

**FORT MYERS BEACH FIRE  
CONTROL DISTRICT  
BASIC FINANCIAL STATEMENTS  
TOGETHER WITH REPORTS OF  
INDEPENDENT AUDITOR  
YEAR ENDED  
SEPTEMBER 30, 2011**

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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 33931

We have audited the accompanying basic financial statements of Fort Myers Beach Fire Control District (the "District") as of September 30, 2011 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 of America. 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, 2011, 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 April 19, 2012 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

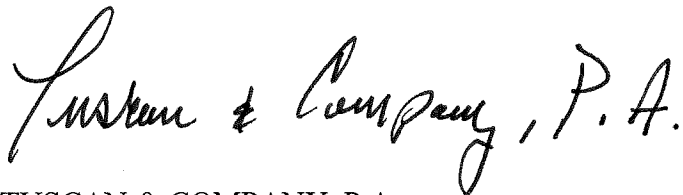
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Board of Commissioners  
Fort Myers Beach Fire Control District  
Page 2

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 44-48 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.

As discussed in Note A for the Financial statements, Fort Myers Beach Fire Control District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of October 1, 2010.

A handwritten signature in cursive script that reads "Tuscan & Company, P.A." The signature is written in black ink and is positioned above the printed name of the company.

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
April 19, 2012

**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, 2011. 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 2011, the District's assets exceeded its liabilities, resulting in net assets of \$12,442,782.
- The District's total net assets decreased \$97,217, or 0.8%.
- The District assigned/committed/restricted 91.0% or \$5,094,898 of the District's total fund balance of \$5,601,624 at yearend. Additional information relating to fund balance can be found in Note J on page 41 and 42.
- Total revenues decreased \$349,500, or 3.8%, in comparison to the prior year. The decrease in revenues is attributed to recording contractual adjustments against transport revenue.
- Total expenses decreased \$819,937 or 8.5%, in comparison to the prior year. The decline in expenses is attributed to a combination of items; most notably a 9.15% reduction in special risk retirement contribution rates, a change in health insurance provider mid-way through the prior year, and the change to recording transport fee adjustments against revenue.

### *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 of accounting using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets.

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 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 2011 and 2010:

Fort Myers Beach Fire Control District Summary of Net Assets September 30, 2011 and 2010		
	2011	2010
Assets:		
Current and other assets	\$ 5,860,215	\$ 5,785,469
Capital assets, net	8,853,706	9,163,744
Total Assets	\$ 14,713,921	\$ 14,949,213
Liabilities:		
Current liabilities	\$ 353,607	\$ 456,826
Non-current Liabilities	1,917,532	1,952,388
Total liabilities	2,271,139	2,409,214
Net assets:		
Invested in capital assets, net		
of related debt	7,454,532	7,673,734
Restricted	92,424	92,428
Unrestricted	4,895,826	4,773,837
Total net assets	12,442,782	12,539,999
Total liabilities and net assets	\$ 14,713,921	\$ 14,949,213

Current and other assets represent 39.8% of the total assets for fiscal year 2011. Current assets were comprised of unrestricted cash and cash equivalents of \$2,893,986, restricted cash and cash equivalents of \$103,355, investments of \$2,622,049, due from other governments of \$65,729, net receivables from ambulance transports of \$147,797, and prepaid expenses of \$27,299.

Investment in capital assets, net of related debt represents 59.9% of net assets for fiscal year 2011. Capital assets are comprised of land, buildings, equipment, and vehicles, net of accumulated depreciation, and related debt used to acquire the assets. The unrestricted net asset balance of \$4,895,826 represents available resources to be used at the District's discretion. Restricted net assets of \$92,424 are comprised of cash and cash equivalents as required by a debt agreement are specifically restricted for use of debt service reduction. The District has assigned \$4,385,000 of the General Fund fund balance for purposes such as disaster, equipment replacement and building improvements. On a Governmental fund-basis the District had a total – General Fund – fund balance of \$5,601,624.

Current liabilities for fiscal year 2011 are comprised of accounts payable and accrued expenses of \$245,235, deferred revenues from accumulated impact fees of \$13,356 and the current portion of long-term liabilities of \$95,016. Non-current liabilities are comprised of notes payable of \$1,304,158, a Net OPEB obligation of \$138,531 and compensated absences of \$474,843. Total liabilities decreased \$138,075, or 5.7%, in comparison to the prior year. Additional information relating to long-term liabilities can be found in note F on pages 30-31.

The following schedule reports the revenues, expenses, and changes in net assets for the District for fiscal years 2011 and 2010:

Fort Myers Beach Fire Control District  
Summary of Revenues, Expenses and Changes in Net Assets  
Years ended September 30, 2011 and 2010

Revenues:	<u>2011</u>	<u>2010</u>
General Revenues		
Property taxes	\$ 8,109,812	\$ 8,161,860
Miscellaneous		
Impact fees	1,200	67,787
Interest	31,222	71,140
Gain (Loss) on disposition of capital assets	2,714	(1,623)
Other	101,770	20,893
Program Revenues		
Charges for services		
Ambulance	465,435	756,434
Inspection fees	10,455	3,490
Grants and contributions	22,703	14,830
Total Revenues	<u>8,745,311</u>	<u>9,094,811</u>
 Expenses:		
Public Safety - Fire and Rescue Services	<u>8,842,528</u>	<u>9,662,465</u>
 Increase (decrease) in net assets	(97,217)	(567,654)
 Net Assets - Beginning	<u>12,539,999</u>	<u>13,107,653</u>
 Net Assets - Ending	<u>\$ 12,442,782</u>	<u>\$ 12,539,999</u>

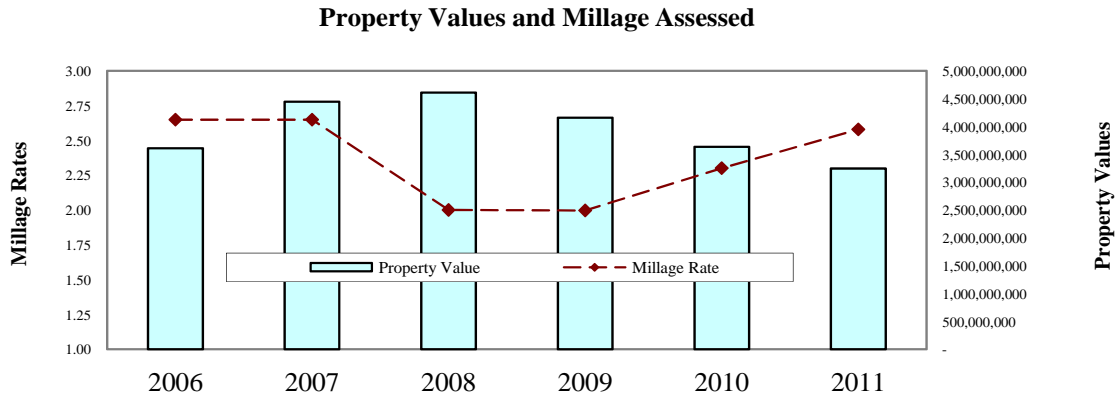


In comparison to the prior year:

- Total revenues decreased \$349,500 or 3.8%.
- Total expenses decreased \$819,937 or 8.5%.
- Assessed property values decreased \$388,824,260 or 10.7%.
- Ad Valorem tax revenues decreased \$52,048 or 0.6%

The millage rate increased 12.1% from 2.3017 mills per thousand in 2010 to 2.5800 mills per thousand in 2011. Property taxes represent 92.7% of total revenues.

