

ST. LUCIE COUNTY FIRE DISTRICT
FINANCIAL STATEMENTS AND
ACCOMPANYING INFORMATION
Year Ended September 30, 2009

ST LUCIE COUNTY FIRE DISTRICT
BOARD OF COMMISSIONERS
September 30, 2009

Board of Commissioners:

St. Lucie County

Chris Dzadoovsky
Doug Coward, Chairman

City of Ft. Pierce

Edward Becht
Rufus Alexander

City of Port St. Lucie

Jack Kelly
Chris Cooper

Governor Appointee

Frannie Hutchinson

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DiBARTOLOMEO, McBEE, HARTLEY & BARNES, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of
the Board of Commissioners
St. Lucie County Fire District
Fort Pierce, Florida

April 2, 2010

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining funds of the St. Lucie County Fire District (District) as of and for the year ended September 30, 2009, which collectively comprise the District's financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining funds of the St. Lucie County Fire District as of September 30, 2009 and the changes in financial position for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated April 2, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis, on pages 3-14 and the budgetary comparison information on page 21 are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying information included on pages 40-43 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not audit the statistical data included in the statistical section of this report and, therefore, express no opinion thereon.

A. Bartolomeo, M. Bee, Hartley & Barnes
Certified Public Accountants



St. Lucie County Fire District, Florida Management's Discussion and Analysis For the Year Ended September 30, 2009

The purpose of management's discussion and analysis is to provide an objective and easily readable analysis of the District's financial activities for the October 1, 2008 through September 30, 2009 fiscal year. While it summarizes financial information for the District, it is highly recommended that it be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- Total Assets decreased by 2.6% to \$98.2 million versus \$100.67 million the previous fiscal year.
- Total Liabilities increased 13.4% to \$22.24 million.
- Total Net Assets decreased \$5.29 million to \$75.78 million.
- District revenue decreased by \$12.7 million (17.2%)
- Expenditures decreased by \$3.4 million (5%)
- At the close of the fiscal year, the District reported combined ending fund balances of \$54.6 Million. This is a decrease of \$4.5 million compared to the previous fiscal year.
- Unreserved fund balance for the General Fund was \$360,507; however, this will be used to offset the loss in ad valorem revenue in the 2010 budget.
- Between fiscal years 2008 and 2009, revenue generated by permit and impact fees decreased 71% from \$3.16 million to \$914,000.
- Reduced Total Debt by \$578,201.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's financial statements are comprised of two major components: Fund financial statements and Notes to Financial Statements. In addition to the basic financial statements, this document also contains supplementary information that the reader is encouraged to review.

Fund Financial Statements

The Fund financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. They are divided into two categories:

Governmental Funds which include the Governmental Funds Balance Sheet (Statement of Net Assets) and Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance (Statement of Activities).

Fiduciary Funds which include the Statement of Fiduciary Net Assets and Statement of Changes in Net Assets – Fiduciary Funds.

Governmental Funds

The District maintains a General Fund, four Special Revenue Funds, and one Proprietary Fund. These are considered governmental funds and are accounted for in the following two statements:

The *Governmental Funds Balance Sheet (Statement of Net Assets)* is a 'snapshot' of the District's assets and liabilities at midnight of September 30, 2009. The difference between District assets and liabilities is reported as net assets. One item of significance is the change in net assets. Depending on the situation, this may indicate that the financial position of the District is improving or deteriorating.

The *Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance (Statement of Activities)* shows the actual expenditures and receipts by major category. It is very useful in determining why there was a change in net assets. Keep in mind the District uses the Modified Accrual method of accounting and, therefore, records the transaction when the event occurs, not necessarily when cash flow is affected.

Fiduciary Fund

In October of 2006 the Fire District separated from the City of Fort Pierce retirement system and created two pension trust plans. The two plans, the St Lucie County Fire District Firefighter's Pension Trust Fund/Chapter 175 Firefighters' Supplementary Pension Trust Fund and the St Lucie County Fire District General Employee's Pension Trust Fund, are each governed by separate Boards of Trustees elected by participants in the plans. While it

has no direct control over the management of the fund, the Board of Commissioners appoint one member to serve as a Trustee on each Board. These funds are considered components of the Fire District and, therefore, included in the District Financial Statements. Contributions to the respective funds are held in trust for members of the District who are certified firefighters or general employees.

The *Statement of Fiduciary Net Assets*, like its governmental counterpart, is a 'snapshot' of the assets and liabilities of the trust fund at the end of the fiscal year. A change in net assets, depending on the situation, may indicate that the financial position of the trust fund is improving or deteriorating.

Changes in Net Assets – Fiduciary Funds shows the actual additions to and deductions from the trust fund for the fiscal year.

Notes to Financial Statements

The Notes to Financial Statements provide additional information concerning the District's accounting policies, budgeting practices, finances, financial activities and financial balances. This information is essential for the reader to have a full understanding of the data provided in the financial statements. It divulges information that is either not disclosed in the financial statements or is not easily extracted from them.

FINANCIAL ANALYSIS OF THE DISTRICT

Statement of Net Assets

The schedule titled Net Assets provides a summary of the assets, liabilities and net assets of the Fire District at the end of the fiscal year. It also shows the changes in each from fiscal year 2008 to fiscal year 2009.

Total Assets decreased by 2.6% to \$98.2 million versus \$100.67 million the previous fiscal year while Total Liabilities increased 13.4% to \$22.24 million. Last year the District began acknowledging its Other Post Employment Benefit (OPEB) liability. OPEB added another \$2.86 million to the total liability. The result was a \$5.29 million decrease in Total Net Assets. This is not a desired indicator.

Staff anticipated yet another decrease in property values and began addressing the issue early in the fiscal year by curtailing spending, and not replacing personnel lost through attrition. These actions enabled the District to actually reduce expenditures by \$3.42 million.

	Net Assets		Percent Change
	(in thousands)		
	Governmental Activities		
	2009	2008	
Cash and Investments	\$ 61,546.4	\$ 63,050.7	-2.4%
Other Assets	\$ 2,857.6	\$ 3,514.5	-18.7%
Capital Assets (net of depreciation)	\$ 33,614.5	\$ 34,104.7	-1.4%
Total Assets	\$ 98,018.5	\$ 100,669.9	-2.6%
Current Liabilities	\$ 9,791.6	\$ 7,475.4	31.0%
Long-Term Liabilities	\$ 12,446.2	\$ 12,126.0	2.6%
Total Liabilities	\$ 22,237.8	\$ 19,601.5	13.4%
Net assets - invested in capital, net of related debt	\$ 33,036.3	\$ 33,526.5	-1.5%
Net assets - reserved or designated	\$ 42,383.9	\$ 42,825.6	-1.0%
Net assets - unrestricted	\$ 360.5	\$ 4,716.3	-92.4%
Total Net Assets	\$ 75,780.7	\$ 81,068.4	-6.5%

Restricted assets are funds to be used to pay Accounts Payable,
Retainage Payable, Interest Payable, Bonds/Notes payable.

ST. LUCIE COUNTY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF: SEPTEMBER 30, 2009

Net Assets Invested in Capital decreased slightly by \$490,000. The District began constructing the replacement facility for Station #3 located on busy Prima Vista Boulevard.

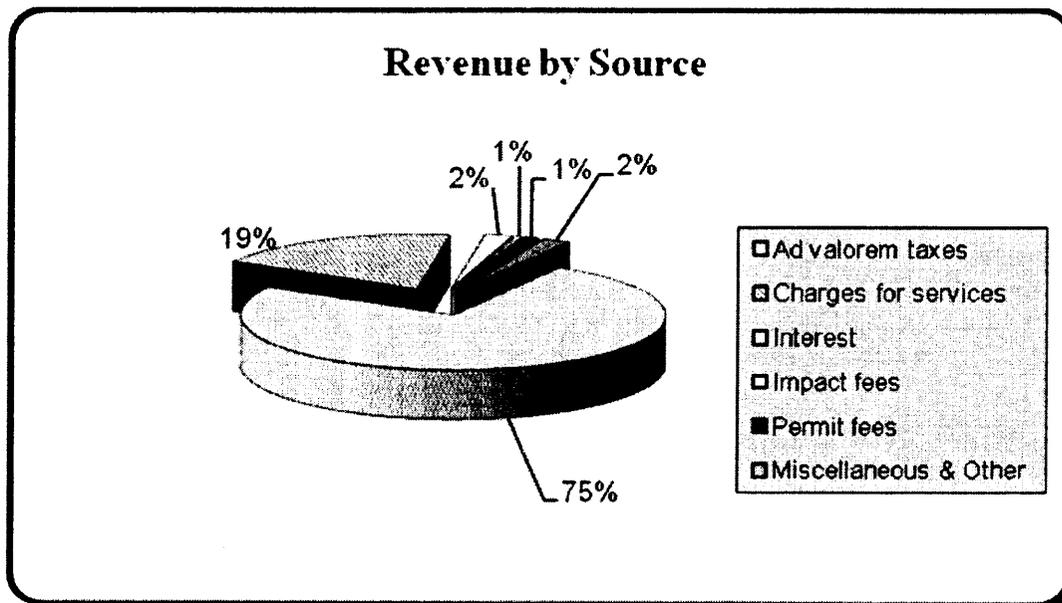
The following schedule provides a comparison of the receipts from major sources of revenue, the actual expenditures by major classification and the resulting **Changes in Fund Balance** from fiscal year 2008 to 2009.

