscal year 2008. Current assets were comprised of unrestricted cash and cash equivalents of \$2,359,465, restricted cash and cash equivalents of \$144,791, investments of \$5,821,887, due from other governments of \$117,722, net receivables from ambulance transports of \$269,064, other receivables of \$21,453, a deposit on the purchase of capital assets of \$425,000, prepaid insurance of \$58,200 and other assets of \$3,582.

Investment in capital assets, net of related debt represents 47.2% of net assets for fiscal year 2008. Capital assets are comprised of land, buildings, construction in progress, equipment, and vehicles, net of accumulated depreciation, and related debt used to acquire the assets. The unrestricted net asset balance of \$7,913,074 represents available resources to be used at the District's discretion. The District has designated \$7,039,727 of the unrestricted fund balance for purposes such as disaster, equipment, building improvements, post employment obligations and construction reserves. Restricted net assets of \$78,908 are comprised of cash and cash equivalents as required by a debt agreement which are specifically restricted to be used for debt service reduction.

Current liabilities for fiscal year 2008 are comprised of accounts payable and accrued expenses of \$613,879, deferred revenues from accumulated impact fees of \$65,919 and the current portion of long-term liabilities of \$83,020. Non-current liabilities are comprised of notes payable of \$1,576,850 and compensated absences of \$549,384. Total liabilities increased \$1,954,117 in comparison to the prior year due to the acquisition of a \$1.7 million construction loan for Station #33. Additional information relating to long-term liabilities can be found in note F on pages 27-28.

The following schedule reports the revenues, expenses, and changes in net assets for the District for fiscal years 2008 and 2007:

Fort Myers Beach Fire Control District
Summary of Revenues, Expenses and Changes in Net Assets
Years ended September 30, 2008 and 2007

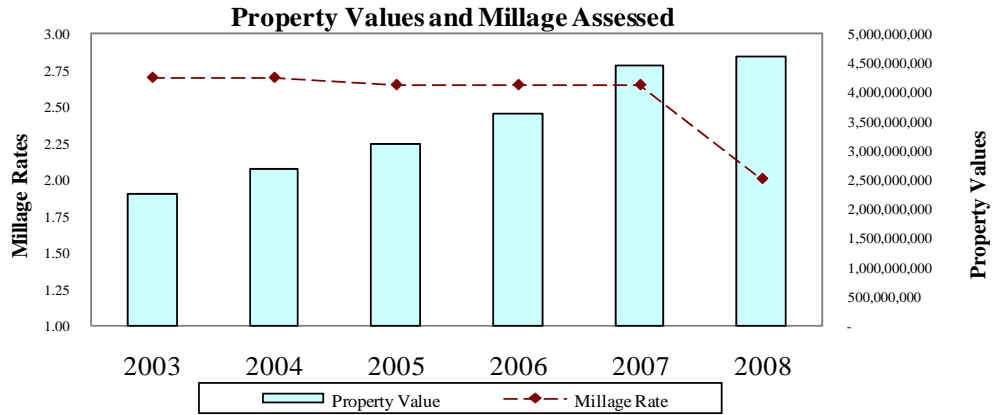
Revenues:	2008	2007
General Revenues		
Property taxes	\$ 9,005,671	\$ 11,499,872
Miscellaneous		
Interest	373,768	594,467
Loss on disposition of capital assets	(172,804)	167,638
Other	37,659	43,360
Program Revenues		
Charges for services		
Ambulance	651,368	632,114
Inspection fees	6,685	5,577
Operating grants and contributions	23,284	11,718
Total Revenues	9,925,631	12,954,746
Expenses:		
Public Safety - Fire and Rescue Services	9,516,685	9,155,961
Increase in net assets	408,946	3,798,785
Net Assets - Beginning	14,718,820	10,920,035
Net Assets - Ending	\$ 15,127,766	\$ 14,718,820

In comparison to the prior year:

- Total revenues decreased \$3,029,115 or 23.4%.
- Total expenses increased \$360,724 or 3.9%.
- Assessed property values increased \$160,201,920 or 3.6%.
- Ad Valorem tax revenues decreased \$2,494,201 or 21.7%

The millage rate decreased 24.5% from 2.6500 mills per thousand in 2007 to 2.0014 mills per thousand in 2008. Property taxes represent 90.7% of total revenues.

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



No impact fee revenues are recognized in 2008 or 2007. Deferred revenues for impact fees and related interest increased \$18,036 or 37.7% in comparison to the prior year.

Budgetary Highlights

The following is a brief review of the budgeting changes from the original budget to the final budget for the General Fund (see supplementary information on pages 35-40). The final budget increased \$899,460, or 5.4% from the original budget. Significant budget changes can be briefly summarized as follows:

- \$571,870 increase to fund balance and applied to designated reserves as a result of final accounting for the prior fiscal year.
- \$515,240 transferred from the capital improvement projects (CIP) fund to the General Fund and applied to designated reserves. Construction projects (Stations #32 and #33) near completion at the end of the fiscal year 2008, required less financial resources than originally bid.
- \$329,000 increase to the VEBA Trust contribution expenditure account funded in large by the designated reserve account for post employment benefits and the balance funded by unused wages.

Budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 35-40. There were no other major variances from budgeted amounts.

Capital Assets

Non-depreciable capital assets include land and construction in progress. Depreciable assets include buildings, vehicles, equipment, furniture and fixtures.

The following is a schedule of the District's capital assets as of September 30, 2008 and 2007:

Fort Myers Beach Fire Control District Capital Assets September 30, 2008 and 2007		
CAPITAL ASSETS	2008	2007
Land	\$ 1,429,970	\$ 1,429,970
Construction in progress	4,547,866	371,739
Total Capital Assets not depreciated	<u>5,977,836</u>	<u>1,801,709</u>
Buildings	1,324,053	1,573,354
Vehicles	2,145,767	1,769,295
Equipment	<u>1,188,794</u>	<u>1,096,822</u>
Total Capital Assets being depreciated	<u>4,658,614</u>	<u>4,439,471</u>
ACCUMULATED DEPRECIATION		
Buildings	(461,675)	(516,435)
Vehicles	(713,851)	(566,884)
Equipment	<u>(665,270)</u>	<u>(575,468)</u>
Total accumulated depreciation	<u>(1,840,796)</u>	<u>(1,658,787)</u>
CAPITAL ASSETS, NET	<u>\$ 8,795,654</u>	<u>\$ 4,582,393</u>

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

- Construction in progress for stations 32 and 33 totaled \$2,393,855 and \$1,782,242 respectively.
- Purchase of two (2) ambulances at a total cost of \$376,472.
- Purchase of four (4) Panasonic Toughbook computers for emergency call data collection at a total cost of \$15,944.
- Purchase of emergency medical data collection software at a cost of \$12,962.
- Purchase of a lightweight burn pan used for community awareness training as well as internal training at a total cost of \$10,841.

Additional information on the District's capital assets can be found in Note E on page 26-27.