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



Impact fee revenues of \$1,200 are recognized in 2011 and impact fee revenues of \$67,787 were recognized in 2010. Deferred revenues for impact fees and related interest increased \$12,271 or 1131.0% 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 44-48). The final budget decreased \$314,526, or 2.2% from the original budget. Significant budget changes can be briefly summarized as follows:

- \$79,474 increase to fund balance and applied to designated reserves as a result of final accounting for the prior fiscal year.
- \$394,000 decrease to transport fee revenue with an offset to transport fee adjustment expense to reflect the netting adjustments to the revenue.

Budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 44-48.

## Capital Assets

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

The following is a schedule of the District's capital assets as of September 30, 2011 and 2010:

Fort Myers Beach Fire Control District Capital Assets September 30, 2011 and 2010		
CAPITAL ASSETS	2011	2010
Land	\$ 1,429,970	\$ 1,429,970
Total Capital Assets not depreciated	<u>1,429,970</u>	<u>1,429,970</u>
Buildings	6,368,215	6,368,215
Vehicles	2,401,439	2,394,806
Equipment	<u>1,408,936</u>	<u>1,301,070</u>
Total Capital Assets being depreciated	<u>10,178,590</u>	<u>10,064,091</u>
<b>ACCUMULATED DEPRECIATION</b>		
Buildings	(887,509)	(738,698)
Vehicles	(983,470)	(825,914)
Equipment	<u>(883,875)</u>	<u>(765,705)</u>
Total accumulated depreciation	<u>(2,754,854)</u>	<u>(2,330,317)</u>
<b>CAPITAL ASSETS, NET</b>	<u>\$ 8,853,706</u>	<u>\$ 9,163,744</u>

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

- Donation of sixteen (16) new mobile radios as part of an exchange program through Lee County Public Safety and Sprint/Nextel at a total fair market value of \$49,194.
- Purchase of software and dedicated server at a cost of \$34,495 for the purposes of automating staff scheduling, timekeeping and reporting.

Additional information on the District's capital assets can be found in Note E on page 29.

## *Debt Administration*

The District had a total of \$2,012,548 of outstanding debt and is comprised of a note payable of \$1,399,174, compensated absences of \$474,843, and a net OPEB (other post employment benefit) obligation of \$138,531 for retiree health insurance. The following is a schedule of the District's outstanding debt at September 30, 2011 and 2010:

Fort Myers Beach Fire Control District  
Debt Obligations  
September 30, 2011 and 2010

	2011	2010
Current portion of long-term liabilities	\$ 95,016	\$ 90,836
Non-current liabilities	1,779,001	1,863,000
Net OPEB obligation	138,531	89,388
Total outstanding debt	\$ 2,012,548	\$ 2,043,224

Compensated absences increased by \$11,017 or 2.4% 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, 2011. Note payable of \$1,399,174 decreased in comparison to the prior year as a result of two principal payments for a total of \$90,836.

Additional information on the District's debt obligations can be found in Note F on pages 30-31.

## *Economic Factors and Next Year's Budget*

The following factors were considered when next year's budget (2011-2012) was adopted:

- Property values decreased by \$130,948,931 or 4.0% to \$3,117,152,689.
- The District utilized the balance of the economic stabilization reserve to mitigate fluctuation in the millage rate as a result of further decline in property values.
- The District adopted a millage rate of 2.5700 which is slightly less than the current year rolled-back millage rate of 2.6919, and 14.3% less than the statutory maximum millage rate of 3.0.
- Major asset purchases are not anticipated.
- District intends to maintain current levels of service.
- Contracts with both collective bargaining units expired September 30, 2010 and the negotiation process is ongoing.

## *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, 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, 2011**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,893,986
Cash and cash equivalents - restricted	103,355
Investments	2,622,049
Due from other governments	65,729
Receivables, net	147,797
Prepaid expenses	27,299
	<u>5,860,215</u>
Total current assets	
Noncurrent assets:	
Capital assets:	
Land	1,429,970
Depreciable buildings, vehicles, and equipment (net of \$2,754,854 accumulated depreciation)	<u>7,423,736</u>
	<u>8,853,706</u>
Total noncurrent assets	
<b>TOTAL ASSETS</b>	<u><u>\$ 14,713,921</u></u>
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 62,818
Accrued expenses	182,417
Deferred revenue - impact fees	13,356
Current portion of long-term obligations	<u>95,016</u>
	353,607
Total current liabilities	
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>1,917,532</u>
<b>TOTAL LIABILITIES</b>	<u>2,271,139</u>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	7,454,532
Restricted for debt service	92,424
Unrestricted	<u>4,895,826</u>
<b>TOTAL NET ASSETS</b>	<u>12,442,782</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>\$ 14,713,921</u></u>

The accompanying notes are an integral part of this statement.

**FORT MYERS BEACH FIRE CONTROL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2011**

	Governmental Activities
<b>EXPENSES</b>	
Governmental activities	
Public safety - fire protection	
Personnel services	\$ 7,076,041
Operating expenses	1,272,684
Interest and fiscal charges	66,774
Depreciation	427,029
<b>TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES</b>	<u>8,842,528</u>
 <b>PROGRAM REVENUES</b>	
Charges for services	
Ambulance	465,435
Inspection fees	10,455
Operating grants and contributions	16,070
Capital grants and contributions	6,633
<b>TOTAL PROGRAM REVENUES</b>	<u>498,593</u>
<b>NET PROGRAM EXPENSES</b>	<u>8,343,935</u>
 <b>GENERAL REVENUES</b>	
Ad Valorem taxes	8,109,812
Impact fees	1,200
Interest	31,222
Gain on disposition of capital assets	2,714
Other	101,770
<b>TOTAL GENERAL REVENUES</b>	<u>8,246,718</u>
<b>DECREASE IN NET ASSETS</b>	(97,217)
 <b>NET ASSETS - Beginning of the year</b>	 <u>12,539,999</u>
<b>NET ASSETS - End of the year</b>	<u><u>\$ 12,442,782</u></u>

The accompanying notes are an integral part of this statement.

**FORT MYERS BEACH FIRE CONTROL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2011**

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,893,986	\$ -	\$ 2,893,986
Cash and cash equivalents - restricted	92,424	10,931	103,355
Investments	2,622,049	-	2,622,049
Due from other governments	63,304	2,425	65,729
Receivables, net	147,797	-	147,797
Prepays	<u>27,299</u>	<u>-</u>	<u>27,299</u>
TOTAL ASSETS	<u>\$ 5,846,859</u>	<u>\$ 13,356</u>	<u>\$ 5,860,215</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 62,818	\$ -	\$ 62,818
Accrued expenses	182,417	-	182,417
Deferred revenue	<u>-</u>	<u>13,356</u>	<u>13,356</u>
TOTAL LIABILITIES	<u>245,235</u>	<u>13,356</u>	<u>258,591</u>
 <b>FUND BALANCE</b>			
Nonspendable	129,861	-	129,861
Restricted	92,424	-	92,424
Committed	617,474	-	617,474
Assigned	4,385,000	-	4,385,000
Unassigned	<u>376,865</u>	<u>-</u>	<u>376,865</u>
TOTAL FUND BALANCE	<u>5,601,624</u>	<u>-</u>	<u>5,601,624</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,846,859</u>	<u>\$ 13,356</u>	<u>\$ 5,860,215</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, 2011**