CHANGES IN FUND BALANCE
(in thousands)

	Governmental Activities		Percent Change
	2009	2008	
EXPENDITURES			
Public Safety			
Personnel, Health & Welfare	\$ 50,574.6	\$ 45,864.8	10.3%
Operating	\$ 9,371.3	\$ 11,367.7	-17.6%
Capital outlay	\$ 1,709.0	\$ 7,887.7	-78.3%
Debt			
Principal	\$ 578.2	\$ 565.5	2.2%
Interest	\$ 119.4	\$ 141.9	-15.9%
TOTAL EXPENDITURES	\$ 62,352.5	\$ 65,847.6	-5.3%
REVENUES			
Ad valorem taxes	\$ 45,614.7	\$ 54,357.8	-16.1%
Charges for services	\$ 11,673.9	\$ 10,388.6	12.4%
Interest	\$ 1,300.2	\$ 2,415.7	-46.2%
Impact fees	\$ 240.8	\$ 1,906.7	-87.4%
Permit fees	\$ 673.3	\$ 1,257.5	-46.5%
Miscellaneous & Other	\$ 1,320.6	\$ 3,165.6	-58.3%
TOTAL REVENUES	\$ 60,823.5	\$ 73,491.8	-17.2%
OTHER FINANCING SOURCES			
Bonds/Notes/Leases	\$ -	\$ -	N/A
Operating transfers			N/A
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ (1,529.0)	\$ 7,644.2	-120.0%
FUND BALANCES			
BEGINNING OF YEAR	61,981.5	54,317.3	14.1%
END OF YEAR	60,452.5	61,981.5	-2.5%

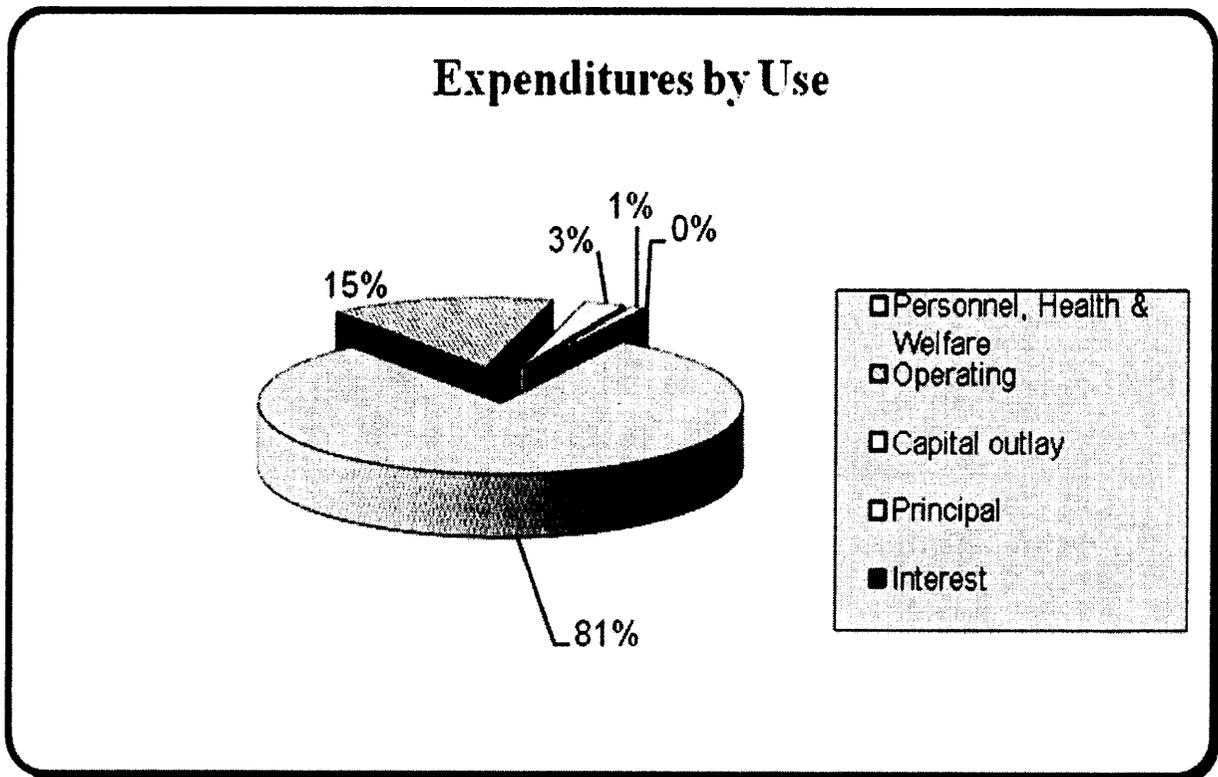
- Revenue

- **Ad Valorem Taxes** – this is the main source of revenue for funding District operations– decreased by \$8.7 Million.
- Revenue generated by **Permit/Inspection Fees** decreased an additional 71.1% indicating contractors and developers have further reduced their submissions for plans review.
- **Fire/EMS Impact Fee** revenue decreased 87.4%. This is another indication that new construction is at a near standstill.
- Revenue from **Emergency Medical Service (EMS) Fees** has grown an average of 6% each year since 2001. For the same time period the number of EMS runs increased an average of 5.% annually. This year total billings increased 12.4%. Due to the economy, the District did not adjust the EMS fee schedule for the calendar year 2009.



- Expenditures – Expenditures decreased by \$3.36 million (5%) from Fiscal Year 2008 to 2009. The \$4.71 million increase in Personnel, Health and Welfare costs was due to:
 - Contractual obligations
 - Promotions
 - The normal increase in health benefits

- Net Change in Fund Balance – The net impact of Revenue minus Expenditures was a decrease of \$1.5 million in Fund Balance. The deteriorating economic situation, rising unemployment and number of foreclosures within St. Lucie County prompted the Board to establish an 'Economic Emergency' account in 2008. After funding the 12% Emergency Contingency account staff was directed to place any amount remaining into the Economic Emergency account to be used to balance future budgets to the maximum extent possible in lieu of raising the millage rate. Staff began using the reserves this fiscal year to make up for the deficit caused by lower ad valorem revenue. As in past years, 100% of the Fund Balance is either reserved or designated.



FUND FINANCIAL INFORMATION

General Fund

The District's General Fund is the main operating fund of the District. It is used to account for all financial resources that are not restricted by State or Federal laws, District resolutions or other externally imposed requirements.

As of September 30, 2009, total assets within the General Fund were \$59.6 million. Total liabilities were \$3.7 million. Of the \$55.9 million in fund balance, \$41.9 million is reserved or designated and \$14.0 million is not yet designated. Total expenditures of \$59.5 million exceeded total revenues of \$59.5 million increasing the Fund Balance by \$.03 million.

Variances (Actual & Budget):

- Interest Revenue: Investment earnings decreased significantly as interest rates dropped further than staff had anticipated.

Analysis of Variances Budget to Actual
(in thousands)

General Fund					
Revenues	Final Budget	Actual Amounts	Variance	% Variance	
Taxes	\$ 47,946.1	\$ 45,614.7	\$ (2,331.3)	-4.9%	
Charges for Services	\$ 10,888.8	\$ 11,673.9	\$ 785.1	7.2%	
Interest	\$ 1,633.0	\$ 1,191.1	\$ (441.9)	-27.1%	
Grant Revenue	\$ -	\$ 40.4	\$ 40.4	N/A	
Miscellaneous & Other	\$ 420.0	\$ 960.1	\$ 540.1	128.6%	
Total Revenues	\$ 60,887.9	\$ 59,480.4	\$ (1,407.5)	-2.3%	
Expenditures					
Public Safety					
Personnel	\$ 53,619.0	\$ 52,367.8	\$ 1,251.2	-2.3%	
Operating	\$ 12,399.4	\$ 9,091.4	\$ 3,308.0	-26.7%	
Capital Outlay	\$ 3,347.3	\$ 242.2	\$ 3,105.1	-92.8%	
Debt					
Principal	\$ 578.2	\$ 578.2	\$ -	0.0%	
Interest	\$ 124.5	\$ 119.4	\$ 5.1	-4.1%	
Total Expenditures	\$ 70,068.4	\$ 62,398.9	\$ 7,669.5	-10.9%	

- **Miscellaneous & Other Revenue:** Due to budget constraints the District sold the Air Rescue helicopter to Omniflight Helicopters, Inc. and entered into an agreement with them to provide air medical transport to the residents of the County. The District received \$1.2 million for the equity in the helicopter.
- **Operating Expenditures:** By keeping operating expenditures to the absolute necessities, the District was able to save \$3.3 million. This will be carried forward and used to offset the anticipated deficit in fiscal year 2009-2010.
- **Capital Expenditures:** The District began construction of a replacement facility for Station #3, located at the busy intersection of Prima Vista Boulevard and Airoso Avenue. Staff budgeted the estimated cost of constructing, furnishing and setting up the station, however, the work was not begun until late in the year and actual expenses were considerably less than budgeted. The remaining amount will carry forward into the 2009-2010 budget.
- While the chart shows budgeted revenues of \$60.9 million and budgeted expenditures of \$70.1 million, the budget is actually balanced. For the purpose of these financial statements, fund balance carried forward from one year to another and used to offset expenditures or deficits is not recognized as a budgeted source of revenue.

Other Governmental Funds

The *EMS Grant Fund*: Each year the District, through the Board of County Commissioners, applies to the Florida Department of Health, Bureau of Emergency Medical Services for a grant to offset prehospital services and activities. The application specifies, by line item, what the funds can be used for. The purpose of the *EMS Grant Fund* is to account for the receipt and expenditures of the EMS County Grant funds disbursed by the Florida Department of Health, Bureau of Emergency Medical Services.

The *Public Education Fund*: This fund accounts for the use of false alarm dispatch fees collected as a result of excessive false alarms. The District has elected to use these funds for the purpose of enhancing public education on issues concerning fire safety and awareness.

The *Impact Fee Fund*: By interlocal agreement, the Board of County Commissioners, the City of Port St. Lucie and the City of Fort Pierce collect Fire/EMS impact fees at the time they issue building permits for new construction. After deducting a nominal administrative fee, the entities remit the net amounts to the District. These funds can only be used to construct/expand fire stations necessitated by the new construction. The *Impact Fee Fund* accounts for the receipt and use of impact fee revenue.

The *Permit and Inspection Fund*: The *Permit and Inspection Fund* was established to account for revenue generated through plan review and inspection fees and to capture

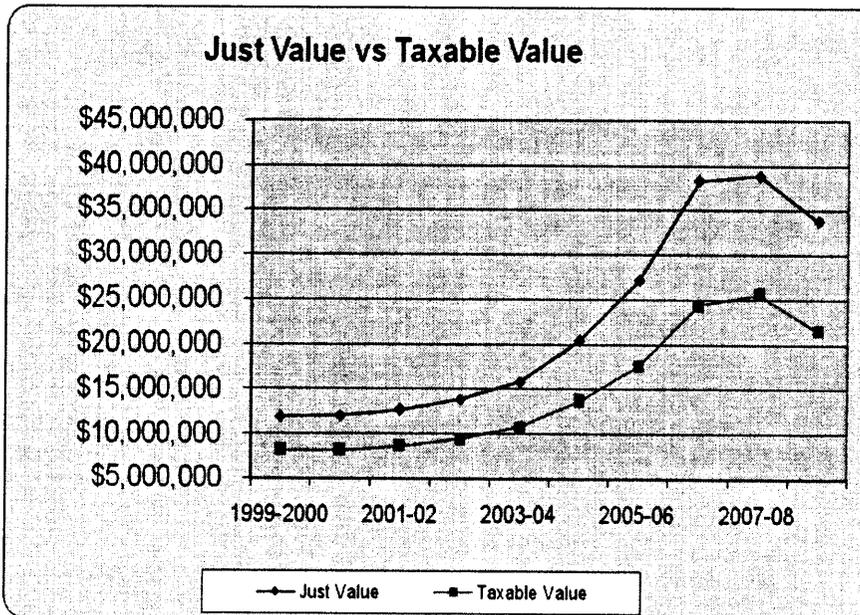
expenditures associated with supporting new development. Each fiscal year staff projects revenue and estimates the amount of time Plans Reviewers and Inspectors will spend supporting new development. This information is used to develop a Pro Forma profit and loss statement for the fund. As the amount of new construction declines the amount of time District personnel spend reviewing plans and inspecting the work also decreases. As a result, a larger portion of the cost of these personnel is absorbed by the General Fund.