Debt Administration

The District had a total of \$2,209,254 of outstanding debt and is comprised of a note payable of \$1,659,870 and compensated absences of \$549,384. The following is a schedule of the District's outstanding debt at September 30, 2008:

Fort Myers Beach Fire Control District
Debt Obligations
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Current portion of long-term liabilities	\$ 83,020	\$ -
Non-current liabilities	<u>2,126,234</u>	<u>506,667</u>
Total outstanding debt	<u>\$ 2,209,254</u>	<u>\$ 506,667</u>

Compensated absences increased by \$42,717 or 8.4% in comparison to the prior year. This liability represents the total amount the District has due at the termination of all employees' employment as of September 30, 2008. The increase of non-current liabilities resulted from the issuance of long term debt to construct Station #33. The total construction costs for Stations #32 and #33 were funded through the use of a combination of reserves and long term debt.

Additional information on the District's debt obligations can be found in Note F on pages 27-28.

Economic Factors and Next Year's Budget

The following were factors considered when next year's budget (2008-2009) was prepared:

- Property values decreased by \$448,507,540 or 9.7% to \$4,161,467,470.
- Continued decline in property values are expected in subsequent years.
- State legislatures continue to take measures to address the inequities in the property tax system; creating new legislation establishing limits on property tax valuation and assessments.
- Construction for Stations 32 and 33 will be completed during the first quarter of the 2009 fiscal year increasing certain budget items such as occupancy related expenditures.
- Furniture, fixtures and other non-recurring expenditures will be required for the newly opened Stations. Accordingly, designated reserves budgeted in 2008 for such purposes will shift to capital expenditures, small tools and equipment and various supply line items.
- The District adopted a millage rate of 1.9980 which is 10.8% less than the current year rolled-back millage rate of 2.2399, and 14.36% less than the maximum millage rate of 2.3329 allowed by statute.

Request for information

This financial report is designed to provide the reader an overview of the District. Questions regarding any information provided in this report should be directed to: Fort Myers Beach Fire Control District, Mike Becker, Fire Chief, P.O. Box 2880, Fort Myers, Florida, 33932, phone (239) 590-4200.

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF NET ASSETS
September 30, 2008

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,359,465
Cash and cash equivalents - restricted	144,791
Investments	5,821,887
Due from other governments	117,722
Receivables, net	269,064
Interest receivable	21,453
Deposits	425,000
Prepaid expenses	<u>61,782</u>
Total current assets	<u>9,221,164</u>
Noncurrent assets:	
Capital assets:	
Land	1,429,970
Construction in progress	4,547,866
Depreciable buildings, vehicles, and equipment (net of \$1,840,796 accumulated depreciation)	<u>2,817,818</u>
Total noncurrent assets	<u>8,795,654</u>
TOTAL ASSETS	<u>\$ 18,016,818</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	\$ 85,554
Accrued expenses	125,881
Retainage payable	402,444
Deferred revenue - impact fees	65,919
Current portion of long-term obligations	<u>83,020</u>
Total current liabilities	762,818
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>2,126,234</u>
TOTAL LIABILITIES	<u>2,889,052</u>
 NET ASSETS	
Invested in capital assets, net of related debt	7,135,784
Restricted for debt service	78,908
Unrestricted	<u>7,913,074</u>
TOTAL NET ASSETS	<u>15,127,766</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,016,818</u>

The accompanying notes are an integral part of this statement.

**FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2008**

	<u>Governmental Activities</u>
EXPENSES	
Governmental activities	
Public safety - fire protection	
Personal services	\$ 7,685,011
Operating expenses	1,515,381
Interest and fiscal charges	38,675
Depreciation	<u>277,618</u>
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	<u>9,516,685</u>
 PROGRAM REVENUES	
Charges for services	
Ambulance	651,368
Inspection fees	6,685
Operating grants and contributions	<u>23,284</u>
TOTAL PROGRAM REVENUES	<u>681,337</u>
NET PROGRAM EXPENSES	<u>8,835,348</u>
 GENERAL REVENUES	
Ad Valorem taxes	9,005,671
Impact fees	-
Interest	373,768
Loss on disposition of capital assets	(172,804)
Other	<u>37,659</u>
TOTAL GENERAL REVENUES	<u>9,244,294</u>
 INCREASE IN NET ASSETS	 408,946
 NET ASSETS - Beginning of the year	 <u>14,718,820</u>
NET ASSETS - End of the year	<u><u>\$ 15,127,766</u></u>

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2008

	General Fund	Impact Fee Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,308,408	\$ -	\$ 1,051,057	\$ 2,359,465
Cash and cash equivalents - restricted	78,908	65,883	-	144,791
Investments	5,752,373	-	69,514	5,821,887
Due from other governments	117,686	36	-	117,722
Receivables, net	269,064	-	-	269,064
Interest receivable	21,453	-	-	21,453
Deposits	425,000	-	-	425,000
Prepays	61,782	-	-	61,782
TOTAL ASSETS	<u>\$ 8,034,674</u>	<u>\$ 65,919</u>	<u>\$ 1,120,571</u>	<u>\$ 9,221,164</u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 83,154	\$ -	\$ 2,400	\$ 85,554
Accrued expenses	125,881	-	-	125,881
Retainage payable	-	-	402,444	402,444
Deferred revenue	-	65,919	-	65,919
TOTAL LIABILITIES	<u>209,035</u>	<u>65,919</u>	<u>404,844</u>	<u>679,798</u>
 FUND BALANCE				
Reserved for debt service	78,908	-	-	78,908
Unreserved:				
Designated	6,324,000	-	715,727	7,039,727
Undesignated	1,422,731	-	-	1,422,731
TOTAL FUND BALANCE	<u>7,825,639</u>	<u>-</u>	<u>715,727</u>	<u>8,541,366</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 8,034,674</u>	<u>\$ 65,919</u>	<u>\$ 1,120,571</u>	<u>\$ 9,221,164</u>

The accompanying notes are an integral part of this statement.

**FORT MYERS BEACH FIRE CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
September 30, 2008**

	<u>Amount</u>
Total fund balance for governmental funds	\$ 8,541,366
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>	
<p>Capital assets not being depreciated:</p>	
Land	1,429,970
Construction in process	<u>4,547,866</u>
	5,977,836
<p>Capital assets being depreciated:</p>	
Building, vehicles, and equipment	4,658,614
Less accumulated depreciation	<u>(1,840,796)</u>
	2,817,818
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>	
Note payable	(1,659,870)
Compensated absences	<u>(549,384)</u>
	<u>(2,209,254)</u>
Total net assets of governmental activities	<u><u>\$ 15,127,766</u></u>