	<u>Amount</u>
Total fund balance for governmental funds	\$ 5,601,624
<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	<u>1,429,970</u>
	1,429,970
<p>Capital assets being depreciated:</p>	
Building, vehicles, and equipment	10,178,590
Less: accumulated depreciation	<u>(2,754,854)</u>
	7,423,736
<p>Long-term liabilities are not due and payable in the current period  and therefore are not reported in the funds.</p>	
Note payable	(1,399,174)
Compensated absences	(474,843)
Net OPEB obligation	<u>(138,531)</u>
	<u>(2,012,548)</u>
Total net assets of governmental activities	<u><u>\$ 12,442,782</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, 2011**

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Ad Valorem taxes	\$ 8,109,812	\$ -	\$ 8,109,812
Impact fees	-	1,200	1,200
Intergovernmental revenue			
Grants	6,633	-	6,633
F/F supplemental income	16,070	-	16,070
Charges for services - ambulance	465,435	-	465,435
Inspection fees	10,455	-	10,455
Interest income	31,222	-	31,222
Other income			
Donations	49,569	-	49,569
Miscellaneous	52,201	-	52,201
TOTAL REVENUES	<u>8,741,397</u>	<u>1,200</u>	<u>8,742,597</u>
<b>EXPENDITURES</b>			
Current			
Public safety			
Personnel services	7,015,881	-	7,015,881
Operating expenditures	1,272,684	-	1,272,684
Capital outlay	123,277	-	123,277
Debt service			
Principal reduction	89,636	1,200	90,836
Interest and fiscal charges	66,774	-	66,774
TOTAL EXPENDITURES	<u>8,568,252</u>	<u>1,200</u>	<u>8,569,452</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>173,145</u>	<u>-</u>	<u>173,145</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from disposition of capital assets	9,000	-	9,000
Transfers in (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,000</u>	<u>-</u>	<u>9,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	182,145	-	182,145
FUND BALANCE - Beginning of the year	<u>5,419,479</u>	<u>-</u>	<u>5,419,479</u>
FUND BALANCE - End of the year	<u>\$ 5,601,624</u>	<u>\$ -</u>	<u>\$ 5,601,624</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, 2011**

	<u>Amount</u>	
Net change (excess revenues and other financing sources over expenditures and other financing uses) in fund balance - total governmental funds	\$ 182,145	
The decrease 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	123,277	
Less: current year depreciation	(427,029)	
Add: gain on disposition of capital assets	2,714	
Less: proceeds from disposition of capital assets	<u>(9,000)</u>	
		(310,038)
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.		
Repayments (principal retirement):		
Note payable	<u>90,836</u>	
		90,836
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Net increase in compensated absences		(11,017)
Net increase in OPEB obligations		<u>(49,143)</u>
Decrease in net assets of governmental activities		<u>\$ (97,217)</u>

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, 2011**

	Retiree Insurance <u>Trust Fund (VEBA)</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 32,493
Investments, at fair value:	
Domestic common stock & options	297,805
International stocks	104,316
Corporate bonds	164,942
Government & GSE bonds	133,280
Accrued interest	2,838
Other assets	<u>-</u>
TOTAL ASSETS	<u>\$ 735,674</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>
<b>NET ASSETS</b>	
Held in trust for health insurance benefits and other purposes	<u>735,674</u>
TOTAL NET ASSETS	<u>735,674</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 735,674</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, 2011**

	Retiree Insurance Trust Fund (VEBA)
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 93,000
Employees	<u>-</u>
Total contributions	<u>93,000</u>
Investment income:	
Net depreciation in fair value of investments	(59,509)
Net realized gain	29,140
Interest	9,870
Dividends	<u>8,301</u>
	(12,198)
Less: investment expenses	<u>(7,373)</u>
Net investment income	<u>(19,571)</u>
TOTAL ADDITIONS	<u>73,429</u>
<b>DEDUCTIONS</b>	
Administrative expenses	<u>3,494</u>
TOTAL DEDUCTIONS	<u>3,494</u>
NET INCREASE IN NET ASSETS	69,935
<b>NET ASSETS - BEGINNING</b>	<u>665,739</u>
<b>NET ASSETS - ENDING</b>	<u><u>\$ 735,674</u></u>

The accompanying notes are an integral part of this statement.

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

**Organization**

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

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

**Summary of Significant Accounting Policies**

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

**Reporting Entity**

The District adheres to Governmental Accounting Standards Board Statement Number 14, "Financial Reporting Entity" (GASB 14), as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units" (GASB 39). 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 District has implemented GASB Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions" that requires a change in the reporting format of fund balances in the governmental fund statements. As a result of such implementation there is no net effect on fund balance or revenues and other sources over (under) expenditures and other financings uses at September 30, 2011 or for the year then ended. Essentially, the implementation resulted in the adoption of a fund balance policy and a reclassification of the components within fund balance.

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

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

**Fund Financial Statements, continued**

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

**Governmental Funds**

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

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

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

**Fiduciary Fund**

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

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

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

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

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

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



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

**Measurement Focus and Basis of Accounting, continued**

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

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

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

**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 and the Town of Fort Myers Beach 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.

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

**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 (VEBA), which accounts for the assets held by the plan that are payable to qualified retirees for post employment benefits other than retirement plan benefits.

**Budgetary Information**

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

**Investments**

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

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

**Capital Assets**

Capital assets, which include land, construction in progress, buildings, vehicles and equipment, are reported in the government-wide Statement of Net Assets.

The District follows a capitalization policy which calls for capitalization of all capital assets that have a cost or donated value of \$1,000 or more and have a useful life in excess of one year.

All capital assets are valued at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated

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

**Capital Assets, continued**

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

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

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

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

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

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

**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.

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 and the Impact Fee Fund:

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

During the year ended September 30, 2011, the Board, in accordance with Florida Statutes, approved several budget amendments in the General Fund, there were no budget amendments in the Impact Fee Fund.

**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 cost of personal leave benefits (compensated absences) are expended in the respective operating funds when payments are made to employees. However, the liability for all accrued personal leave benefits is recorded in the government-wide Statement of Net 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 Balances**

The governmental fund financial statements the District maintains include nonspendable, restricted, committed, assigned and unassigned fund balances. Nonspendable fund balances are those that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Criteria include items that are not expected to be converted into cash, for example prepaid expenses and SBA Fund "B".

The District's restricted fund balance consists of amounts that can be spent only on specific purposes stipulated by constitutional provisions or enabling legislation or externally imposed by creditors, grantors, contributors, or laws or regulations of other governments. The District maintains a sinking fund for the purpose of debt service as required by a third party loan agreement.

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

The District's assigned fund balances are a result of the District's Board approval of actions prior to October 1, 2011. The District's intent is to maintain a minimum assigned fund balance level of three (3) months of prior year total expenditures. The assigned fund balance will serve as the District's operational reserve to carry the District's operations from October 1 through December 31 of the subsequent fiscal year. The Board's intent is to hold an assigned capital asset reserve for future capital asset needs as well as assigned fund balance amounts for disaster events (30 days all-out response). At September 30, 2011, fund balance is also assigned for a variety of specific items by District Board action. Any use of the assigned fund balance requires the District's Board approval.

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

**Interfund Transactions**

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

**Subsequent Events**

Subsequent events have been evaluated through April 19, 2012, which is the date the basic financial statements were available to be issued.