Debt Management

The District continues the policy of paying for capital improvements and equipment as they are needed. Chapter 2004-407 of the Florida Statutes prohibits the District from issuing more than \$1.5 million in debt per year and limits the total outstanding debt to \$5 million. At the end of fiscal year 2009 the District had outstanding debt of \$2,614,018.

Future Financial Condition

Property values as of January 1, 2009, before being adjusted for additions and deletions, actually decreased by 15.6%. This is cause for concern but, it was not unexpected - the annual rate of growth in property values from 2002 thru 2007 could not be sustained. In



2008 property values began to decline and projections are they will continue to do so for at least a few more years.

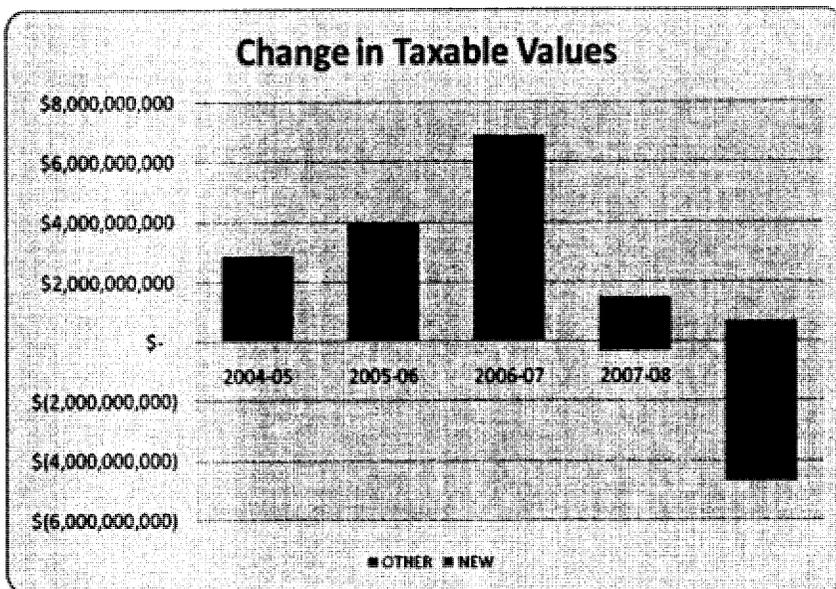
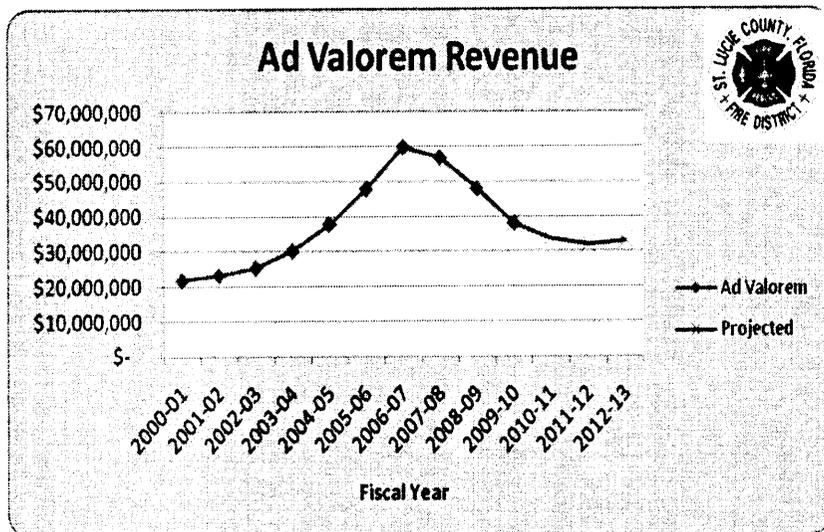
Creating additional downward pressure on sale prices and property values is the high inventory of vacant houses on the market. This was influenced by two factors: 1) Builders constructed 'spec' homes for which they had no contract. 2) The

number of foreclosures began to increase as families affected by the weak economy could no longer pay the mortgage.

Housing activity, both new construction and sales, has for all practical purposes come to a halt. Commercial construction has also slowed down and it appears it may do so even more over the next few years. This has had a detrimental effect on ad valorem revenue, impact fees and plans review fees.

Ad valorem revenue constitutes 85% of all revenue the District receives in the General Fund to support operations. The District does not have other sources of revenue to offset the loss of ad valorem revenue so any decrease in this major source of funding adversely affects the budget.

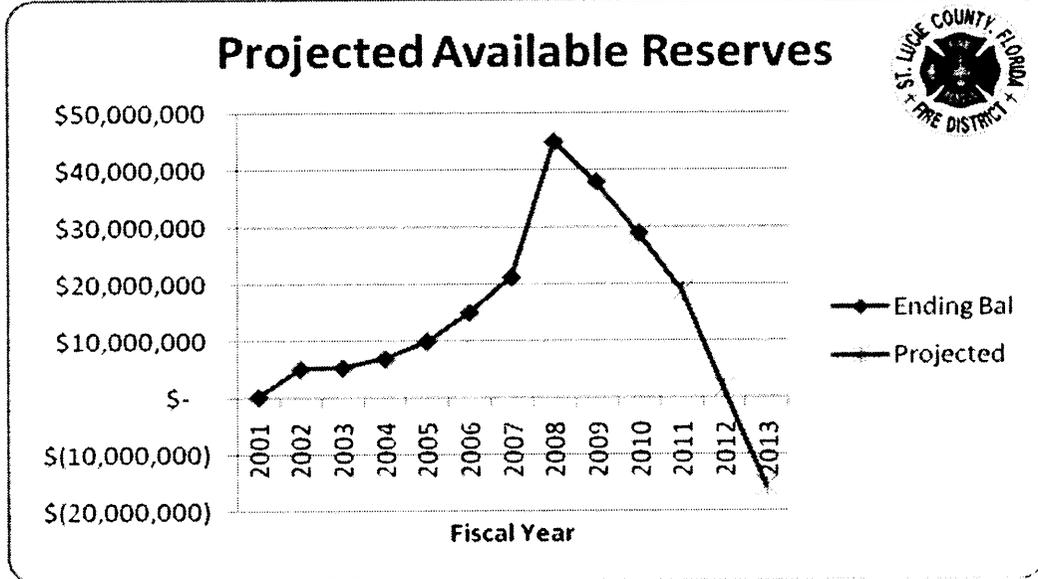
In order to provide relief to the taxpayers of St Lucie County the Board maintained the millage rate by at 2.2000 mills. As in fiscal year 2008, staff voiced their concern over budgeting such a large deficit and that tax reform legislation could further impede the District's ability to generate ad valorem revenue sufficient to fund District operations in the future. The board members felt it was not the time to increase the millage rate and stated that if necessary, they will address the issue in the future time. The District continues to balance the budget using the "Economic Emergency Reserves" and will at the Board's direction, use other reserves that in the past were designated for capital improvements and vehicle replacement to balance future budgets.



foreclosures, a depressed housing market, a slowdown in commercial construction and a large inventory of available housing is adversely affecting property values in St. Lucie County.

In the past the District has been able to fully fund the Five-Year Capital Improvement Program and continue the policy of paying for improvements as we go. Staff has stopped all

planned capital improvements to include the Vehicle Replacement Program because there is a very real possibility the District will have to use those reserves or a significant portion of them to fund operations in future years. Staff is hopeful the District will be able to 'ride-out' the weak economy and emerge financially secure although with considerably less reserves



Using reserves to balance the budget is, in essence, funding ongoing operations with a 'one-time' source of revenue. Staff's latest projections indicate all available reserves could be depleted by fiscal year 2013 leaving no funds to pay for needed capital improvements and the District still facing a considerable budget shortfall. If the weak economy continues and the reserves are depleted the Board will be faced with a difficult decision of reducing the level of service, increasing the millage rate or a combination of the two.

Requests for Information

This financial report is intended to present users with a general overview of the District's finances and to demonstrate its accountability. If you have questions concerning any of the information provided in this report, or need additional information, contact the Office of the Clerk-Treasurer, 5160 NW Milner Drive, Port St. Lucie, FL 34983.