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended September 30, 2008

	General Fund	Impact Fee Fund	Capital Projects Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Ad Valorem taxes	\$ 9,005,671	\$ -	\$ -	\$ 9,005,671
Impact fees	-	-	-	-
Intergovernmental revenue				
Grants	11,956	-	-	11,956
F/F supplemental income	11,328	-	-	11,328
Charges for services - ambulance	651,368	-	-	651,368
Inspection fees	6,685	-	-	6,685
Interest income	258,362	-	115,406	373,768
Other income				
Donations	530	-	-	530
Miscellaneous	<u>37,129</u>	<u>-</u>	<u>-</u>	<u>37,129</u>
TOTAL REVENUES	<u>9,983,029</u>	<u>-</u>	<u>115,406</u>	<u>10,098,435</u>
EXPENDITURES				
Current				
Public safety				
Personal services	7,642,294	-	-	7,642,294
Operating expenditures	1,515,381	-	-	1,515,381
Capital outlay	487,556	-	4,176,127	4,663,683
Debt service				
Principal reduction	40,130	-	-	40,130
Interest and fiscal charges	<u>38,675</u>	<u>-</u>	<u>-</u>	<u>38,675</u>
TOTAL EXPENDITURES	<u>9,724,036</u>	<u>-</u>	<u>4,176,127</u>	<u>13,900,163</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	258,993	-	(4,060,721)	(3,801,728)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	-	1,700,000	1,700,000
Transfers in (out)	<u>515,240</u>	<u>-</u>	<u>(515,240)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	774,233	-	(2,875,961)	(2,101,728)
 FUND BALANCE - Beginning of the year	 <u>7,051,406</u>	 <u>-</u>	 <u>3,591,688</u>	 <u>10,643,094</u>
FUND BALANCE - End of the year	<u>\$ 7,825,639</u>	<u>\$ -</u>	<u>\$ 715,727</u>	<u>\$ 8,541,366</u>

The accompanying notes are an integral part of this statement.

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

Year Ended September 30, 2008

	<u>Amount</u>
Net change (excess expenditures and other financing uses over revenues and other financing sources) in fund balance - total governmental funds	\$ (2,101,728)

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. Also, the loss on the disposition of capital assets is recorded on the Statement of Activities but not in the governmental funds.

Expenditures for capital assets	4,663,683	
Less: current year depreciation	(277,618)	
Less: Loss on disposition of capital assets	(172,804)	
Less: proceeds from disposition of capital assets	-	
		4,213,261

The issuance of debt is reported as a financing source in governmental funds and thus contributes to the change in fund balance. In the Statement of Net 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.

Borrowings (proceeds from issuance):		
Note payable	(1,700,000)	(1,700,000)
Repayments (principal retirement):		
Note payable	40,130	40,130

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.

Net increase in compensated absences	(42,717)
Increase in net assets of governmental activities	\$ 408,946

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF FIDUCIARY NET
ASSETS - FIDUCIARY FUND
September 30, 2008

	Retiree Insurance Trust Fund
ASSETS	
Cash and cash equivalents	\$ 329,000
Investments, at fair value:	
International stocks	-
Domestic stocks	-
Corporate bonds	-
Other assets	-
	<hr/>
TOTAL ASSETS	\$ <u>329,000</u>
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable and accrued expenses	\$ -
	<hr/>
TOTAL LIABILITIES	-
	<hr/>
NET ASSETS	
Held in trust for health insurance benefits and other purposes	<u>329,000</u>
	<hr/>
TOTAL NET ASSETS	329,000
	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>329,000</u></u>

The accompanying notes are an integral part of this statement.

**FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY
NET ASSETS - FIDUCIARY FUND
Year Ended September 30, 2008**

	Retiree Insurance Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 329,000
Total contributions	<u>329,000</u>
Investment income:	
Net appreciation in fair value of investments	-
Interest and dividends	-
	<u>-</u>
Less: investment expenses	-
Net investment income	<u>-</u>
TOTAL ADDITIONS	<u>329,000</u>
DEDUCTIONS	
Administrative expenses	-
TOTAL DEDUCTIONS	<u>-</u>
NET INCREASE IN NET ASSETS	329,000
NET ASSETS - BEGINNING	<u>-</u>
NET ASSETS - ENDING	<u>\$ 329,000</u>

The accompanying notes are an integral part of this statement.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Fort Myers Beach Fire Control District (the "District") is an independent special district established by Laws of Florida, Chapter 51-27676, as amended, under the provisions of Florida Statute Chapter 633. Laws of Florida, Chapter 2000-422 codified, reenacted, amended and repealed its prior enabling acts and was effective June 5, 2000. The District's codified act was amended by House Bill #999 (Laws of Florida, Chapter 2008-275) which was approved by the Governor on June 17, 2008. This law approved a change in District boundaries by removing certain lands from within the District. The District has the general and special powers prescribed by Florida Statutes Chapter 191 and Laws of Florida Chapter 97-340. The District was created for the purpose of providing fire control and protection services for a certain designated area along coastal Lee County. The District also provides emergency medical and crash and rescue services including transport (ambulance) services. The District's service area includes the Town of Fort Myers Beach and certain adjacent areas of unincorporated Lee County. The District is governed by an elected five (5) member Board of Commissioners serving staggered four (4) year terms.

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

Summary of Significant Accounting Policies

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

Reporting Entity

The District adheres to Governmental Accounting Standards Board Statement Number 14, "Financial Reporting Entity" (GASB 14), as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units" (GASB 39). This Statement requires the basic financial statements of the District (the primary government) to include its component units, if any. A

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

Reporting Entity, continued

component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB 14, as amended, there are no component units required to be included. Therefore, no component units are included in the District's basic financial statements.

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net 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. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement Number 33, "Accounting and Financial Reporting for Nonexchange Transactions" (GASB 33).

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

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

Government-wide Financial Statements, continued

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

Program revenues are considered to be revenues generated by services performed and/or by fees charged such as inspection and ambulance fees as well as operating and capital grants.

Fund Financial Statements

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

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

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

Governmental Funds

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

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

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

Fiduciary Fund

The insurance trust fund accounts for the activities of the Retiree Insurance Trust, which accumulates resources for the payment of post employment benefits other than pension and qualified retirees.

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the

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

Measurement Focus and Basis of Accounting, continued

timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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

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

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

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

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

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

Measurement Focus and Basis of Accounting, continued

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

The Capital Projects Fund accounts for the expenditures related to the construction of Station #33 and the reconstruction of Station # 32, as well as the resources used to fund such costs.

Fiduciary Fund

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

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

Investments held by the District's fiduciary fund (VEBA) may include marketable securities, bonds, time deposits, mutual funds, money market funds and depository accounts. On November 28, 2008, this fund adopted a separate investment policy from that of the District. At September 30, 2008, the fund held only cash equivalents.

Capital Assets

Capital assets, which include land, construction in progress, buildings, vehicles and equipment, 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 \$1,000 or more and have a useful life in excess of one year.

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

**NOTE A - ORGANIZATION AND 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 is capitalized when the related expenditure is incurred.

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

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

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

<u>Asset</u>	<u>Years</u>
Buildings	20-40
Vehicles	5-20
Equipment	3-20

Budgets and Budgetary Accounting

The District has adopted an annual budget for the General Fund.

The District has also adopted an annual budget for the Special Revenue Fund - Impact Fee, and the Capital Projects Fund.

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

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

Budgets and Budgetary Accounting, continued

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

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

During the year ended September 30, 2008, the Board, in accordance with Florida Statutes, approved several budget amendments in the General Fund. As such, one of the amendments approved a transfer from the General Fund and the Capital Projects Fund. A budget amendment was also approved in the Impact Fee Fund which removed all authority for budgeted revenue and expenditures for the year ended September 30, 2008.