**NOTE B - CASH AND CASH EQUIVALENTS**

At September 30, 2011, cash and cash equivalents were \$2,997,341 (exclusive of the Retiree Insurance Trust Fund), which included \$300 cash on hand and restricted cash of \$103,355. Restricted cash is comprised of impact fees (Impact Fee Fund) totaling \$10,931, which are restricted for capital asset acquisition and/or improvement due to growth within the District, and the note payable sinking fund account totaling \$92,424 which is held in the General Fund.

Additionally, the Retiree Insurance Trust Fund (VEBA) as later defined, held restricted cash and cash equivalents of \$32,493 (book and bank balance as well as deposits), at September 30, 2011, in a money market fund. This cash account is not subject to coverage under the Federal Depository Insurance (FDIC) or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280). The money market fund is an external 2a7-like investment pool. The Fund is publicly traded and may lose principal. The Fund's shares are stated at quoted market price which approximates cost. This type of fund is not required to be risk categorized because it is not evidenced by securities that exist in physical or book entry form. Cash and cash equivalents held by the Fiduciary fund represent less than 1% of the Money Market total investments. Investors of the Fund own shares of the Fund rather than the underlying securities. The Fiduciary Fund's cash, cash

**NOTE B - CASH AND CASH EQUIVALENTS, CONTINUED**

equivalents, and investments are insured up to the limits of the Securities Investor Protection Corporation (SIPC) as may apply.

**Deposits - District**

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

At September 30, 2011, the carrying amounts of the District's deposits were \$2,986,110 and \$10,931 in the General Fund and the Impact Fee Fund respectively. Cash carried in the General Fund totaling \$92,424 and in the Impact Fee Fund totaling \$10,931 was restricted. At September 30, 2011, bank balances were \$3,014,063 and \$10,931 in the General Fund and the Impact Fee 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) PRIME (formerly Fund "A"), an external 2a7-like investment pool. The Local Government Surplus Funds Investment Pool Trust Fund's shares are stated at amortized cost, which approximates fair value.

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

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



**NOTE C - INVESTMENTS, CONTINUED**

**District Investments, continued**

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

	<u>Interest Rate</u>	<u>Cost</u>	<u>Market / Carrying Amount</u>
<u>General Fund</u>			
Local Government Surplus			
Trust Fund (SBA)			
PRIME (formerly Fund "A")	.24%	\$ 2,519,487	\$ 2,519,487
Fund "B"	N/A	<u>135,514</u>	<u>102,562</u>
		<u>\$ 2,655,001</u>	<u>\$ 2,622,049</u>

The Local Government Surplus Funds Trust Fund - PRIME (Fund) is an external 2a7-like investment pool, administered by the Florida State Board of Administration. The Local Government Surplus Funds Investment Pool Trust Fund is not categorized, as it is not evidenced by securities that exist in physical or book entry form. The Local Government Surplus Trust Funds Investment Pool's shares are stated at amortized cost, which approximates fair value. These investments are subject to the risk that the market value of an investment, collateral protecting a deposit or securities underlying a repurchase agreements, will decline. The District's investment in the Fund represented less than .05% 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.

**NOTE C - INVESTMENTS, CONTINUED**

**District Investments, continued**

At September 30, 2011, the District reported SBA investments of \$2,519,487 fair value/cost for accounts held in the PRIME ( Fund "A"). The PRIME carried a credit rating of AAAM by Standard and Poors and had a weighted average days to maturity (WAM) of 38 days at September 30, 2011.

At September 30, 2011, the District reported investments of \$102,562 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 Fund "B" does not meet the criteria of a SEC 2a-7-like fund. Therefore, 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, 2011. The District's investment in Fund "B" is less than .05%. The weighted average life (WAL) of Fund "B" at September 30, 2011, was 4.82 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, 2011. 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, 2011.

It is the belief of the SBA that the remaining balance may, in whole or in part, be recovered. However, it may not be available for up to one year. At September 30, 2011, the SBA has determined the market value of the Fund "B" shares to be \$32,952 less than cost in the General Fund in total, which includes a current year increase of \$17,032. The gain, although technically unrealized, is recorded as a current year gain in keeping with the District's policy to reflect investments at market value.

**NOTE C - INVESTMENTS, CONTINUED**

**Retiree Insurance Trust Fund (VEBA) Investments**

Investments of the Retiree Insurance Trust Fund (VEBA) totaled \$703,181 (including \$402,121 in equity securities and \$301,060 in fixed income securities) at September 30, 2011. Such investments are controlled by Retiree Insurance Trust Fund Board policy.

**Investment Authorization:**

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

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

	<u>% Range</u>	<u>% Target</u>
Equity		
Large Cap. Value Manager	24.5% - 19.5%	22%
Large Cap. Growth Manager	24.5% - 19.5%	22%
International Manager	18.5% - 13.5%	<u>16%</u>
Total Equity	62.5% - 57.5%	60%
Fixed Income Manager	42.5% - 37.5%	<u>40%</u>
		<u><u>100%</u></u>

**Interest Rate Risk:**

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

**NOTE C - INVESTMENTS, CONTINUED**

**Retiree Insurance Trust Fund (VEBA) Investments, continued**

Interest Rate Risk, continued:

Information about the sensitivity of the fair values of the VEBA Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the VEBA Plan's investments by maturity at September 30, 2011, using the segmented time distribution method:

<u>Investment Type</u>	<u>N/A</u>	<u>0-5 years</u>	<u>5-10 years</u>	<u>Total</u>
Domestic common stock	\$ 297,805	\$ -	\$ -	\$297,805
International stock	104,316	-	-	104,316
Corporate bonds	-	123,649	41,293	164,942
Government & GSE bonds	-	112,149	21,131	133,280
Accrued interest	2,838	-	-	2,838
Totals	<u>\$ 404,959</u>	<u>\$ 235,798</u>	<u>\$ 62,424</u>	<u>\$703,181</u>

Credit Risk:

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

The following table discloses credit rating by fixed income investment type at September 30, 2011, if applicable:

<u>Investment Type</u>	<u>Market Value</u>	<u>Unrated/ Exempt</u>	<u>AA</u>	<u>A</u>
Domestic common stock	\$ 297,805	\$ 297,805	\$ -	\$ -
International stock	104,316	104,316	-	-
Corporate bonds	164,942	-	21,806	143,136
Government & GSE bonds	133,280	133,280	-	-
Accrued interest	2,838	2,838	-	-
Totals	<u>\$ 703,181</u>	<u>\$ 538,239</u>	<u>\$ 21,806</u>	<u>\$143,136</u>

**Retiree Insurance Trust Fund (VEBA) Investments, continued**

Concentration of Credit Risk:

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represented 10% or more of plan net assets at September 30, 2011.