ST. LUCIE COUNTY FIRE DISTRICT

STATEMENT OF NET ASSETS

September 30, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash	\$ 3,137,274
Investments	58,409,097
Accounts Receivable	
Trade Net of Allowance for Uncollectibles of \$5,427,207	1,809,069
Due From other	
Governmental Units	765,352
Inventory	283,213
Capital Assets:	
Non-Depreciable	1,986,369
Depreciable-net	31,628,158
TOTAL ASSETS	\$ 98,018,532
LIABILITIES	
LIABILITIES	
Accounts Payable	\$ 254,053
Accrued Wages	2,855,207
Accrued Interest	13,352
Accrued Payroll Taxes and Retirement Benefits	797,434
Deferred Revenue	31,466
Net Other Post Employment Benefit Obligations	5,840,081
Long-term Liabilities	
Due Within One Year	1,472,556
Due After One Year	10,973,661
TOTAL LIABILITIES	22,237,810
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	33,036,326
Reserved	4,363,270
Designated	38,020,619
Unrestricted	360,507
TOTAL NET ASSETS	\$ 75,780,722

Read Accompanying Notes to Financial Statements

ST. LUCIE COUNTY FIRE DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2009

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUES AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Governmental Activities				
General Government	\$ 65,991,773	\$ 12,687,755	\$ 46,319,828	\$ (6,984,190)
Interest on Long-term Debt	119,390	-	-	(119,390)
Total Governmental Activities	\$ 66,111,163	\$ 12,687,755	\$ 46,319,828	\$ (7,103,580)
General Revenues:				
Investment Earnings				1,300,170
Miscellaneous				515,725
Total General Revenues				1,815,895
Change in Net Assets				(5,287,685)
Net Assets - October 1, 2008				81,068,407
Net Assets - September 30, 2009				\$ 75,780,722

Read Accompanying Notes to Financial Statements

ST. LUCIE COUNTY FIRE DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET
September 30, 2009

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL ACTIVITIES
ASSETS			
Cash	\$ 2,892,668	\$ 244,605	\$ 3,137,273
Investments	54,109,021	4,300,075	58,409,096
Accounts Receivable			
Trade Net of Allowance for Uncollectibles of \$5,427,207	1,809,069	-	1,809,069
Due From other Governmental Units	518,615	246,737	765,352
Inventory	283,213	-	283,213
TOTAL ASSETS	\$ 59,612,586	\$ 4,791,417	\$ 64,404,003
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 49,638	\$ 204,415	\$ 254,053
Accrued Wages	2,855,207	-	2,855,207
Accrued Interest	13,352	-	13,352
Accrued Payroll Taxes and Retirement Benefits	797,434	-	797,434
Deferred Revenue	-	31,466	31,466
TOTAL LIABILITIES	3,715,631	235,881	3,951,512
FUND EQUITY			
Fund Balance:			
Reserved and Designated - (Note B)	41,866,111	517,778	42,383,889
Undesignated	14,030,846	4,037,758	18,068,604
TOTAL FUND EQUITY	55,896,957	4,555,536	60,452,493
TOTAL LIABILITIES AND FUND EQUITY	\$ 59,612,588	\$ 4,791,417	\$ 64,404,005

Read Accompanying Notes to Financial Statements

ST. LUCIE COUNTY FIRE DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
September 30, 2009

Total Governmental Fund Balances in the Balance Sheet, Page 17	\$ 60,452,493
Amount reported for governmental activities in the Statement of Net Assets are different because:	
Capital asset used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	
Governmental capital assets	48,573,000
Less accumulated depreciation	(14,958,473)
Other assets used in governmental activities are no financial resources and therefore are not reported in the governmental funds:	
Long-term debt, postemployment benefits, and compensated absences	(18,286,298)
Net Assets of Governmental Activities, Page 15	\$ 75,780,722

Read Accompanying Notes to Financial Statements

ST. LUCIE COUNTY FIRE DISTRICT
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
Year Ended September 30, 2009

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL ACTIVITIES</u>
REVENUES			
Taxes	\$ 45,614,745	\$ -	\$ 45,614,745
Charges for Services	11,673,928	-	11,673,928
Interest	1,191,147	109,023	1,300,170
Impact Fees	-	240,790	240,790
Excess Fees	464,295	-	464,295
Grant Revenue and Awards	40,401	300,149	340,550
Permit Fees	-	673,275	673,275
Miscellaneous	495,845	19,880	515,725
TOTAL REVENUES	<u>59,480,361</u>	<u>1,343,117</u>	<u>60,823,478</u>
EXPENDITURES			
Public Safety:			
Personnel, Health and Welfare	49,419,514	1,155,128	50,574,642
Operating	9,091,352	279,917	9,371,269
Capital Outlay	242,175	1,466,827	1,709,002
Debt:			
Principal	578,201	-	578,201
Interest	119,390	-	119,390
TOTAL EXPENDITURES	<u>59,450,632</u>	<u>2,901,872</u>	<u>62,352,504</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,729	(1,558,755)	(1,529,026)
FUND BALANCES			
Beginning of Year	<u>55,867,228</u>	<u>6,114,291</u>	<u>61,981,519</u>
End of Year	<u>\$ 55,896,957</u>	<u>\$ 4,555,536</u>	<u>\$ 60,452,493</u>

Read Accompanying Notes to Financial Statements

ST. LUCIE COUNTY FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2009

Net Change in Fund Balances - Total Governmental Funds, Page 19	\$ (1,529,026)
Amount reported for governmental activities in the Statement of Activities are different because:	
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	578,201
Long-term liabilities, including notes, leases, postemployment benefits, and compensated absences	(3,846,690)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are depreciated over their estimated useful lives:	
Current year provision for depreciation	(2,148,220)
Provision for capitalized asset costs and interest	1,658,050
Change in Net Assets of Governmental Activities, Page 16	\$ (5,287,685)

Read Accompanying Notes to Financial Statements

ST. LUCIE COUNTY FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET TO ACTUAL – GENERAL FUND
Year Ended September 30, 2009

	* BUDGETARY AMOUNTS		ACTUAL AMOUNTS	ENCUMBRANCES	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL				
REVENUES						
Taxes	\$ 47,946,071	\$ 47,946,071	\$ 45,614,745	\$ -	\$ 45,614,745	\$ (2,331,326)
Charge for Services	10,888,806	10,888,806	11,673,928	-	11,673,928	785,122
Interest	1,633,000	1,633,000	1,191,147	-	1,191,147	(441,853)
Excess Fees	300,000	300,000	464,295	-	464,295	164,295
Grant Revenue	-	-	40,401	-	40,401	40,401
Permit Fees	-	-	-	-	-	-
Miscellaneous	120,000	120,000	495,845	-	495,845	375,845
TOTAL REVENUES	<u>60,887,877</u>	<u>60,887,877</u>	<u>59,480,361</u>	<u>-</u>	<u>59,480,361</u>	<u>(1,407,516)</u>
EXPENDITURES						
Public Safety:						
Personnel, Health and Welfare	53,619,028	53,619,028	49,419,514	-	49,419,514	4,199,514
Operating	12,399,369	12,399,369	9,091,352	(73,577)	9,017,775	3,308,017
Capital Outlay	3,347,299	3,347,299	242,175	718,937	961,112	3,105,124
Debt:						
Principal Retirement	578,201	578,201	578,201	-	578,201	-
Interest	124,522	124,522	119,390	-	119,390	5,132
TOTAL EXPENDITURES	<u>70,068,419</u>	<u>70,068,419</u>	<u>59,450,632</u>	<u>645,360</u>	<u>60,095,992</u>	<u>10,617,787</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (9,180,542)</u>	<u>\$ (9,180,542)</u>	29,729	(645,360)	(615,631)	<u>\$ 9,210,271</u>
FUND BALANCES						
Beginning of Year			55,867,228	-	55,867,228	
Adjustments for Encumbrances			-	(645,360)	(645,360)	
End of Year			<u>\$ 55,896,957</u>	<u>\$ (1,290,720)</u>	<u>\$ 54,606,237</u>	

* See Note A.

Read Accompanying Notes to Financial Statements

ST. LUCIE COUNTY FIRE DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2009

	TOTAL
ASSETS	
Contributions Receivable	\$ 571,427
Due from Firefighters Plan	121,591
Accrued Interest and Dividends	472,587
Deposits in Transit	350,000
Investments at Fair Value:	
Cash Equivalents	1,329,787
U.S. Government Securities & Agency Obligations	20,245,879
Mortgage-Backed Securities	6,360,464
Corporate Debt	21,509,992
Corporate Bonds	1,282,407
Corporate Stocks	19,358,808
Mutual Fund - Real Estate Investment Trust	250,390
Mutual Fund - International Equities	10,704,924
Mutual Fund - Domestic Equities	35,692,316
Short-Term Investments	192,821
Limited Partnership	1,341,079
TOTAL INVESTMENTS	118,268,867
TOTAL ASSETS	119,662,881
 LIABILITIES	
Accounts Payable	101,180
Due to General Fund	121,591
Refunds Payable	11,634
TOTAL LIABILITIES	234,405
NET ASSETS	
Held in Trust for Pension Benefits	\$ 119,550,067

Read Accompanying Notes to Financial Statements

ST. LUCIE COUNTY FIRE DISTRICT
STATEMENT OF CHANGES IN NET ASSETS -
FIDUCIARY FUNDS
Year Ended September 30, 2009

	TOTAL
ADDITIONS	
Contributions:	
State Contribution	\$ 1,837,719
Employer Contributions	7,910,017
Employee Contributions	195,121
Participant Buy-Back	125,401
Total Contributions	10,068,258
Investment Income (Loss):	
Net Depreciation in Fair Value of Investments	737,933
Interest and Dividends	2,846,854
	3,584,787
Less: Investment Expenses	(470,249)
Net Investment Loss	3,114,538
TOTAL ADDITIONS (REDUCTIONS)	13,182,796
DEDUCTIONS	
Benefits Paid to Participants	4,215,075
DROP Payments	126,091
Refunds on Termination	3,380
Administrative Expenses	198,552
TOTAL DEDUCTIONS	4,543,098
NET INCREASE	8,639,698
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of Period	110,910,369
End of Year	\$ 119,550,067

Read Accompanying Notes to Financial Statements

ST. LUCIE COUNTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Lucie County Fire District (District) is a special taxing district created by Chapter 59-1806, Laws of Florida, and approved by referendum in 1960. The District is responsible for the fire prevention and protection in St. Lucie County. Chapter 77-645, Laws of Florida, authorized the District to provide the emergency ambulance service for St. Lucie County. The Board of Commissioners is the governing body of the District and consists of two St. Lucie County Commissioners, two City of Ft. Pierce Commissioners, one Commissioner appointed by the governor of the State of Florida and two City of Port St. Lucie Council members.

Scope of Reporting Entity

The accompanying financial statements include all activities and functions over which the District maintains direct manifestations of oversight responsibility, and those organizations where other relationships require their inclusion to conform with generally accepted accounting principles.

This report includes all funds and account groups of the District. The District has no proprietary funds. The specific organization and a summary description of how the specific elements of oversight responsibility were considered in the determination of whether or not to include the organization in the financial statements are presented below:

St. Lucie County Fire District Firefighters' Pension Trust Fund

The St. Lucie County Fire District Firefighters' Pension Trust Fund, (the Fund), a component unit of the St. Lucie County Fire District, is a contributory pension trust established under the provisions of Chapter 175, Florida Statutes, for the benefit of certified firefighters in the St. Lucie County Fire District. The Fund is under the supervision of a local independent Board of Trustees, who are selected for office under the provisions of Florida Statute 175.