Impact Fees/Deferred Revenue

Through an interlocal agreement, the District levies an impact fee on new construction within the District. The intent of the fee is for growth within the District to pay for capital improvements needed due to the growth. The fee is collected by both Lee County and the Town of Fort Myers Beach and is remitted to the District. The fee is refundable if not expended by the District within six (6) years from the date of collection. The District, therefore, records this fee as restricted cash and as deferred revenue until the date of expenditure, at which time it is recognized as revenue and charged to capital outlay in the fund financial statements and capital assets in the government-wide financial statements.

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

Due To/From Other Funds

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

Due From Other Governments

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

Compensated Absences

The District's employees accumulate annual leave based on the number of years of continuous service. Upon termination of employment, employees can receive payment of accumulated annual leave if certain criteria are met. The 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 vacation and personal leave benefits is recorded in the government-wide 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 - ORGANIZATION AND 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, are not appropriable 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 - CASH AND CASH EQUIVALENTS

At September 30, 2008, cash and cash equivalents were \$2,504,256 (exclusive of the Retiree Insurance Trust Fund), which included \$300 cash on hand, cash designated for capital projects of \$1,051,057 and restricted cash of \$144,791. Restricted cash is comprised of impact fees (Impact Fee Fund) which are restricted for capital asset acquisition and/or improvement due to growth within the District of \$65,883 and the note payable sinking fund account of \$78,908 held in the General Fund.

Additionally, the Retiree Insurance Trust Fund held restricted cash and cash equivalents of \$329,000 (book and bank balance), at September 30, 2008, in a money market fund. This cash account is not subject to coverage under the Federal Depository Insurance (FDIC) or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280). The money market fund is an external 2a7-like investment pool. The fund is publicly traded and may lose principal. The Fund's shares are stated at quoted market price which approximates cost. This type Fund is not required to be risk categorized because it is not evidenced

NOTE B - CASH AND CASH EQUIVALENTS, CONTINUED

by securities that exist in physical or book entry form. Investments held by the Fiduciary fund represent less than 1% of the Money Market total investments. Investors of the Fund own shares of the Fund rather than the underlying securities.

Deposits

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

At September 30, 2008, the carrying amounts of the District's deposits were \$1,387,016, \$65,883 and \$1,051,057 in the General Fund, the Impact Fee Fund and the Capital Projects Fund, respectively. Cash carried in the General Fund of \$78,908 and \$65,883 in the Impact Fee Fund was restricted. Cash carried in the Capital Projects Fund was designated for the construction related costs of Stations #32 and #33. At September 30, 2008, bank balances were \$1,544,156, \$65,883 and \$1,555,451 in the General Fund, Impact Fee Fund, and Capital Projects Fund, respectively. These deposits were entirely insured by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280).

NOTE C - INVESTMENTS

District investments

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

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

**FORT MYERS BEACH FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008**

NOTE C - INVESTMENTS, CONTINUED

District investments, continued

The District's investments are noted below to give an indication of the level of risk assumed at year-end. The District held two Certificates of Deposit (CDs) at September 30, 2008. The Local Government Surplus Funds Trust Fund is not required to be categorized because the investments are not evidenced by securities that exist in physical or book entry form. The CDs are fully insured by Federal Depository Insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280).

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Cost</u>	<u>Market / Carrying Amount</u>
<u>General Fund</u>				
Local Government Surplus Trust Fund (SBA)				
Fund "A"			\$ 2,537,112	\$ 2,537,112
Fund "B"			266,866	213,062
Certificates of Deposit				
SunTrust	10/1/2008	2.37%	1,002,199	1,002,199
Colonial Bank	12/15/2008	3.12%	<u>2,000,000</u>	<u>2,000,000</u>
			5,806,177	5,752,373
<u>Capital Projects Fund</u>				
Local Government Surplus Trust Fund (SBA) - Fund "A"				
			<u>69,514</u>	<u>69,514</u>
			<u>\$ 5,875,691</u>	<u>\$ 5,821,887</u>

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

NOTE C - INVESTMENTS, CONTINUED

District investments, continued

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

At September 30, 2008, the District reported investments of \$213,062 for amounts held in Fund "B" Surplus Funds Trust Fund (Fund B) administered by the State Board of Administration (SBA) pursuant to Section 218.405, Florida Statutes. The District's investments in the Fund "B" investment pool are similar to money market funds in which shares are owned in the fund rather than the underlying investments. Securities and Exchange Commission Rule 2a7 permits money market funds to use amortized cost to maintain a constant net asset value (NAV) or use fluctuating NAV. Fund "B" uses fluctuating NAV for valuation of Fund "B". The SBA has taken the position that participants in the Fund "B" investment pool should disclose information related to interest rate risk and credit risk. Fund "B" was not rated by a national recognized statistical rating agency as of September 30, 2008. The weighted average life (WAL) of Fund "B" at September 30, 2008, was 9.22 years. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity is based on legal final maturity dates for Fund "B" as of June 30, 2008. WAL measures the sensitivity of Fund "B" to interest rate changes. Fund "B" did not participate in a securities-lending program during the fiscal year ended September 30, 2008.

It is the belief of the SBA that the remaining balance may, in whole or in part, be recovered. However, it may not be available for up to one year. Loss of principal has been recorded at September 30, 2008, as the SBA has determined the market value of the Fund "B" shares to have decreased in value by \$53,804 in the General Fund. The loss, although technically, unrealized, is recorded as a current year loss in keeping with the District's policy to reflect investments at market value.

NOTE C - INVESTMENTS, CONTINUED

Retiree Insurance Trust Fund Investments

The Retiree Insurance Trust Fund held no investments at September 30, 2008.

Investment Authorization:

At September 30, 2008 the Retiree Insurance Trust Fund had no written investment policy. Subsequent to year end, on November 28, 2008, the Board of Trustees adopted a formal written investment policy. The policy provides for the use of investment managers to oversee the investments of the Fund in a manner so that the assets will provide benefits to the participants and preserve capital while maximizing the rate of return.