Custodial Credit Risk:

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

Foreign Currency Risk:

Foreign currency risk is the risk that fluctuations in the currency exchange rate may affect transactions conducted in currencies other than US Dollars and the carrying value of foreign investments. The VEBA Plan's exposure to foreign currency risk derives mainly from its investments in international equity funds. The VEBA Plan owns international equity funds and the VEBA Plan's exposure to foreign currency risk related to foreign equity funds as of September 30, 2011 are as follows:

	<u>Market Value</u>
International stock	\$ 104,316
	<u>\$ 104,316</u>

**NOTE D - RECEIVABLES, NET**

Receivables, net consist of the following at September 30, 2011:

	<u>Amount</u>
Ambulance receivables and other	\$ 298,322
Less: Allowance for doubtful accounts	<u>(158,200)</u>
Net ambulance receivables	140,122
Grants receivable	6,634
Misc. receivable	<u>1,041</u>
Receivables, net	<u>\$ 147,797</u>

**FORT MYERS BEACH FIRE CONTROL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE E - CAPITAL ASSETS ACTIVITY**

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

	Balance October 1 2010	Increases/ Additions	Decreases/ Deletions	Adjustments/ Reclassifications	Balance September 30 2011
Capital Assets Not Being Depreciated:					
Land	\$ 1,429,970	\$ -	\$ -	\$ -	\$ 1,429,970
Construction in progress	-	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>1,429,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,429,970</u>
Capital Assets Being Depreciated:					
Buildings	6,368,215	-	-		6,368,215
Vehicles	2,394,806	6,633	-	-	2,401,439
Equipment	<u>1,301,070</u>	<u>116,644</u>	<u>(10,353)</u>	<u>1,575</u>	<u>1,408,936</u>
Total Capital Assets Being Depreciated	<u>10,064,091</u>	<u>123,277</u>	<u>(10,353)</u>	<u>1,575</u>	<u>10,178,590</u>
Less Accumulated Depreciation:					
Buildings	(738,698)	(148,811)	-	-	(887,509)
Vehicles	(825,914)	(157,556)	-	-	(983,470)
Equipment	<u>(765,705)</u>	<u>(120,662)</u>	<u>4,067</u>	<u>(1,575)</u>	<u>(883,875)</u>
Total Accumulated Depreciation	<u>(2,330,317)</u>	<u>(427,029)</u>	<u>4,067</u>	<u>(1,575)</u>	<u>(2,754,854)</u>
Total Capital Assets Being Depreciated, Net	<u>7,733,774</u>	<u>(303,752)</u>	<u>(6,286)</u>	<u>-</u>	<u>7,423,736</u>
Capital Assets, Net	<u>\$ 9,163,744</u>	<u>\$ (303,752)</u>	<u>\$ (6,286)</u>	<u>\$ -</u>	8,853,706
				Related debt	<u>(1,399,174)</u>
				Net assets invested in capital assets, net of related debt	<u>\$ 7,454,532</u>

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

	<u>Amount</u>
General Government	
Total Depreciation Expense	<u>\$ 427,029</u>

**FORT MYERS BEACH FIRE CONTROL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE F - LONG-TERM LIABILITIES**

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

	Balance October 1 2010	Additions	Retirements / Adjustments	Balance September 30 2011	Amounts Due Within One Year
Note payable	\$1,490,010	\$ -	\$ (90,836)	\$ 1,399,174	\$ 95,016
Compensated absences	463,826	11,017	-	474,843	-
Net OPEB obligation	89,388	49,143	-	138,531	-
	<u>\$2,043,224</u>	<u>\$ 60,160</u>	<u>\$ (90,836)</u>	<u>\$ 2,012,548</u>	<u>\$ 95,016</u>

Long-term liabilities is comprised of the following at September 30, 2011:

	<u>Amount</u>
\$1,700,000 Revenue Note Series 2007 issued December 13, 2007, to fund the construction of Station #33. The note is payable to a financial institution in semi-annual installments of principal and interest in the amount of \$78,805. The principal and interest on the Note is payable solely from pledged ambulance fees received by the District. The note requires maintenance of a sinking fund of not less than one year's semi-annual principal and interest payment of \$78,805. The Note is due on December 13, 2022 and has a fixed interest rate of 4.55%.	\$ 1,399,174
Non-current portion of compensated absences. Employees of the District are entitled to paid leave based on length of service and job classification.	474,843
Net OPEB obligation. Cumulative difference between annual OPEB cost and District payments toward the cost of post employment benefits other than pensions since GASB No. 45 transition date of October 1, 2008.	<u>138,531</u>
Total long-term liabilities	<u>2,012,548</u>
Current portion	<u>(95,016)</u>
Noncurrent portion	<u>\$ 1,917,532</u>

**FORT MYERS BEACH FIRE CONTROL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE F - LONG-TERM LIABILITIES, CONTINUED**

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

Year Ending Sept. 30	Note Payable		Total
	Principal	Interest	Principal
2012	\$ 95,016	\$ 62,594	\$ 95,016
2013	99,388	58,222	99,388
2014	103,962	53,648	103,962
2015	108,746	48,864	108,746
2016	113,751	43,859	113,751
2017-2021	652,258	135,792	652,258
2022-2023	226,053	10,362	226,053
	<u>\$ 1,399,174</u>	<u>\$ 413,341</u>	1,399,174
Accrued compensated absences			474,843
Net OPEB obligation			<u>138,531</u>
Total long-term liabilities			<u>\$ 2,012,548</u>

**NOTE G - RETIREMENT PLAN**

**Plan Description and Provisions**

All full-time District employees are participants in the statewide Florida Retirement System (FRS) under the authority of Article X, Section 14 of the State Constitution and Florida Statutes, Chapters 112 and 121. The FRS was noncontributory prior to July 1, 2011. Beginning July 1, 2011, FRS requires a 3% of eligible compensation employee contribution for all classes of employees except for those enrolled in the DROP program, which requires no employee contribution. The FRS is totally administered by the State of Florida. The District contributed 100% of the required contributions. Pension costs for the District ranged between 4.91% and 23.25% of gross wages for the year ended September 30, 2011. The District's contributions to the plan were \$880,531, \$975,043, and \$1,085,643, for the fiscal years ended September 30, 2011, 2010, and 2009, respectively. The District's covered payroll costs for the plan were \$4,518,549, \$4,787,725, and \$5,497,735, for the years ended September 30, 2011, 2010, and 2009, respectively.



**NOTE G - RETIREMENT PLAN, CONTINUED**

**Plan Description and Provisions, continued**

Employees enrolled prior to July 1, 2011, who retire with 6 years of creditable service, at or after age 62, 6 years of senior management service and age 62, 6 years of special risk service and age 55, or 30 years of service (25 years for special risk) regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% to 3.0% per year of creditable service, depending on the class of employee (regular, special risk, etc.) based on average final compensation of the five (5) highest fiscal years' compensation. Benefit cannot exceed 100% of average final compensation.

Employees enrolled on or after July 1, 2011, who retire with 8 years of creditable service, at or after age 65, 8 years of senior management service and age 65, 8 years of special risk service and age 60, or 33 years of service (30 years for special risk) regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% to 3.0% per year of creditable service, depending on the class of employee (regular, special risk, etc.) based on average final compensation of the eight (8) highest fiscal years' compensation. Benefit cannot exceed 100% of average final compensation.

Benefits vest after six years of credited service for those employees enrolled prior to July 1, 2011 and after eight years for those enrolled on or after July 1, 2011. Vested employees may retire anytime after vesting and incur a 5% benefit reduction for each year prior to normal retirement age.

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.

**NOTE G - RETIREMENT PLAN, CONTINUED**

**Description of Funding Policy**

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

**Plan Information**

A copy of the FRS's June 30, 2011 annual report can be obtained by writing to the Florida Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (850) 488-5706.

**NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The District provides insurance (medical, dental, and vision) benefits to its retired employees. All retired full-time employees are eligible for benefits. As of September 30, 2011, there were eighteen (18) retirees receiving these benefits. The benefits are provided both with and without contractual or labor agreements. The benefits may require contribution from the retirees, depending on certain specified criteria and, in particular, length of creditable employment with the District. The District pays up to 100% of retiree coverage based upon 5% per year of credited service and is capped at \$700 per month per retiree. The retiree then returns to the District his/her FRS health benefit. Coverage continues until Medicare age. The District finances these benefits, for this group of retirees, on a pay-as-you-go basis and recognizes expenditures at the time premiums are due. The retirees' and their dependents' premiums and claims for these benefits totaled \$190,363 during the year ended September 30, 2011. The District paid \$105,932 of this total. The employees contributed \$84,431 of the total premium cost.