On October 18, 2006, the St. Lucie County Fire District approved the creation of a new public employee retirement system for the benefit of certified firefighters in the District. The purpose of the St. Lucie County Fire District Firefighters' Pension Trust Fund was to provide a more complete set of benefits to the firefighters in which the District was the plan sponsor and could authorize additional benefits and enhancements that were not available in the present primary plan for the firefighters which was the City of Fort Pierce Retirement and Benefit System. Effective with the close of activity on April 30, 2007, the assets and liabilities of the St. Lucie County Fire District Chapter 175 Firefighters' Supplemental Pension Trust Fund approximating \$15,500,000 were transferred to the newly established Pension Trust Fund under control of that Board of Trustees. Activities of the Chapter 175 Firefighters' Supplemental Pension Trust Fund are now encompassed by that new Plan. In April, 2007, the applicable net assets of the Fort Pierce Retirement and Benefit System, approximating \$89,200,000, were also transferred in to this Plan along with the assets of the Chapter 175 Firefighters' Supplemental Pension Trust Fund.

ST. LUCIE COUNTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Employees Retirement and Benefit System

The General Employees Retirement and Benefit System is a defined benefit pension plan covering all employees of the District. This system is governed by an independent Board of Trustees who has responsibility for management and fiscal matters. Therefore, the District cannot exercise oversight responsibility over this organization.

Basis of Accounting

The fiscal year of the District is from October 1 to September 30 as established in Chapter 218.33, Florida Statutes. The General Fund is maintained and presented herein on the modified accrual basis of accounting whereby revenues are generally recognized when they become both measurable and available and expenditures are recognized when incurred. Taxes which are collected and remitted by another governmental unit are measurable and available when received. The other two major sources of revenue, charges for services and interest, are recorded when earned. The Pension Trust Fund's accounting records and financial statements are prepared using the accrual basis of accounting. Revenue is recognized when earned; costs and expenses are recognized when incurred. Investments are reported at fair value. Short-term investments are reported at cost, which approximates market value. Securities traded on a national exchange are valued at the last reported sales price.

Budgetary Data

The District exercises the following procedures in establishing the budgetary data reflected in the financial statements:

1. The Clerk-Treasurer and the Fire Chief submit to the Board of Commissioners of the District a tentative proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the sources of receipts. The budget is adopted on a basis consistent with generally accepted accounting principles.
2. The budget is advertised and public hearings are conducted to obtain taxpayer comments.
3. The budget is approved by the Board and becomes the basis for the millage levied by the Board.
4. The level of budgetary control is the total budget. The Clerk-Treasurer is authorized to transfer budgeted amounts between line items within the budget with board approval.

ST. LUCIE COUNTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Amendments by Resolutions to the budget in accordance with the District's charter are not required to be advertised. The Resolutions are approved by the Board at a public meeting.
6. Budgeted amounts are as originally adopted, or as amended, in accordance with the District's charter. During the year, the District budgeted transfers as operating expenditures. For financial statement purposes, these amounts are shown as budget transfers and not as budgeted expenditures.

Capital Assets

Capital assets include property and equipment. Capital assets are reported in the government-wide financial statements in the applicable governmental columns. Capital assets are defined by the District as assets with an initial, individual cost of \$1,000 or more and useful lives in excess of one year. Capital assets are recorded at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized, but are expensed as incurred.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the related assets. The ranges of the useful lives are as follows:

<u>ASSETS</u>	<u>YEARS</u>
Equipment	3-5
EMT Equipment	5-20
Improvements other than Buildings	5-40
Buildings	30-50

ST. LUCIE COUNTY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Government-wide Financial Statements - Government-wide financial statements, including the statement of net assets and statement of activities, present information about the District as a whole. These statements include the nonfiduciary financial activity of the primary government and its component units.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

The effects of interfund activity have been eliminated from the government-wide financial statements.

Fund Financial Statements - Fund financial statements report detailed information about the District in the governmental, proprietary, and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Non-major funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

Major Governmental Fund Types

General Fund - The general fund is the general operating fund of the District. All general tax revenue and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The general operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

ST. LUCIE COUNTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Non - Major Governmental Fund Types

Special Revenue Fund - Special revenue funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trust or major capital projects requiring separate accounting because of legal or regulatory provisions or administrative action.

Component Unit

Trust Funds - Established to account for transactions of the St. Lucie County Fire District Trust Funds which are the Firefighters' Pension Trust Fund, the General Employees Retirement System, and the Chapter 175 Supplemental Pension Trust Fund. These funds are accounted for in the same manner as a proprietary fund.

Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation in the governmental funds. Encumbrances outstanding at year-end are reported as a reserve of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Inventories

Inventories are composed of expendable supplies held for consumption and are stated at cost using the first in first out (FIFO) method.

Reserves

Reserves are reported in the various funds to indicate that a portion of the fund balance is appropriated for expenditures or is legally segregated for a specific future use.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

ST. LUCIE COUNTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to September 30, 2009, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2009. Management has performed their analysis through April 2, 2010.

NOTE B – RESTRICTED NET ASSETS AND RESERVATIONS OF FUND BALANCE

Restricted Net Assets and Reservations of Fund Balance

In the government-wide financial statements, 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.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted for a specific future use. Designations of fund balance represent tentative management plans that are subject to change. Unreserved, undesignated fund balance indicates funds that are available for current expenditure.

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL	TRUST AND AGENCY FUND
Reserved For:				
Encumbrances	\$ 809,207	\$ 517,778	\$ 1,326,985	\$ -
Employees Retirement System	677,496	-	677,496	119,550,067
Health Insurance	2,075,576	-	2,075,576	-
Inventories	283,213	-	283,213	-
Total Reserved Fund Balances	\$ 3,845,492	\$ 517,778	\$ 4,363,270	\$ 119,550,067
Designated For:				
Capital Improvements	\$ 11,806,008	\$ -	\$ 11,806,008	\$ -
Rolling Stock	3,742,940	-	3,742,940	-
Long Term Debt	13,683	-	13,683	-
District Matching	386,105	-	386,105	-
Unanticipated Emergency	22,071,883	-	22,071,883	-
Total Designated Fund Balances	\$ 38,020,619	\$ -	\$ 38,020,619	\$ -

ST. LUCIE COUNTY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE B – RESTRICTED NET ASSETS AND RESERVATIONS OF FUND BALANCE (CONTINUED)

Unrestricted fund balance for 2008 has been restated in the amount of \$2,891,775, as a result of adjustments to OPEB.

The Board funds a capital reserve. The source of funding is any excess undesignated unreserved funds. The undesignated unreserved fund balance shall be no less than twelve percent of the approved budget.

NOTE C - CASH, REPURCHASE AGREEMENTS AND INVESTMENTS

Cash Deposits

Florida statutes require state and local governmental units to deposit monies with a financial institution classified as a "Qualified Public Depository," which is a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral for their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits. The District had deposits only with qualifying institutions as of September 30, 2009, or with banks in which depository insurance was sufficient to cover the deposit balance. At year end, the District's carrying amount of deposits was \$18,042 including petty cash of \$450 and the bank balance was \$275,021.

Investments

In accordance with GASB 31 investments are stated at fair value based on per share prices. The Local Government Surplus Funds Trust Fund Investment Pool (LGIP) is considered to be a "2a -7 like" investment, and is accounted for at fair value for financial reporting. The LGIP Fund B however, has a fluctuating Net Asset Value (NAV). The unrecognized loss on this investment, at September 30, 2009, was \$198,177. The LGIP has a current rating by Standard and Poor's of AAA while Fund B is not currently rated by any nationally recognized rating agency. There is a risk of loss on these investments based upon the fluctuation of interest rates and lengths of maturity.

The Local Government Investment Pool (LGIP) is governed by Chapters 215 and 218 of the Florida Statutes and Chapter 19-7 of the Florida Administrative code, which identifies the Rules of the State Board of Administration (SBA). These rules provide guidance and establish the general operating procedures for the administration of the LGIP fund. The Board of Trustees of the SBA, delegate the administrative and investment authority to the Executive Director of the SBA. An Investment Advisory Council and a Participant Local Government Advisory Council are appointed to review this policy annually and propose any changes. All actions are subject to Applicable Florida Law. The LGIP is not a registrant with the Securities and Exchange Commission (SEC); however the Board has adopted operating procedures consistent with the requirements for a 2a -7 fund.

ST. LUCIE COUNTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE C - CASH, REPURCHASE AGREEMENTS AND INVESTMENTS (CONTINUED)

As of September 30, 2009, the District had the following investments:

Pooled Investments:

	Fair Value
SPIA Investment Pool, with an interest rate of 2.64%, maturing at no set date	\$ 32,992,268
SBA Investment Pool, with an interest rate of .37%, maturing at no set date	2,394,094
FMIT Investment Pool, with an interest rate of .14%, 0-2 year high quality bond fund	5,086,932
Total Pooled Investments	\$ 40,473,294

The District's investments held throughout the year are principally the same investments held as of September 30, 2009. Interest income generated on the above investments, for the year ended September 30, 2009, was \$1,300,170.

Pension Investments:

	Market Value	Historical Cost
Corporate Bonds and Notes	\$ 29,152,863	\$ 27,587,197
U.S. Government and Federal Agency Obligations	20,245,879	19,315,830
Marketable Equity Securities		
Common Stocks	18,839,371	19,322,496
Mutual Funds - International Equities	10,704,924	14,827,051
Mutual Funds - Domestic Equities	36,211,753	43,602,732
Mutual Funds - Real Estate Investment Trust	250,390	409,245
Limited Partnership	1,341,079	1,082,667
Cash Equivalents	1,522,608	1,522,608
Total Pension Investments	\$ 118,268,867	\$ 127,669,826

Security Description	Years to Maturity					S&P Rating
	<1	1 - 5	5 - 10	10-20	>20	
Corporate Bonds and Notes	\$1,623,592	\$9,059,071	\$8,422,133	\$2,575,446	\$1,112,157	BBB - AAA
U.S. Govt. and Fed. Obligations	2,586	14,197,915	5,091,726	6,630	947,022	AAA
Mortgage-backed Securities	322,120	5,165,770	872,574	-	-	AAA
	\$1,948,298	\$28,422,756	\$14,386,433	\$2,582,076	\$2,059,179	

ST. LUCIE COUNTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE C - CASH, REPURCHASE AGREEMENTS AND INVESTMENTS (CONTINUED)

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy states that when interest rates are at historically low levels, funds will be placed in short maturities and that when interest rates are at historically high levels, funds may be placed into longer maturities to lock into these yields.