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

Equity	<u>% Range</u>	<u>% Target</u>
Large Cap. Value Manager	32.5% - 27.5%	30%
Large Cap. Growth Manager	32.5% - 27.5%	30%
Total Equity	62.5% - 57.5%	60%
Fixed Income Manager	42.5% - 37.5%	40%

NOTE D - RECEIVABLES

Receivables consist of the following at September 30, 2008:

	<u>Amount</u>
Ambulance receivables and other	\$ 493,103
Less: Allowance for doubtful accounts	<u>(224,757)</u>
Net ambulance receivables	268,346
Misc. receivable	<u>718</u>
Receivables, net	<u>\$ 269,064</u>

FORT MYERS BEACH FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE E - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2008:

	Balance October 1 2007	Increases/ Additions	Decreases/ Deletions	Adjustments/ Reclassifications	Balance September 30 2008
Capital Assets Not Being Depreciated:					
Land	\$ 1,429,970	\$ -	\$ -	\$ -	\$ 1,429,970
Construction in progress	<u>371,739</u>	<u>4,176,127</u>	<u>-</u>	<u>-</u>	<u>4,547,866</u>
Total Capital Assets Not Being Depreciated	<u>1,801,709</u>	<u>4,176,127</u>	<u>-</u>	<u>-</u>	<u>5,977,836</u>
Capital Assets Being Depreciated:					
Buildings	1,573,354	7,272	(256,573)	-	1,324,053
Vehicles	1,769,295	376,472	-	-	2,145,767
Equipment	<u>1,096,822</u>	<u>103,812</u>	<u>(11,840)</u>	<u>-</u>	<u>1,188,794</u>
Total Capital Assets Being Depreciated	<u>4,439,471</u>	<u>487,556</u>	<u>(268,413)</u>	<u>-</u>	<u>4,658,614</u>
Less Accumulated Depreciation:					
Buildings	(516,435)	(37,196)	91,956	-	(461,675)
Vehicles	(566,884)	(146,967)	-	-	(713,851)
Equipment	<u>(575,468)</u>	<u>(93,455)</u>	<u>3,653</u>	<u>-</u>	<u>(665,270)</u>
Total Accumulated Depreciation	<u>(1,658,787)</u>	<u>(277,618)</u>	<u>95,609</u>	<u>-</u>	<u>(1,840,796)</u>
Total Capital Assets Being Depreciated, Net	<u>2,780,684</u>	<u>209,938</u>	<u>(172,804)</u>	<u>-</u>	<u>2,817,818</u>
Capital Assets, Net	<u>\$ 4,582,393</u>	<u>\$ 4,386,065</u>	<u>\$ (172,804)</u>	<u>\$ -</u>	<u>\$ 8,795,654</u>
				Related debt	<u>(1,659,870)</u>
				Net assets invested in capital assets, net of related debt	<u>\$ 7,135,784</u>

FORT MYERS BEACH FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE E - CAPITAL ASSETS ACTIVITY, CONTINUED

Depreciation expense was charged to the following functions during the year ended September 30, 2008:

	<u>Amount</u>
General Government	\$ 277,618
Total Depreciation Expense	<u>\$ 277,618</u>

NOTE F - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2008:

	Balance October 1 2007	Additions	Retirements / Adjustments	Balance September 30 2008	Amounts Due Within One Year
Note payable	\$ -	\$ 1,700,000	\$ (40,130)	\$ 1,659,870	\$ 83,020
Compensated Absences	<u>506,667</u>	<u>42,717</u>	<u>-</u>	<u>549,384</u>	<u>-</u>
	<u>\$ 506,667</u>	<u>\$ 1,742,717</u>	<u>\$ (40,130)</u>	<u>\$ 2,209,254</u>	<u>\$ 83,020</u>

Long-term liabilities is comprised of the following at September 30, 2008:

	<u>Amount</u>
\$1,700,000 Revenue Note Series 2007 issued December 13, 2007, to fund the construction of Station #33. Payable to a financial institution in bi-annual installments of principal and interest in the amount of \$78,805. The principal and interest on the Note is payable solely from pledged ambulance fees received by the District. The Note is due on December 13, 2022 and has a fixed interest rate of 4.55%.	\$ 1,659,870
Non-current portion of compensated absences. Employees of the District are entitled to paid leave based on length of service and job classification.	<u>549,384</u>
Total Long-Term Liabilities	2,209,254
Current Portion	<u>(83,020)</u>
Noncurrent Portion	<u>\$ 2,126,234</u>

FORT MYERS BEACH FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE F - LONG-TERM LIABILITIES, CONTINUED

The annual debt service requirements at September 30, 2008 were as follows:

Year Ending <u>Sept. 30</u>	Note Payable		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2009	\$ 83,020	\$ 74,590	\$ 83,020
2010	86,840	70,770	86,840
2011	90,836	66,774	90,836
2012	95,016	62,594	95,016
2013	99,388	58,222	99,388
2014-2018	569,905	218,145	569,905
2019-2023	<u>634,865</u>	<u>74,380</u>	634,865
	<u>\$ 1,659,870</u>	<u>\$ 625,475</u>	1,659,870
Accrued compensated absences			<u>549,384</u>
Total Long-Term Liabilities			<u>\$ 2,209,254</u>

NOTE G - RETIREMENT PLAN

Plan description and provisions

All District employees are participants in the statewide Florida Retirement System (FRS) under the authority of Article X, Section 14 of the State Constitution and Florida Statutes, Chapters 112 and 121. The FRS is noncontributory and is totally administered by the State of Florida. The District contributed 100% of the required contributions. Pension costs for the District ranged between 9% and 21% of gross wages for the year ended September 30, 2008. The District's contributions to the plan were \$954,258, \$951,994, and \$802,897, for the fiscal years ended September 30, 2008, 2007, and 2006, respectively. There were no employee contributions to the plan. The District's covered payroll costs for the plan were \$4,884,340, \$4,789,567, and \$4,352,816, for the years ended September 30, 2008, 2007, and 2006, respectively.

NOTE G · RETIREMENT PLAN, CONTINUED

Plan description and provisions, continued

Employees who retire with 6 years of creditable service, at or after age 62, 6 years of senior management service and age 62, 6 years of special risk service and age 55, or 30 years of service (25 years for special risk) regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% to 3.0% per year of creditable service, depending on the class of employee (regular, special risk, etc.) based on average final compensation of the five (5) highest fiscal years' compensation.

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

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 and actuarial information with respect to an individual participating entity is not available. Participating employers are required by Statute to pay monthly contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due.

Plan information

A copy of the FRS's June 30, 2008 annual report can be obtained by writing to the Florida Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (850) 488-5706.

FORT MYERS BEACH FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE H - PROPERTY TAXES

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid taxes and must be sold not later than June 1 of each year. The billing, collection, and related 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 2008 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, 2008, \$117,686 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 93 days following certification of assessment roll
Taxes due and payable (Levy date)	November, with various discount provisions through March 31
Property taxes payable - maximum discount (4 percent)	30 days after levy date
Beginning of fiscal year for which taxes have been levied	October 1
Due date	March 31
Taxes become delinquent (lien date)	April 1
Tax certificates sold by the Lee County Tax Collector	Prior to June 1

For the year ended September 30, 2008, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$2.0014 per \$1,000 (2.0014 mills) of the 2007 net taxable value of real property located within the District.