The District established a separate trust (as noted below) to fund the cost of these future benefits for retirees, effective October 1, 2008. On July 15, 2010, the Retiree Insurance Trust Fund (VEBA) adopted a formal plan document (Plan No. 501) describing participant eligibility, contribution requirements and benefits. As such, the VEBA is designed as a multi-employer cost sharing plan. However, the District is the

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

only employer currently participating and as such, all VEBA costs are absorbed by either the VEBA itself or the District. During the year ended September 30, 2011, the VEBA's Board of Trustees, had an actuarial valuation performed to determine the liability and ongoing funding requirements based upon the information contained in the plan document. The District will continue to finance its post-employment benefits other than pensions on the current pay-as-you-go basis for the retirees prior to October 1, 2008 and per either contract or annual budget for the VEBA until the Retiree Insurance Trust Fund (VEBA) is required to pay benefits.

The collective bargaining agreement between the District and the Union expired in 2010. The District, therefore, resolved to contribute \$93,000 to the Trust Fund for the year ended September 30, 2011, which represented 2% of the total budgeted wages for the year. This contribution was consistent with the two prior year payments required by the bargaining agreement. The District timely contributed the amount to the VEBA.

**Retiree Insurance Trust Fund (VEBA)**

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

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

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

**Retiree Insurance Trust Fund (VEBA), continued**

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

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

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

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

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

**Retiree Insurance Trust Fund (VEBA), continued**

**Actuarial present value of accumulated plan benefits, continued -**

The actuarial present value of accumulated plan benefits is determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of October 1, 2009 were (a) life expectancy of participants (the RP-2000 Combined Healthy Mortality Table was used), (b) retirement age assumptions, and (c) annual investment returns of 4.5% for the District and 7.5% for the VEBA Trust. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan terminated, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

**Payment of benefits** - Benefit payments to participants are recorded upon distribution. The Plan was not required to make any benefit payments for the years ended September 30, 2008, 2009, or 2010. A summary of certain Plan details and trend information is included.

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

Memberships of the Plan consisted of the following at October 1, 2010:

	Retiree Insurance Trust Fund Census
VEBA active plan participants	52
Retirees and beneficiaries receiving benefits	<u>0</u>
Total OPEB program participants	<u>52</u>
Number of participating employers	1

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

**Retiree Insurance Trust Fund (VEBA), continued**

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

The Plan assets are legally reserved for the payment of the respective plan member benefits within the Plan. There are no assets legally restricted for plan benefits other than these assets within the Plan. The Retiree Insurance Trust Fund held certain investments at year end.

**RETIREE INSURANCE TRUST REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Funding Progress:**

(1) Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded		Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
			Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)		
<b>District</b>						
10/01/10	\$ -	\$ 2,890,178	\$ 2,890,178	0.0%	\$ 4,075,368	70.9%
10/01/09	-	2,039,409	2,039,409	0.0%	4,988,746	40.9%
10/01/08	N/A	N/A	N/A	N/A	N/A	N/A
10/01/07	N/A	N/A	N/A	N/A	N/A	N/A
<b>VEBA</b>						
10/01/10	\$ 665,739	\$ 646,768	\$ (18,971)	102.93%	\$ 4,075,368	-0.5%
10/01/09	525,842	1,136,834	610,992	46.25%	4,988,746	12.2%
10/01/08	N/A	N/A	N/A	N/A	N/A	N/A
10/01/07	N/A	N/A	N/A	N/A	N/A	N/A

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

**FORT MYERS BEACH FIRE CONTROL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

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

**Retiree Insurance Trust Fund (VEBA), continued**

**Schedule of Employer Contributions:**

Fiscal Year	Annual Required Contribution	Percentage of OBEB Cost Contributed	Net OPEB Obligation (NPO)
<b>District</b>			
2011	\$ 300,565	63.5%	\$ 267,644
2010	157,612	141.6%	(65,638)
2009	N/A	N/A	N/A
2008	N/A	N/A	N/A
<b>VEBA</b>			
2011	\$ 28,382	313.1%	\$ (129,113)
2010	124,511	85.8%	17,763
2009	N/A	N/A	N/A
2008	N/A	N/A	N/A

	<u>District</u>	<u>VEBA</u>	<u>Total</u>
Valuation Date	10/01/10	10/01/10	10/01/10
Fiscal Year Ending	09/30/11	09/30/11	09/30/11
Annual Required Contribution (ARC)	\$ 301,722	\$ 28,625	\$ 330,347
Interest on Net OPEB Obligation	7,111	(5,148)	1,963
Adjustment to ARC	(8,268)	4,905	(3,363)
Annual OPEB Cost	300,565	28,382	328,947
Actual Net Contributions Made	(105,932)	(93,000)	(198,932)
Estimated Net Contributions Made	(190,947)	(88,857)	(279,804)
Anticipated Increase (Decrease) In			
Net OPEB Obligation	109,618	(60,475)	49,143
Net OPEB Obligation - Beginning of Year	158,026	(68,638)	89,388
Net OPEB Obligation - End of Year	<u>\$ 267,644</u>	<u>\$ (129,113)</u>	<u>\$ 138,531</u>

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

**Retiree Insurance Trust Fund (VEBA), continued**

	Retiree Insurance Trust Fund
Valuation date	10/01/10
Actuarial cost method	Entry age normal
Amortization method of UAAL (funding method)	Level dollar, closed
Amortization period	30 years
Actuarial asset valuation method	Market
Actuarial assumptions:	
Investment rate - District	4.5%
Investment rate - VEBA	7.5%
Health care inflation:	
Pre-Medicare	8% (grading down to 5% in 2013)
Post-Medicare	8% (grading down to 5% in 2013)
Dental care inflation	7% (grading down to 6% in 2011)
Vision care inflation	4% (grading down to 3% in 2011)
Retirement:	
Regular Class	100% are assumed to retire at age 62 and 6 years of service or upon completion of 30 years of service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 8 years of service. Active employees who are eligible for normal retirement are assumed to work one additional year.
Special Risk Class	100% are assumed to retire at age 55 and 6 years of service or upon completion of 25 years of special risk service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 8 years of service. Active employees who are eligible for normal retirement are assumed to work one additional year.
Administrative costs	\$7,350 annually added to normal costs



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

**Retiree Insurance Trust Fund (VEBA), continued**

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

**NOTE I - PROPERTY TAXES**

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid taxes and must be sold not later than June 1 of each year. The billing, collection, and related record keeping of all property taxes is performed for the District by the Lee County Tax Collector. No accrual for the property tax levy becoming due in November 2011 is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

Procedures for collecting delinquent taxes, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2011, \$63,304 was due from the Lee County Tax Collector to the District for ad valorem taxes and excess fees.

**FORT MYERS BEACH FIRE CONTROL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE I - PROPERTY TAXES, CONTINUED**

Important dates in the property tax cycle are as follows:

Assessment roll certified	July 1
Millage resolution approved	No later than 93 days following certification of assessment roll
Taxes due and payable (Levy date)	November, with various discount provisions through March 31
Property taxes payable - maximum discount (4 percent)	30 days after levy date
Beginning of fiscal year for which taxes have been levied	October 1
Due date	March 31
Taxes become delinquent (lien date)	April 1
Tax certificates sold by the Lee County Tax Collector	Prior to June 1

For the year ended September 30, 2011, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$2.58 per \$1,000 (2.58 mills) of the 2010 net taxable value of real property located within the District.