Credit Risk. The District is authorized by Resolution to invest in:

- (1) Local Government Surplus Funds Trust Funds.
- (2) Negotiable direct obligations of the United States Government, or obligations, the principal and interest of which are unconditionally guaranteed by the United States Government.
- (3) Obligations of the federal farm credit banks, the Federal Home Loan Mortgage Corporation, including Federal Home Loan Corporation participation certificates, or the Federal Home Loan Bank or its district banks, or obligations guaranteed by the Government National Mortgage Association, U.S. Treasury, agencies, and instrumentalities.
- (4) Repurchase agreements secured by the types of investments listed above, restricted as to acquisition, term, and market value.
- (5) Interest-bearing time deposits or savings accounts in banks organized under the laws of this state, in national banks organized under the laws of the United States and doing business and situated in this state, in savings and loan associations which are under state supervision, or in federal savings and loan associations located in this state and organized under federal law and federal supervision, provided that any such deposits are secured by collateral as may be prescribed by law.
- (6) Deposits and certificates of deposit in out-of-state banks, savings and loan associations, and other regulated financial institutions insured by the FDIC.
- (7) Full faith and credit direct general obligations of any state, or unlimited tax direct obligations of any political subdivision thereof, to the payment of which the full faith and credit of such political subdivision is pledged, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by a nationally recognized rating agency.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. More than five percent of the District's investments are in overnight repurchase agreements.

ST. LUCIE COUNTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 946,335	\$ 301,760	\$ 6,933	\$ 1,241,162
Construction in Progress	3,675,362	1,015,803	3,945,958	745,207
Total Capital Assets, not being Depreciated:	<u>4,621,697</u>	<u>1,317,563</u>	<u>3,952,891</u>	<u>1,986,369</u>
Capital Assets, being Depreciated:				
Buildings and Improvements	20,606,160	4,075,948	157,730	24,524,378
Equipment /Ambulance Equipment	21,831,088	262,444	31,279	22,062,253
	<u>42,437,248</u>	<u>4,338,392</u>	<u>189,009</u>	<u>46,586,631</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(4,095,858)	620,998	-	(4,716,856)
Equipment /Ambulance Equipment	(8,858,390)	1,527,222	143,995	(10,241,617)
	<u>(12,954,248)</u>	<u>2,148,220</u>	<u>143,995</u>	<u>(14,958,473)</u>
TOTALS	<u>\$ 34,104,697</u>	<u>\$ 3,507,735</u>	<u>\$ 3,997,905</u>	<u>\$ 33,614,527</u>

Depreciation expense was charged to functions/programs of the primary governments public safety activity.

NOTE E - LONG-TERM DEBT

A summary of changes in the District's indebtedness for the year ended September 30, 2009:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental Activities:					
Notes and Leases Payable	\$ 3,187,388	\$ -	\$ 578,201	\$ 2,609,187	\$ 587,223
Compensated Absences	8,938,646	898,384	-	9,837,030	885,333
Total Governmental	<u>\$ 12,126,034</u>	<u>\$ 898,384</u>	<u>\$ 578,201</u>	<u>\$ 12,446,217</u>	<u>\$ 1,472,556</u>

Note Payable - the District is obligated under a note payable secured by equipment to St. Lucie County, due in one annual principal installment of \$50,719 plus interest semiannually at a rate of 5.479% through April 2010.

ST. LUCIE COUNTY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE E - LONG-TERM DEBT (CONTINUED)

Note Payable - the District is obligated under a note payable secured by the District's covenant to budget and appropriate in each fiscal year from its legally available non-ad valorem revenues, due in annual principal installments of \$233,333 plus interest semiannually at a rate of 4.043% through September 2018.

Note Payable - the District is obligated under a note payable secured by District vehicles, due in semiannual principal installments ranging from \$150,233 to \$155,691 plus interest semiannually at a rate of 3.600% through December 2010.

The annual requirements to pay principal and interest on the leases and notes payable at September 30, 2009 are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 587,223	\$ 101,780	\$ 689,003
2011	389,024	78,271	467,295
2012	233,333	66,036	299,369
2013	233,333	56,602	289,935
2014	233,333	47,168	280,501
Thereafter	932,941	94,337	1,027,278
	<u>\$ 2,609,187</u>	<u>\$ 444,194</u>	<u>\$ 3,053,381</u>

Vacation and Sick Leave

The District's policy provides for payment to employees, who have completed at least 12 months of service, for the annual leave accrued and not taken at the date of termination. Upon retirement, accumulated sick leave will be paid up to a maximum of 90 days pursuant to current policy.

For governmental funds, the amounts normally liquidated with expendable available financial resources are accrued in the individual funds for the current portion, and the non-current portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund and government-wide presentation.

ST. LUCIE COUNTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE F – GENERAL EMPLOYEES RETIREMENT AND BENEFIT SYSTEM

Plan Description

The District has created a Board of Trustees to provide oversight for the pension assets. A member may retire after 25 years of service, or after reaching the age of 60 (55 for firefighters), after accumulating 10 years of service with the District or another entity covered by the City PERS. Benefits vest after 5 years of service. Employees who retire at or after age 60 (55 for firefighters) with 10 years of service are entitled to pension payments for the remainder of their lives, equal to 3.0% of their final 5 year average salary times the number of years for which they were employed by the District and a participant in the City PERS. The final 5 year average salary is defined as the average salary of the employee during the highest 5 consecutive years out of the last 10 years.

Pension provisions include deferred allowances whereby an employee may terminate his or her employment with the District after accumulating 5 years of service but before reaching the age of 60. If the employee does not withdraw his or her accumulated contributions, the employee is entitled to all pension benefits upon reaching the age of 60.

Pension provisions include death and disability benefits. The disabled employee is entitled to receive disability payments for life, while the surviving spouse may receive death benefits for life or as long as he or she does not remarry.

The District's current year covered and total payroll was approximately \$34,238,469.

Contributions Required and Made

Firefighters of the District are required to pay 1/2% and non-firefighters are required to pay 0% of their gross earnings to the pension plan. The District makes bi-weekly contributions to the pension plan as actuarially determined. During 2008, the District was required to contribute 24.21% for firefighters and 17.46% for non-firefighters of their gross payroll to the plan.

Total contributions made during fiscal year 2009 amounted to \$7,861,206 of which \$7,861,206 was made by the District and no employee contributions. These contributions represented 22.96% (District) and 0% (employees) of covered payroll.

An actuarial valuation of the plan was performed by the Plan's actuarial consultants for the year ended September 30, 2008. The actuarial cost method used in the valuation is the individual entry-age cost method with the level of percent of payroll used for amortizing unfunded liabilities over 20-30 years (closed). The asset valuation method used to determine the actuarial value of assets is four year smoothing.

ST. LUCIE COUNTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE G – ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' PENSION TRUST FUND

The St. Lucie County Fire District Firefighters' Pension Trust Fund, (the Fund), a component unit of the St. Lucie County Fire District, is a contributory pension trust established under the provisions of Chapter 175, Florida Statutes, for the benefit of certified firefighters in the St. Lucie County Fire District. The Fund is under the supervision of a local independent Board of Trustees, who are selected for office under the provisions of Florida Statute 175.

On October 18, 2006, the St. Lucie County Fire District approved the creation of a new public employee retirement system for the benefit of certified firefighters in the District. The purpose of the St. Lucie County Fire District Firefighters' Pension Trust Fund was to provide a more complete set of benefits to the firefighters in which the District was the plan sponsor and could authorize additional benefits and enhancements that were not available in the present primary plan for the firefighters which was the City of Fort Pierce Retirement and Benefit System.

An actuarial valuation of the plan is performed every year by the Plan's actuarial consultants. The actuarial valuation as of September 30, 2009 dated March 17, 2010, found anticipated revenues to be sufficient to fund the benefits provided by the Plan in accordance with the provisions of Chapter 112 and Chapter 175, Florida Statutes. The actuarial cost method used in the valuation is the Individual Entry Age Normal method with the level percent of payroll used for amortizing unfunded liabilities over a period of 1-30 years (closed). The asset valuation method used to determine the actuarial value of assets is 4 year smoothing. The Plan's actuarial consultants reported the pension fund experience was favorable for the year ended September 30, 2009, resulting in an actuarial loss. The loss was mainly attributable to higher than expected salary increases and a lower than expected return on investments.

Contribution requirements as determined as of the September 30, 2008 actuarial evaluation for the plan year ending September 30, 2009 required employer contributions of 26.48% of covered payroll. In 2009, actual contributions were \$7,459,982 (\$7,314,151 employer and \$145,831 employee).

NOTE H - TAXES

The District's tax revenue is levied annually on real and personal property located in St. Lucie County on January 1 of the prior year. The assessed value on which the 2008-2009 levy was based was approximately \$21.10 billion. The assessed values are established by the St. Lucie County Property Appraiser. Tax collections by the St. Lucie County Tax Collector normally begin in November of each year with a due date of March 31 of the following year. Current tax collections for the year ended September 30, 2009 were approximately 98.25% percent of the total tax levied. The tax millage rate for the 2008-2009 fiscal year was 2.2000 mills.

ST. LUCIE COUNTY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE I - LEASES

The District leases land for two of its fire stations; Pepper-Beach Park and Lakewood Park. Pepper-Beach Park property is owned by the State of Florida and leased to St. Lucie County. The District entered into a 50 year nonmonetary lease with St. Lucie County dated October 31, 1984. The Lakewood Park property is owned by the Lakewood Park Property Owners Association. The District entered into a 99 year lease with the Association on May 12, 1976, effective June 1, 1976, for the annual consideration of one dollar.

In August of 2008 the District entered into a lease agreement with St. Lucie County ending March 14, 2058. In conjunction with an Interlocal agreement, the District has invested significant funds towards fire fighting and rescue services for the St. Lucie International Airport. In consideration and recognition of these funds and services the District shall pay no further rent to the lessor during the terms of the lease, unless it is subsequently shown that the cost of providing the services as set forth in the agreement no longer equates to, at least, the established fair market rental value of the Lease Premises.