FORT MYERS BEACH FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE I - DESIGNATED AND/OR RESERVED FUND BALANCE

Fund balance was designated and/or reserved for the following purposes at September 30, 2008:

<u>Reserved fund balance</u>	<u>Amount</u>
<u>General Fund</u>	
Reserved for debt service	\$ 78,908
Total Reserved Fund Balance	<u>\$ 78,908</u>
<u>Designated fund balance</u>	<u>Amount</u>
<u>General Fund</u>	
Operating reserve	\$ 2,300,000
Emergency disaster operating	1,947,000
Equipment reserve	904,000
Self-Insured health insurance	200,000
Post employment benefits	-
Water supply solutions	70,000
Shared maintenance facility	250,000
Rolling equipment	503,000
Building improvements - Station 31	<u>150,000</u>
Total Designated Fund Balance - General Fund	<u>6,324,000</u>
<u>Capital Projects Fund</u>	
Construction costs	<u>715,727</u>
Total Designated Fund Balance - Capital Projects Fund	<u>715,727</u>
Total Designated Fund Balance	<u>\$ 7,039,727</u>

NOTE J - IMPACT FEE FUND ACTIVITY

During the year ended September 30, 2008, the Impact Fee Fund had the following activity:

	<u>Amount</u>
Deferred revenue, October 1, 2007	\$ 47,883
Impact fee receipts	16,768
Due from other governments	36
Interest receipts	1,232
Capital outlay	<u>-</u>
Deferred revenue, September 30, 2008	<u>\$ 65,919</u>

NOTE K - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The District provides insurance (health, dental, and vision) benefits to its retired employees. All retired full-time employees are eligible for benefits if actively employed by the District immediately before retirement. As of September 30, 2008, there were fifteen (15) retirees receiving these benefits. The benefits are provided both with and without contractual or labor agreements. The benefits may require contribution from the retirees, depending on certain specified criteria and, in particular, length of creditable employment. The District pays up to 100% of retiree coverage. The District finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time premiums are due. The retiree's premiums and claims for these benefits totaled \$118,269 during the year ended September 30, 2008. The District paid \$82,416. This amount is also included within the aggregated totals in Note L. The employees contributed \$35,853 of the total cost.

During the year ended September 30, 2008, the District established a separate trust (as noted below) to fund the cost of these future benefits for retirees. At September 30, 2008, the Retiree Insurance Trust Fund had not adopted a formal plan document describing participant eligibility, contribution requirements or benefits. After a formal plan document is adopted by the Board of Trustees, the Fund will have an actuarial valuation performed to determine the liability and ongoing funding requirements based upon the information contained in the plan document. The District will continue to finance its post employment benefits other than pensions on the current pay-as-you-go basis until the Retiree Insurance Trust Fund is required to pay benefits to fund the obligation.

Per the collective bargaining agreement between the District and the Union, the District was required to contribute \$329,000 to the Trust Fund for the year ended September 30, 2008, in lieu of one-half of the agreed upon wage increase for that year. The District timely contributed the amount to the VEBA. For the years ending September 30, 2009 and September 30, 2010, the contributions will be equal to two percent (2%) of the total wage budget for the respective years.

NOTE L - RISK MANAGEMENT

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

NOTE L - RISK MANAGEMENT, CONTINUED

Insurance programs for general/professional liability, automobile, and property are covered by commercial insurance. The District retains the risk of loss up to a deductible amount (ranging from \$250 to \$5,000) with the risk of loss in excess of this amount transferred to the insurance carrier with limits of liability of \$1,000,000 to \$2,000,000 per occurrence.

The District's health plan is a self-insured program and has stated annual individual and aggregate loss limits and retains third party coverage for claims in excess of the loss limits. The District incurred \$981,815 in health insurance claims and third party administration costs during the year ended September 30, 2008 for the self-insurance program. No accrual has been made as of September 30, 2008 for amounts (estimated at \$30,447) to be paid for actual and incurred but not reported (IBNR) claims. At September 30, 2008, however, the District recorded prepaid insurance in the amount of \$58,200 to reflect the estimated IBNR or "tail exposure" at plan termination. The District's remaining maximum cost exposure for the year ended September 30, 2008 was approximately \$165,667 (including IBNR claims) of which a portion, if incurred, will likely will be included in the subsequent year's expenditure.

NOTE M - IMPLEMENTATION OF GASB STATEMENT NO. 45

The Governmental Accounting Standards Board has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions." This Statement will change the manner in which a governmental entity funds and records its post retirement benefit costs other than pensions. Specifically, governments will have to actuarially accrue and fund costs rather than fund them on a pay-as-you-go basis, as is currently the method used. This Statement may have a significant effect on the District's annual budget. As noted earlier, to comply with the requirements of GASB No. 45, the District created the Retiree Insurance Trust Fund (Fiduciary Fund) during the year ended September 30, 2008. As of September 30, 2008, the District had not obtained an actuarial valuation; however, the District funded its contractual obligation in the amount of \$329,000. Actuarially determined OPEB costs and the related liability will be recorded once the actuarial valuation is performed. The Statement is effective for the year ended September 30, 2010. The District intends to implement this Statement at that time.

FORT MYERS BEACH FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE N - SUBSEQUENT EVENTS

Subsequent to the year ended September 30, 2008, the District placed Station #33 into service on October 6, 2008.

Subsequent to the year ended September 30, 2008, the District placed Station # 32 into service on January 19, 2009.

NOTE O - COMMITMENT AND CONTINGENCIES

During the year ended September 30, 2008, the District continued the service agreement with the architect relating the construction of Stations #32 and #33.

During the year ended September 30, 2008, the District continued the service agreement with the construction manager relating the construction of Stations #32 and #33.

The District demolished and began the reconstruction of Station #32 as planned. The District entered a construction contract to rebuild this Station for approximately \$2.7 million. The reconstruction of Station #32 is intended to be funded from cash held by the District. At September 30, 2008, the District had a balance of approximately \$410,000 remaining on its Station #32 construction contract. The Station was placed into service on January 19, 2009.

In addition, the District demolished the former rental property building and began the construction of its new Station #33. The District obtained a \$1.7 million loan (Revenue Note Series 2007) (dated December 13, 2007) to finance the construction. The loan accrues interest at 4.55% and is payable over a fifteen (15) year period. Payments, including principal and interest, in the amount of \$78,805 are due semi-annually. The loan is collateralized by ambulance revenues. The District entered a contract to build this Station for approximately \$1,722,000. Station #33 was placed into service on October 6, 2008.

During the year ended September 30, 2008, the District contracted to purchase a fire rescue/suppression vehicle for approximately \$472,000. The vehicle is to be delivered during the year ended September 30, 2009 and is subject to acceptance at final inspection upon delivery. The District paid and recorded a deposit of \$425,000 during the year ended September 30, 2008. The balance is due upon final inspection and delivery.