**NOTE J - FUND BALANCE ALLOCATIONS**

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

<u>Nonspendable Fund Balance</u>	<u>Amount</u>
<u>General Fund</u>	
Investment - Fund "B"	\$ 102,562
Prepays	<u>27,299</u>
Total Nonspendable Fund Balance	<u>\$ 129,861</u>
<u>Restricted Fund Balance</u>	<u>Amount</u>
<u>General Fund</u>	
Restricted for debt service	\$ 92,424
Total Restricted Fund Balance - General Fund	<u>\$ 92,424</u>
<u>Committed Fund Balance</u>	
<u>General Fund</u>	
Economic Stabilization	<u>\$ 617,474</u>
Total Committed Fund Balance - General Fund	<u>\$ 617,474</u>

**FORT MYERS BEACH FIRE CONTROL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE J - FUND BALANCE ALLOCATIONS, CONTINUED**

<u>Assigned Fund Balance</u>	<u>Amount</u>
<u>General Fund</u>	
Operating bridge	\$ 2,300,000
Emergency disaster	1,325,000
Building and equipment	<u>760,000</u>
Total Assigned Fund Balance - General Fund	<u>\$ 4,385,000</u>

**NOTE K - IMPACT FEE FUND ACTIVITY**

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

	<u>Amount</u>
Deferred revenue, October 1, 2010	\$ 1,085
Impact fee receipts	11,038
Impact fees receivable	2,425
Interest receipts	8
Debt service principal	<u>(1,200)</u>
Deferred revenue, September 30, 2011	<u>\$ 13,356</u>

**NOTE L - RISK MANAGEMENT**

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

Insurance programs for general/professional liability, automobile, and property are covered by commercial insurance. The District retains the risk of loss up to a deductible amount (ranging from \$1,000 to 5% of loss) with the risk of loss in excess of this amount transferred to the insurance carrier with limits of liability of \$1,000,000 to \$3,000,000 per occurrence.

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

**FORT MYERS BEACH FIRE CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

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**NOTE L - RISK MANAGEMENT, CONTINUED**

On April 1, 2010, the District elected to obtain a third party fully insured group health plan administered by the Lee County Board of County Commissioners. The District paid net premiums of \$1,018,643, during the year ended September 30, 2011. The District's group health insurance plan also includes life and disability insurance for the District's employees. The District incurred costs of \$32,775 for these additional coverages.

**NOTE M - COMMITMENT**

During the year ended September 30, 2010, the District's Board resolved to donate a surplus District vehicle to the District's CERT program. The CERT program is in the process of formally incorporating. Upon completion of incorporation process, the District intends to complete the vehicle transfer. Such incorporation was not completed at September 30, 2011.

**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, 2011**

	General Fund			
	Original	Final		Variance
	Budget	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem taxes	\$ 7,961,097	\$ 7,961,097	\$ 8,109,812	\$ 148,715
Intergovernmental revenue				
Grants	-	-	6,633	6,633
F/F supplemental income	15,480	15,480	16,070	590
Charges for services - ambulance	854,500	460,500	465,435	4,935
Inspection fees	4,700	4,700	10,455	5,755
Interest income	13,600	13,600	31,222	17,622
Other income				
Donations	200	200	49,569	49,369
Miscellaneous	29,400	29,400	52,201	22,801
Subtotal - revenues	8,878,977	8,484,977	8,741,397	256,420
Cash brought forward	5,340,000	5,419,474	-	(5,419,474)
<b>TOTAL REVENUES</b>	<b>14,218,977</b>	<b>13,904,451</b>	<b>8,741,397</b>	<b>(5,163,054)</b>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Personnel services	7,426,660	7,206,660	7,015,881	190,779
Operating expenditures	1,855,987	1,461,987	1,272,684	189,303
Capital outlay	76,920	76,920	123,277	(46,357)
Debt service				
Principal reduction	89,636	89,636	89,636	-
Interest and fiscal charges	66,774	66,774	66,774	-
Reserves	4,703,000	5,002,474	-	5,002,474
<b>TOTAL EXPENDITURES</b>	<b>14,218,977</b>	<b>13,904,451</b>	<b>8,568,252</b>	<b>5,336,199</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>173,145</b>	<b>173,145</b>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from disposition of capital assets	-	-	9,000	9,000
Transfer from capital projects fund	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>9,000</b>	<b>9,000</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>182,145</b>	<b>\$ 182,145</b>
FUND BALANCE, October 1, 2010			5,419,479	
FUND BALANCE, September 30, 2011			<u>\$ 5,601,624</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, 2011**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem taxes	\$ 7,961,097	\$ 7,961,097	\$ 8,109,812	\$ 148,715
Intergovernmental revenue				
Grants	-	-	6,633	6,633
F/F supplemental income	15,480	15,480	16,070	590
Charges for services - ambulance	854,500	460,500	465,435	4,935
Inspection fees	4,700	4,700	10,455	5,755
Interest income	13,600	13,600	31,222	17,622
Other income				
Donations	200	200	49,569	49,369
Miscellaneous	29,400	29,400	52,201	22,801
Subtotal - revenues	8,878,977	8,484,977	8,741,397	256,420
Cash brought forward	5,340,000	5,419,474	-	(5,419,474)
<b>TOTAL REVENUES</b>	<b>14,218,977</b>	<b>13,904,451</b>	<b>8,741,397</b>	<b>(5,163,054)</b>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Personnel Services				
Salaries				
Elected officials	30,000	30,000	30,000	-
Firefighters & administrative	4,642,800	4,642,800	4,516,032	126,768
Payroll taxes				
Social Security	355,000	355,000	329,886	25,114
Benefits				
PPL lump sum payments	33,700	14,700	2,517	12,183
Retirement	1,112,400	892,400	880,531	11,869
Group insurance	945,200	964,200	963,694	506
Unemployment	6,660	6,660	-	6,660
Occupational health	36,300	36,300	29,317	6,983
Workers compensation	171,600	171,600	170,904	696
VEBA trust contribution	93,000	93,000	93,000	-
SUBTOTAL - PERSONNEL SERVICES	7,426,660	7,206,660	7,015,881	190,779
<b>OPERATING</b>				
Professional/Contracted Services				
Legal fees	165,000	165,000	108,185	56,815
Professional services	38,500	38,500	18,068	20,432
Medical director	40,000	40,000	37,333	2,667
Audit and accounting	45,000	45,000	34,830	10,170
Property appraiser	72,770	72,770	67,061	5,709
Tax collector	167,700	167,700	162,317	5,383
Contracted services	26,030	26,030	23,622	2,408
Subtotal - Prof/contracted services	555,000	555,000	451,416	103,584