NOTE J – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the District provides certain health care and life insurance benefits for 44 retired employees whose retirement was prior to April 1, 1998. Those and similar benefits for active employees are funded by way of payment of contributions to a separate Health and Welfare Benefit Trust. The Trust provides various insurance benefits to the members initially through payments to an insurance company for premiums on various policies and subsequently through a self-insured plan which uses the services of an independent plan administrator. The District recognizes the cost of providing such benefits to these retirees by expensing insurance premiums, which were \$224,412 for the year ended September 30, 2009.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on their annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual Required Contribution	\$ 3,773,968
Employer Contributions Made	<u>825,662</u>
Increase in Net OPEB Obligation	2,948,306
Net OPEB Obligation - Beginning of Year	<u>2,891,775</u>
Net OPEB Obligation - End of Year	<u>\$ 5,840,081</u>

ST. LUCIE COUNTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE J – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS
(CONTINUED)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009, and the year then ended, is as follows:

FISCAL YEAR ENDING	ANNUAL OPEB COST	AMOUNT CONTRIBUTED	PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED	NET OPEB OBLIGATION
9/30/2008	\$ 3,610,278	\$ 718,503	19.90%	\$ 2,891,775
9/30/2009	3,773,967	825,662	21.88%	5,840,081

Funded Status and Funding Progress

As of September 30, 2009, the most recent actuarial valuation date, the plan was not funded. As a result, the unfunded actuarial accrued liability (UAAL) for benefits was \$37,665,623. The covered payroll (annual payroll of active employees covered) was \$23,566,332, and the ratio of the UAAL to the covered payroll was 159.83%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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.

ST. LUCIE COUNTY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

**NOTE J – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS
(CONTINUED)**

In the September 30, 2009 actuarial valuation, the individual entry-age normal actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the District's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after ten years. Both rates included a 4.5% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized at a rate of 4%.

NOTE K – GRANT REVENUE

During the fiscal year the District received and either expended or properly carried forward the following grant: Emergency Medical Services County Grant, FYE 2008-2009 \$109,747.

NOTE L - CONTINGENCIES

The District is a defendant from time to time in various lawsuits arising in the normal course of business, including claims for property damages, personal injuries, and personnel practices. In the opinion of management, the ultimate outcome of these lawsuits, some of which are covered by insurance, will not have a material adverse effect on the District's financial position.

ST. LUCIE COUNTY FIRE DISTRICT
SCHEDULE OF EXPENDITURES - GENERAL FUND
Year Ended September 30, 2009

PERSONNEL, HEALTH AND WELFARE	
Firefighter Salaries	\$ 28,829,015
Insurance - Group and Worker's Compensation	5,473,419
Administration, Executive and Support Salaries	4,571,096
Retirement	8,086,998
Social Security and Medicare	2,458,986
TOTAL PERSONNEL, HEALTH AND WELFARE	<u>49,419,514</u>
 OPERATING	
Professional Services:	
Insurance	564,585
Physical and Drug Testing	126,453
Tax Roll Fees	1,530,378
Medical Director	53,135
Auditor	66,185
Bad Debt Expense - Ambulance	2,752,628
Contractual Adjustments - Ambulance	1,157,012
Repairs and Maintenance	661,027
Medical Supplies	530,034
Utilities	346,423
Fuel	381,795
Uniforms	155,621
Office Supplies	135,571
Communication - Telephone	124,023
Housekeeping Supplies	48,108
Professional Services	9,500
Other Operating Expenses	126,111
Education and Training	289,214
Travel	13,512
Licenses, Permits and Fees	15,401
Advertising	4,636
TOTAL OPERATING	<u>\$ 9,091,352</u>

ST. LUCIE COUNTY FIRE DISTRICT
SCHEDULE OF EXPENDITURES - GENERAL FUND (CONTINUED)
Year Ended September 30, 2009

CAPITAL OUTLAY	
Land and Buildings	\$ 107,772
Equipment:	
Computer	68,394
Ambulance	1,214
Other Firefighting	<u>64,795</u>
TOTAL CAPITAL OUTLAY	<u>242,175</u>
DEBT	
Principal	578,201
Interest	<u>119,390</u>
TOTAL DEBT	<u>697,591</u>
TOTAL EXPENDITURES	<u><u>\$ 59,450,632</u></u>

ST. LUCIE COUNTY FIRE DISTRICT
COMBINING SCHEDULE PENSIONS – STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2009

	<u>PENSION TRUST FUND</u>	<u>RETIREMENT SYSTEM GENERAL EMPLOYEE</u>	<u>TOTAL</u>
ASSETS			
Contributions Receivable	\$ 527,540	\$ 43,887	\$ 571,427
Due from Firefighters Plan	-	121,591	121,591
Accrued Interest and Dividends	449,671	22,916	472,587
Deposits in Transit	350,000	-	350,000
Investments at Fair Value:			
Cash Equivalents	1,329,787	-	1,329,787
U.S. Government Securities & Agency Obligations	19,482,287	763,592	20,245,879
Mortgage-Backed Securities	5,975,803	384,661	6,360,464
Corporate Debt	21,509,992	-	21,509,992
Corporate Bonds	-	1,282,407	1,282,407
Corporate Stocks	18,374,222	984,586	19,358,808
Mutual Fund - Real Estate Investment Trust	250,390	-	250,390
Mutual Fund - International Equities	9,411,346	1,293,578	10,704,924
Mutual Fund - Domestic Equities	33,687,864	2,004,452	35,692,316
Short-Term Investments	-	192,821	192,821
Limited Partnership	1,258,412	82,667	1,341,079
TOTAL INVESTMENTS	<u>111,280,103</u>	<u>6,988,764</u>	<u>118,268,867</u>
TOTAL ASSETS	<u>112,607,314</u>	<u>7,177,158</u>	<u>119,312,881</u>
LIABILITIES			
Accounts Payable	93,064	8,116	101,180
Due to General Fund	121,591	-	121,591
Refunds Payable	11,634	-	11,634
TOTAL LIABILITIES	<u>226,289</u>	<u>8,116</u>	<u>234,405</u>
NET ASSETS			
Held in Trust for Pension Benefits	<u>\$ 112,381,025</u>	<u>\$ 7,169,042</u>	<u>\$ 119,550,067</u>

ST. LUCIE COUNTY FIRE DISTRICT
COMBINING SCHEDULE PENSIONS – STATEMENT OF CHANGES IN NET ASSETS – FIDUCIARY FUNDS
Year Ended September 30, 2009

	PENSION TRUST FUND	RETIREMENT SYSTEM GENERAL EMPLOYEES	TOTAL
ADDITIONS			
Contributions:			
State Contribution	\$ 1,837,719	\$ -	\$ 1,837,719
Employer Contributions	7,314,151	595,866	7,910,017
Employee Contributions	145,831	49,290	195,121
Participant Buy-Back	125,401	-	125,401
Total Contributions	<u>9,423,102</u>	<u>645,156</u>	<u>10,068,258</u>
Investment Income (Loss):			
Net Depreciation in Fair Value of Investments	488,726	249,207	737,933
Interest and Dividends	2,697,347	149,507	2,846,854
	<u>3,186,073</u>	<u>398,714</u>	<u>3,584,787</u>
Less: Investment Expenses	(437,738)	(32,511)	(470,249)
Net Investment Loss	<u>2,748,335</u>	<u>366,203</u>	<u>3,114,538</u>
TOTAL ADDITIONS (REDUCTIONS)	<u>12,171,437</u>	<u>1,011,359</u>	<u>13,182,796</u>
DEDUCTIONS			
Benefits Paid to Participants	3,962,503	252,572	4,215,075
DROP Payments	126,091	-	126,091
Refunds on Termination	3,380	-	3,380
Administrative Expenses	135,707	62,845	198,552
TOTAL DEDUCTIONS	<u>4,227,681</u>	<u>315,417</u>	<u>4,543,098</u>
NET INCREASE	7,943,756	695,942	8,639,698
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
Beginning of Period	104,437,269	6,473,100	110,910,369
End of Year	<u>\$112,381,025</u>	<u>\$ 7,169,042</u>	<u>\$ 119,550,067</u>

DiBARTOLOMEO, McBEE, HARTLEY & BARNES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Chairman and Members of
The Board of Commissioners
St. Lucie County Fire District
Fort Pierce, Florida

April 2, 2010

We have audited the financial statements of St. Lucie County Fire District ("District") as of and for the year ended September 30, 2009, and have issued our report thereon dated April 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

A. Bartolomeo, M. Bee, H. Harty & B. Barnes
Certified Public Accountants

DIBARTOLOMEO, McBEE, HARTLEY & BARNES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Management Letter

To the Chairman and Members of
The Board of Commissioners
St. Lucie County Fire District
Fort Pierce, Florida

April 2, 2010

We have audited the financial statements of the St. Lucie County Fire District, Florida for the year ended September 30, 2009, and have issued our report thereon dated April 2, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in those reports and schedule, which are dated April 2, 2010, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no findings noted in the preceding year audit.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted the following recommendations:

Prior Year

Recommendations made in the preceding annual financial audit report have been implemented as recommended or in a modified form.

2009-1

Software Reporting Functions

It was noted that staff has a much better understanding of the software and were able to manage accounts more efficiently than in prior years. However, we recommend staff continue to work with the software company to improve the overall reporting capabilities. These reports include accounts payable, fixed assets and inventory. In addition, the software company should provide standardized financial reports.

Management's Response

We agree with the auditor's comment that the reporting capabilities of the integrated financial software package needs to be improved, particularly in the areas of accounts payable, fixed assets and inventory. For example, at the end of last fiscal year the Staff Accountants had to manually track encumbrances and payables in order to ensure accuracy. We have been working with the developer to improve the quality and accuracy of these reports and will continue to do so in the future.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuses that have occurred, or are likely to have occurred, that have an effect on the determination of financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuses that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Refer to Note A in the notes to the financial statements.

- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 281.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the St. Lucie County Fire District did not meet any of the conditions described in Section 281.503(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 St. Lucie County Fire District for the fiscal year ended September 30, 2007 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, 2009. 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, applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on the representations made by management and the review of financial information provided by same.