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

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - SUMMARY STATEMENT
Year Ended September 30, 2008

General Fund				
	Original	Final		Variance
	Budget	Budget	Actual	Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	8,765,084	8,765,084	9,005,671	240,587
Intergovernmental revenue				
Grants	-	-	11,956	11,956
F/F supplemental income	15,500	11,250	11,328	78
Charges for services - ambulance	603,800	603,800	651,368	47,568
Inspection fees	6,400	6,400	6,685	285
Interest income	466,800	296,800	258,362	(38,438)
Proceeds from disposition of capital assets	8,000	-	-	-
Other income				
Donations	500	500	530	30
Miscellaneous	15,800	10,400	37,129	26,729
Subtotal - revenues	9,881,884	9,694,234	9,983,029	288,795
Cash brought forward	6,479,536	7,051,406	-	(7,051,406)
TOTAL REVENUES	<u>16,361,420</u>	<u>16,745,640</u>	<u>9,983,029</u>	<u>(6,762,611)</u>
EXPENDITURES				
Current				
Public Safety				
Personal services	8,114,300	8,353,550	7,642,294	711,256
Operating expenditures	2,100,148	1,912,498	1,515,381	397,117
Capital outlay	833,045	513,155	487,556	25,599
Debt service				
Principal reduction	83,732	83,732	40,130	43,602
Interest and fiscal charges	73,945	73,945	38,675	35,270
Designated reserves	5,156,250	6,324,000	-	6,324,000
TOTAL EXPENDITURES	<u>16,361,420</u>	<u>17,260,880</u>	<u>9,724,036</u>	<u>7,536,844</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	(515,240)	258,993	774,233
OTHER FINANCING SOURCES				
Transfer from capital projects fund	-	515,240	515,240	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	774,233	<u>\$ 774,233</u>
FUND BALANCE, October 1, 2007			<u>7,051,406</u>	
FUND BALANCE, September 30, 2008			<u>\$ 7,825,639</u>	

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT
Year Ended September 30, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ 8,765,084	\$ 8,765,084	\$ 9,005,671	\$ 240,587
Intergovernmental revenue				
Grants	-	-	11,956	11,956
F/F supplemental income	15,500	11,250	11,328	78
Charges for services - ambulance	603,800	603,800	651,368	47,568
Inspection fees	6,400	6,400	6,685	285
Interest income	466,800	296,800	258,362	(38,438)
Proceeds from disposition of capital assets	8,000	-	-	-
Other income				
Donations	500	500	530	30
Miscellaneous	15,800	10,400	37,129	26,729
Subtotal - revenues	9,881,884	9,694,234	9,983,029	288,795
Cash brought forward	6,479,536	7,051,406	-	(7,051,406)
TOTAL REVENUES	16,361,420	16,745,640	9,983,029	(6,762,611)
EXPENDITURES				
Current				
Public Safety				
Personal Services				
Salaries				
Elected officials	30,000	30,000	30,000	-
Firefighters & administrative	5,244,600	5,154,850	4,804,274	350,576
Payroll taxes				
Social Security	411,800	411,800	348,306	63,494
Benefits				
PPL lump sum payments	138,000	88,000	-	88,000
Retirement	912,200	962,200	954,258	7,942
Group insurance	1,102,800	1,102,800	981,815	120,985
Occupational health	56,400	56,400	32,787	23,613
Workers compensation	218,500	218,500	161,854	56,646
Veba trust contribution	-	329,000	329,000	-
SUBTOTAL - PERSONAL SERVICES	8,114,300	8,353,550	7,642,294	711,256
OPERATING				
Professional/Contracted Services				
Legal fees	282,500	92,100	88,363	3,737
Professional services	40,000	40,000	32,200	7,800
Property appraiser	87,900	87,900	74,518	13,382
Tax collector	184,600	184,600	179,798	4,802
Medical director	35,000	43,500	43,419	81
Audit and accounting	33,500	33,500	26,010	7,490
Contracted services	43,800	48,800	48,038	762
Unemployment	-	-	8,800	(8,800)
Subtotal - Prof/contracted services	707,300	530,400	501,146	29,254

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2008

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
General Operations				
Travel	32,000	32,000	26,434	5,566
Telephone	24,500	24,500	24,494	6
Cellular/Pager	16,800	18,500	18,872	(372)
Communication fees & maintenance	14,000	20,600	20,770	(170)
Cable	1,500	1,850	1,858	(8)
Electricity	24,800	24,800	26,126	(1,326)
Garbage	5,800	5,800	3,211	2,589
Water	3,300	3,600	3,234	366
Temporary Housing	-	35,500	38,769	(3,269)
Liability insurance	103,000	78,000	74,658	3,342
EMS equipment maintenance	2,400	2,400	2,159	241
Vehicle maintenance	62,500	73,500	73,602	(102)
Office equipment maintenance	3,700	7,700	6,486	1,214
Suppression maintenance	23,500	23,500	16,367	7,133
Building maintenance	29,700	30,300	32,134	(1,834)
Miscellaneous - operations	13,928	13,928	13,547	381
Legal advertising	10,100	10,100	4,540	5,560
Office supplies	12,400	12,400	10,552	1,848
Postage and freight	2,600	4,300	4,382	(82)
Fuel	35,000	47,000	44,178	2,822
Uniform expenses	34,400	34,400	26,359	8,041
Communication equipment under \$1,000	8,200	8,200	5,583	2,617
Janitorial supplies	5,400	5,400	4,561	839
Furn and fixtures under \$1,000	25,000	25,000	29,518	(4,518)
EMS supplies	67,400	86,400	87,881	(1,481)
Suppression equipment under \$1,000	11,700	15,700	17,205	(1,505)
Rescue	4,260	4,260	143	4,117
Prevention	3,000	3,000	1,716	1,284
Training- drills & exercise	2,800	3,300	4,453	(1,153)
Career development	161,200	36,200	37,206	(1,006)
Continuing education	71,100	52,100	54,162	(2,062)
Training equipment	13,800	1,800	-	1,800
License/certification	14,700	2,700	1,173	1,527
Dues and subscriptions	5,300	5,300	3,725	1,575
CERT	8,400	8,400	8,393	7
Community outreach programs	37,360	37,360	14,480	22,880
USAR support	14,900	14,900	14,550	350
Ambulance billing	35,300	35,300	22,419	12,881
Bad debts - ambulance	181,100	266,100	227,858	38,242
Hurricane expenditures	10,000	10,000	2,453	7,547
Special events	6,000	6,000	4,024	1,976
Contingency	250,000	250,000	-	250,000
Subtotal - General operations	1,392,848	1,382,098	1,014,235	367,863
SUBTOTAL - OPERATING	2,100,148	1,912,498	1,515,381	397,117

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
CAPITAL OUTLAY				
Administration building	2,000	2,000	-	2,000
Station 31 renovations	20,000	10,000	7,272	2,728
Medical equipment	66,200	31,200	27,915	3,285
Suppression/protective equipment	143,745	13,745	11,592	2,153
Furniture and fixtures	6,600	19,710	10,334	9,376
Prevention life safety equipment	-	11,000	10,841	159
Communications	19,600	4,600	2,253	2,347
Computer equipment	56,900	41,900	40,877	1,023
Training equipment	2,000	2,000	-	2,000
Rolling Equipment	516,000	377,000	376,472	528
SUBTOTAL - CAPITAL OUTLAY	833,045	513,155	487,556	25,599
DEBT SERVICE				
Principal reduction	83,732	83,732	40,130	43,602
Interest and fiscal charges	73,945	73,945	38,675	35,270
SUBTOTAL - DEBT SERVICE	157,677	157,677	78,805	78,872
DESIGNATED RESERVES				
Operating	2,300,000	2,300,000	-	2,300,000
Emergency disaster operating	1,947,000	1,947,000	-	1,947,000
Equipment	250,000	904,000	-	904,000
Self-Insured health insurance	200,000	200,000	-	200,000
Post employment benefits	239,250	-	-	-
Water supply solutions	70,000	70,000	-	70,000
Shared maintenance facility	-	250,000	-	250,000
Rolling Equipment	-	503,000	-	503,000
Building improvements - Station 31	150,000	150,000	-	150,000
SUBTOTAL - DESIGNATED RESERVES	5,156,250	6,324,000	-	6,324,000
TOTAL EXPENDITURES	16,361,420	17,260,880	9,724,036	7,536,844
EXCESS OF REVENUES OVER EXPENDITURES	-	(515,240)	258,993	774,233
OTHER FINANCING SOURCES				
Transfer from capital projects fund	-	515,240	515,240	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ -	\$ -	774,233	\$ 774,233
FUND BALANCE, October 1, 2007			7,051,406	
FUND BALANCE, September 30, 2008			<u>\$ 7,825,639</u>	