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, 2011**

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
General Operations				
Travel	25,000	25,000	15,502	9,498
Telephone	37,500	37,500	35,042	2,458
Cellular/Pager	9,000	9,000	7,175	1,825
Communication fees & maintenance	36,600	36,600	37,663	(1,063)
Postage and freight	1,500	1,500	1,197	303
Cable	1,140	1,140	1,056	84
Water/sewer	10,100	10,100	9,593	507
Electricity & propane	42,500	42,500	38,658	3,842
Garbage	5,700	5,700	6,192	(492)
Liability insurance	202,000	202,000	202,332	(332)
Suppression maintenance	8,800	8,800	9,294	(494)
EMS equipment maintenance	24,500	24,500	17,660	6,840
Vehicle maintenance	63,100	63,100	65,149	(2,049)
Office equipment maintenance	11,200	11,200	11,640	(440)
Building maintenance	39,200	39,200	43,816	(4,616)
Legal advertising	8,000	8,000	3,223	4,777
Miscellaneous - operations	11,667	11,667	11,275	392
Fuel & oil	36,000	36,000	45,297	(9,297)
EMS supplies	96,000	96,000	84,372	11,628
Suppression equipment under \$1,000	26,600	26,600	26,173	427
Communication equipment under \$1,000	5,200	5,200	166	5,034
Rescue	5,500	5,500	371	5,129
Prevention	4,300	4,300	3,360	940
Training equipment	3,200	3,200	2,721	479
Office supplies	10,200	10,200	5,250	4,950
Janitorial supplies	9,100	9,100	8,022	1,078
Furniture and fixtures under \$1,000	21,000	21,000	24,951	(3,951)
Uniform expenses	10,500	10,500	9,489	1,011
Career development	-	-	-	-
Continuing education	38,700	38,700	12,843	25,857
Training- drills & exercise	10,600	10,600	3,148	7,452
License/certification	5,280	5,280	4,680	600
Dues and subscriptions	5,800	5,800	4,866	934
USAR support	13,500	13,500	11,664	1,836
CERT	5,000	5,000	4,945	55
Storm expenditures	10,000	10,000	2,266	7,734
Ambulance billing	41,800	41,800	37,855	3,945
Bad debts - ambulance	394,000	-	-	-
Community outreach programs	11,200	11,200	12,362	(1,162)
Special events	-	-	-	-
Subtotal - General operations	1,300,987	906,987	821,268	85,719
<b>SUBTOTAL - OPERATING</b>	<b>1,855,987</b>	<b>1,461,987</b>	<b>1,272,684</b>	<b>189,303</b>

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, 2011**

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<b>CAPITAL OUTLAY</b>				
Renovations & improvements	-	-	-	-
Rolling equipment	-	6,633	6,633	-
Suppression, rescue & protective equipment	4,570	-	-	-
Medical equipment	14,500	20,697	20,697	-
Communication equipment	-	-	49,184	(49,184)
Training	5,000	2,827	-	2,827
IT - hardware & software	52,850	37,509	37,509	-
Furniture, fixtures and office equipment	-	9,254	9,254	-
<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>76,920</b>	<b>76,920</b>	<b>123,277</b>	<b>(46,357)</b>
<b>DEBT SERVICE</b>				
Principal reduction	89,636	89,636	89,636	-
Interest and fiscal charges	66,774	66,774	66,774	-
<b>SUBTOTAL - DEBT SERVICE</b>	<b>156,410</b>	<b>156,410</b>	<b>156,410</b>	<b>-</b>
<b>RESERVES</b>				
Emergency disaster operating	1,325,000	1,325,000	-	1,325,000
Operating	2,300,000	2,300,000	-	2,300,000
Economic stabilization	538,000	617,474	-	617,474
Building improvements - Station 31	50,000	760,000	-	760,000
Rolling Equipment	-	-	-	-
Equipment	490,000	-	-	-
Self-insured health insurance	-	-	-	-
<b>SUBTOTAL - RESERVES</b>	<b>4,703,000</b>	<b>5,002,474</b>	<b>-</b>	<b>5,002,474</b>
<b>TOTAL EXPENDITURES</b>	<b>14,218,977</b>	<b>13,904,451</b>	<b>8,568,252</b>	<b>5,336,199</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>173,145</b>	<b>173,145</b>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from disposition of capital assets	-	-	9,000	9,000
Transfer from capital projects fund	-	-	-	-
<b>SUBTOTAL - OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>9,000</b>	<b>9,000</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>182,145</b>	<b>\$ 182,145</b>
FUND BALANCE, October 1, 2010			5,419,479	
FUND BALANCE, September 30, 2011			<u>\$ 5,601,624</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, 2011**

	Impact Fee Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Fees				
Impact fees	\$ 1,200	\$ 1,200	\$ 1,200	\$ -
Miscellaneous				
Interest	-	-	-	-
Subtotal - revenues	1,200	1,200	1,200	-
Cash brought forward	-	-	-	-
<b>TOTAL REVENUES</b>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current				
Public safety				
Capital outlay				
Debt service	1,200	1,200	1,200	-
<b>TOTAL EXPENDITURES</b>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER</b>				
<b>EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>FUND BALANCE - Beginning</b>			<u>-</u>	
<b>FUND BALANCE - Ending</b>			<u>\$ -</u>	

The accompanying notes are an integral part of this statement.

**ADDITIONAL REPORTS OF  
INDEPENDENT AUDITOR**



**TUSCAN**  
 & Company, PA

**Certified Public Accountants & Consultants**

Affiliations

Florida Institute of Certified Public Accountants  
 American Institute of Certified Public Accountants  
 Private Companies Practice Section  
 Tax Division

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

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

We have audited the basic financial statements of Fort Myers Beach Fire Control District as of and for the year ended September 30, 2011, and have issued our report thereon dated April 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of

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America, such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected and corrected on a timely basis.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the basic financial statements will not be prevented or detected and corrected on a timely basis.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the 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  
April 19, 2012



**TUSCAN**  
 & Company, PA

**Certified Public Accountants & Consultants**

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT**

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

We have audited the basic financial statements of the Fort Myers Beach Fire Control District (the "District") as of and for the fiscal year ended September 30, 2011 and have issued our report thereon dated April 19, 2012. 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, 2011) Rule 10.557(3) and Section 218.39(4) of the Florida Statutes.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which is dated April 19, 2012, should be considered in conjunction with this report to management.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter included the following information, which is not included in the aforementioned auditor's report:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The prior year comments appear to have been resolved.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment

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of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No such recommendations were noted to improve financial management.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit if the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2011, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a) Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2011. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to

monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

**PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY:**

The prior comments appear to have been resolved.

**CURRENT YEAR COMMENTS:**

No current year comments were noted.

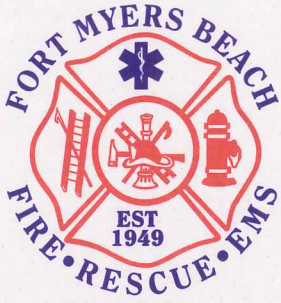
Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Board of Commissioners, management, the Auditor General of the State of Florida and other federal and state agencies. This report is not intended to be and should not be used by anyone other than these specified parties.

*Tuscan & Company, P.A.*

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
April 19, 2012



**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

## BOARD OF COMMISSIONERS

David S. Brower  
Chairman

John Scanlon  
Vice-Chairman

Betty Goodacre  
Sec./Treas.

Carol Morris  
Fire Commissioner

Theodore R. Schindler II  
Fire Commissioner

FIRE CHIEF  
Mike Becker

May 3, 2012

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

We acknowledge receipt of the independent auditor's report to management for the District's annual audit for fiscal year ended September 30, 2011. Management is pleased to note that the auditor's report did not require comments or recommendations. The District is committed to maintaining a high standard of internal controls and fiscal responsibility.

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Darren White  
Acting Fire Chief

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Jane M. Thompson  
Finance Director