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND
Year Ended September 30, 2008

	Impact Fee Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Fees				
Impact fees	\$ 15,400	\$ -	\$ -	\$ -
Miscellaneous				
Interest	1,890	-	-	-
Subtotal - revenues	17,290	-	-	-
Cash brought forward	38,978	47,883	-	-
TOTAL REVENUES	56,268	47,883	-	-
EXPENDITURES				
Current				
Public safety				
Capital outlay				
Principal	56,268	-	-	-
TOTAL EXPENDITURES	56,268	-	-	-
EXCESS OF REVENUES OVER				
EXPENDITURES	\$ -	\$ 47,883	-	\$ (47,883)
FUND BALANCE - Beginning			-	
FUND BALANCE - Ending			<u>\$ -</u>	

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
Year Ended September 30, 2008

	Capital Projects Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Interest	\$ -	\$ 110,240	\$ 115,406	\$ 5,166
Subtotal - revenues	-	110,240	115,406	5,166
Cash Brought Forward	3,590,000	3,591,688	-	(3,591,688)
TOTAL REVENUES	<u>3,590,000</u>	<u>3,701,928</u>	<u>115,406</u>	<u>(3,586,522)</u>
EXPENDITURES				
Current				
Public safety				
Capital outlay				
Station 32 reconstruction	3,237,905	2,267,905	2,393,885	(125,980)
Station 33 construction	2,052,095	1,602,095	1,782,242	(180,147)
Subtotal - capital outlay	<u>5,290,000</u>	<u>3,870,000</u>	<u>4,176,127</u>	<u>(306,127)</u>
Designated Reserves				
Construction	-	1,016,688	-	1,016,688
Subtotal - Designated Reserves	-	<u>1,016,688</u>	-	<u>1,016,688</u>
TOTAL EXPENDITURES	<u>5,290,000</u>	<u>4,886,688</u>	<u>4,176,127</u>	<u>710,561</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,700,000)	(1,184,760)	(4,060,721)	(2,875,961)
OTHER FINANCING SOURCES				
Proceeds from Debt	1,700,000	1,700,000	1,700,000	-
Transfer to general fund	-	(515,240)	(515,240)	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	(2,875,961)	<u>\$ (2,875,961)</u>
FUND BALANCE - Beginning			<u>3,591,688</u>	
FUND BALANCE - Ending			<u>\$ 715,727</u>	

The accompanying notes are an integral part of this statement.

**ADDITIONAL REPORTS OF
INDEPENDENT AUDITOR**



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

Board of Commissioners
Fort Myers Beach Fire Control District
100 Voorhis Street
Fort Myers Beach, Florida 33932

We have audited the basic financial statements of Fort Myers Beach Fire Control District as of and for the year ended September 30, 2008, and have issued our report thereon dated May 22, 2009. 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 Fort Myers Beach Fire Control District's internal control over financial reporting in order to determine our auditing procedure 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 Fort Myers Beach Fire Control District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Fort Myers Beach Fire Control District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Fort Myers Beach Fire Control District's basic financial statements that is more than inconsequential will not be prevented or detected by Fort Myers Beach Fire Control District's internal control.

INTEGRITY SERVICE EXPERIENCE

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fort Myers Beach Fire Control District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of basic financial statement amount. 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 Board of Commissioners, management, the Auditor General of the State of Florida and other federal and state audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

Tuscan & Company, P.A.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
May 22, 2009



TUSCAN
 & Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Commissioners
 Fort Myers Beach Fire Control District
 100 Voorhis Street
 Fort Myers Beach, Florida 33932

We have audited the basic financial statements of the Fort Myers Beach Fire Control District (the "District") as of and for the fiscal year ended September 30, 2008 and have issued our report thereon dated May 22, 2009. In connection with our audit, we are submitting the following comments and recommendations in accordance with Chapter 10.550 "Rules of the Auditor General - Local Governmental Entity Audits" (Revised September 30, 2008) Rule 10.557(3) and Section 218.39(4) of the Florida Statutes.

PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY:

Note: Prior year comments not repeated below appear to have been addressed and/or resolved by the District.

CURRENT YEAR COMMENTS:

No financially significant comments were noted.

We have included in this letter all comments which came to our attention during the course of our audit regarding Items 1 through 7, as applicable, of the "Rules of the Auditor General-Local Governmental Entity Audits," Rule 10.554, Section (1)(i). In regard to Item 2, we represent that the Fort Myers Beach Fire Control District has complied with Florida Statute 218.415 regarding investment of public funds. In regard to Item 7(a), nothing came to our attention to cause us to believe that at any time during the year the Fort Myers Beach Fire Control District met any of the criteria for being in a state of financial emergency as defined in Florida Statute 218.503(1). In regard to item 7(c)(1), we applied financial condition assessment procedures pursuant to Rule 10.556(7) and noted no significant indications of deteriorating financial conditions. As such, we do not believe the District to be in a state of financial emergency as a consequence of conditions

INTEGRITY SERVICE EXPERIENCE

described in Section 218.503(1) of the Florida Statutes. Additionally, in regard to Item 7(b), we represent that the financial report filed with the Department of Financial Services, pursuant to Florida Statute 218.32(1)(a), is in agreement with the annual financial audit report for the same period.

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

Tuscan & Company, P.A.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

May 22, 2009

EXHIBIT



Fort Myers Beach Fire Control District

100 Voorhis Street • Fort Myers Beach, Florida 33931

Mailing Address: PO Box 2880 • Fort Myers Beach, Florida 33932

Established 1949

June 12, 2009

BOARD OF COMMISSIONERS

John Scanlon
Chairman

Theodore A. (Ted) Reckwerdt
Vice-Chairman

Betty Goodacre
Sec./Treas.

Carol Morris
Fire Commissioner

Joseph Schmid
Fire Commissioner

FIRE CHIEF
Mike Becker

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

MANAGEMENTS RESPONSE TO THE INDEPENDENT AUDITOR'S REPORT

We have reviewed the independent auditor's report as part of the District's annual audit for fiscal year ended September 30, 2008. We are pleased that your report reflects an unqualified or "clean" audit opinion for the District.

As with many small Independent Special Districts, management is frequently challenged with internal control processes having limited available resources. However, the District's administration strives to implement new procedures to continually enhance our financial systems.

We would like to thank all the members of our audit team from Tuscan & Company, P.A. for a thorough audit and exceptional professionalism during the course of this engagement.

Sincerely,

Michael Becker
Fire Chief