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

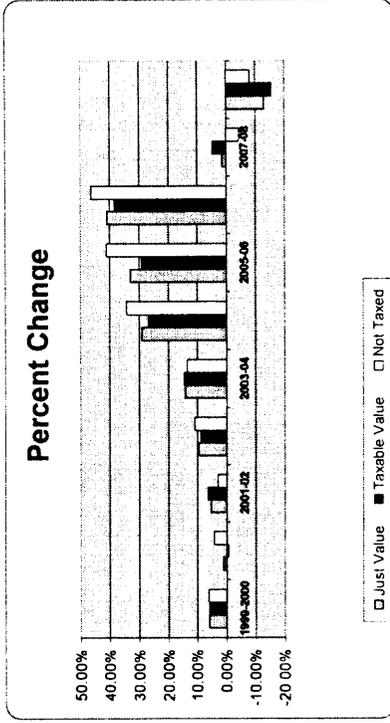
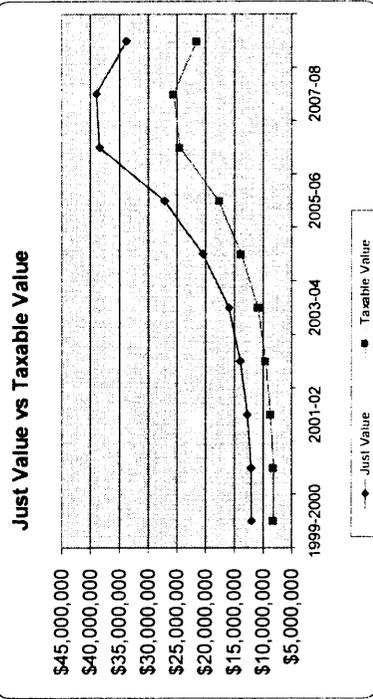
A. Bartolomeo, M. Bee, H. Harty & B. Barred
Certified Public Accountants

St. Lucie County, Florida

Assessed Valuation of Taxable Property (\$000)

Fiscal Year	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Just Value	\$ 11,919,083	\$ 12,033,413	\$ 12,692,051	\$ 13,894,816	\$ 15,858,460	\$ 20,455,728	\$ 27,196,723	\$ 38,336,599	\$ 38,864,636	\$ 33,777,285
Percent Change	5.927%	0.959%	5.473%	9.477%	14.132%	28.989%	32.954%	40.960%	1.377%	-13.090%
Minus Exemptions	\$ 3,663,314	\$ 3,801,293	\$ 3,887,533	\$ 4,056,630	\$ 4,148,218	\$ 4,920,224	\$ 6,427,822	\$ 10,835,567	\$ 9,076,759	\$ 10,157,717
Minus Value Above Cap	\$ 60,915	\$ 80,870	\$ 113,895	\$ 377,401	\$ 881,067	\$ 1,827,523	\$ 3,088,223	\$ 3,088,223	\$ 4,233,796	\$ 2,060,718
Exemptions & Value Above Cap	\$ 3,724,229	\$ 3,882,163	\$ 4,001,428	\$ 4,434,031	\$ 5,029,284	\$ 6,747,747	\$ 9,516,045	\$ 13,923,790	\$ 13,310,555	\$ 12,218,435
Percent Change	6.161%	4.241%	3.072%	10.811%	13.425%	34.169%	41.026%	46.310%	-4.401%	-8.205%
Taxable Value	\$ 8,194,854	\$ 8,151,249	\$ 8,690,623	\$ 9,460,785	\$ 10,829,175	\$ 13,707,981	\$ 17,680,679	\$ 24,412,809	\$ 25,554,081	\$ 21,558,850
Percent Change	5.821%	-0.532%	6.617%	8.862%	14.464%	26.584%	28.981%	38.076%	4.675%	-15.634%
Millage Rate	2.6726	2.6726	2.6726	2.6726	2.7806	2.7806	2.7562	2.4562	2.2000	2.2000

Sources: St. Lucie County Property Appraiser Form 403 AC

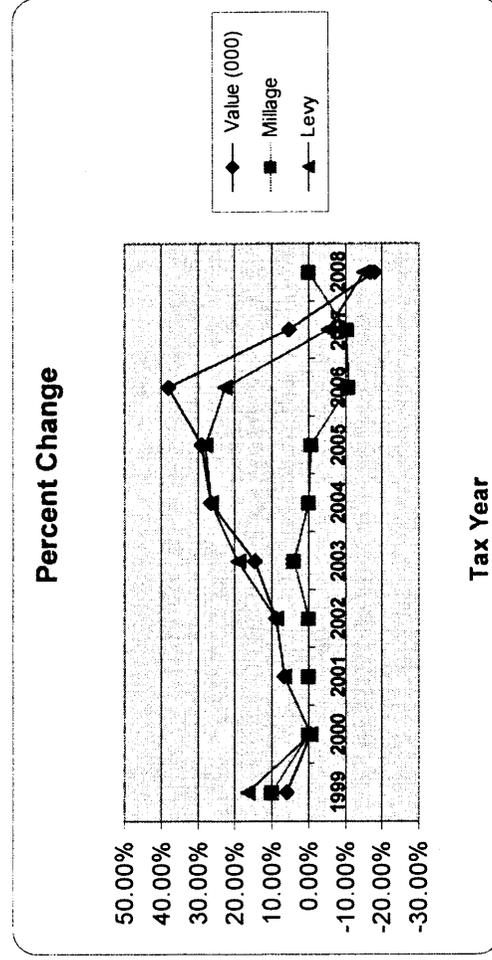


St. Lucie County Fire District, Florida

Property Tax Levies and Collections

<u>Fiscal Year</u>	<u>Tax Roll Year</u>	<u>Final Taxable Value (000)</u>	<u>Millage Rate</u>	<u>Total Levy</u>	<u>Net Collections</u>	<u>Percentage of Levy Collected</u>
1999-2000	1999	\$ 8,194,853.92	2.6726	\$ 21,901,567	\$ 20,684,592	94.44%
2000-2001	2000	\$ 8,151,249.43	2.6726	\$ 21,785,029	\$ 21,014,578	96.46%
2001-2002	2001	\$ 8,690,623.20	2.6726	\$ 23,226,560	\$ 22,491,911	96.84%
2002-2003	2002	\$ 9,460,785.48	2.6726	\$ 25,284,895	\$ 24,428,422	96.61%
2003-2004	2003	\$ 10,829,175.10	2.7806	\$ 30,111,604	\$ 29,071,439	96.55%
2004-2005	2004	\$ 13,707,980.80	2.7806	\$ 38,116,411	\$ 36,727,607	96.36%
2005-2006	2005	\$ 17,680,678.58	2.7562	\$ 48,731,486	\$ 46,688,028	95.81%
2006-2007	2006	\$ 24,412,809.79	2.4562	\$ 59,794,872	\$ 57,840,019	96.73%
2007-2008	2007	\$ 25,769,119.33	2.2000	\$ 56,555,064	\$ 54,357,808	96.11%
2008-2009	2008	\$ 21,102,192.83	2.2000	\$ 47,946,071	\$ 45,614,743	95.14%

Sources: DR 420s, DR 403ACs, and St. Lucie County Fire District Financial Records



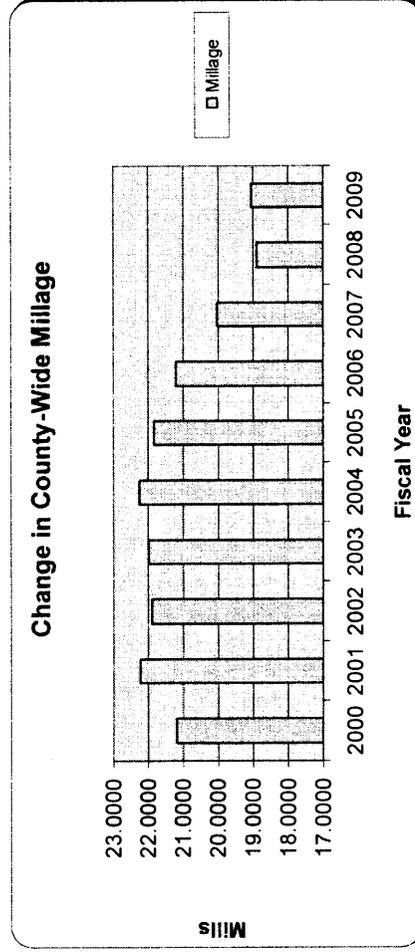
St. Lucie County, Florida Property Tax Rates

1 Mill equals \$1.00 per \$1,000 of Assessed Value

	Fiscal Year Tax Year		2001	2002	2003	2004	2005	2006	2007	2008	2009
	SLC Board of County Commissioners	2000	1999	7.6794	7.6794	7.6794	7.6794	7.5426	7.3426	6.7512	6.2576
County-Wide Millage			0.2121	0.2757	0.2757	0.2757	0.2757	0.2757	0.2200	0.2036	0.2036
Mosquito Control District			1.0541	1.0541	1.1149	1.6445	1.6321	1.6308	1.6311	1.5993	1.5993
Unincorporated Area Millage			0.4161	0.3525	0.2917	0.1620	0.1490	0.1370	0.0977	0.0920	0.0613
County-Wide Voted Debt Millage			9.0250	8.7320	8.8090	8.5830	8.3130	7.9220	7.7370	7.4900	7.6850
SLC School District			2.6726	2.6726	2.6726	2.7806	2.7806	2.7562	2.4562	2.2000	2.2000
SLC Fire District			1.1210	1.1295	1.1270	1.1270	1.1270	1.1270	1.1270	1.0443	1.0443
Other County-Wide Taxing Authorities			21.1804	21.8933	21.9703	22.2522	21.8200	21.1913	20.0202	18.8868	19.0511
Total County-Wide Millage			7.3305	7.3305	7.3305	7.8305	7.8305	6.9823	5.9823	5.9823	5.4674
City of Fort Pierce			3.9400	4.2733	4.6066	4.9399	4.6899	4.6899	4.4399	4.4399	4.2172
City of Port St. Lucie			0.9890	0.9700	0.9100	0.9000	1.0000	1.0000	1.5000	1.5000	1.3400
Town of St. Lucie Village											

Source: Offices of the St. Lucie County Property Appraiser and St. Lucie County Tax Collector

6.2576



St. Lucie County, Florida
Major Employers

Employer	Type Business	2009		2008	
		Ranking	Average Number of Employees	Ranking	Average Number of Employees
St. Lucie County School District	Educational Services	1	4,597	1	4,000
WalMart/WalMart Distribution Center	Retail Trade	2	2,790	2	2,105
Liberty Medical Supply	Healthcare Services	3	1,852	3	1,950
Indian River State College	Educational Services	4	1,547	4	1,670
State of Florida	Legislative Body	5	1,468	5	1,468
Publix Supermarkets	Retail Trade	6	1,163	6	1,311
QVC	Retail Trade	7	1,137	7	1,200
City of Port St. Lucie	Legislative Body	8	1,130	8	1,154
Lawnwood Medical Center/HCA	Healthcare	9	1,082	9	1,140
St. Lucie County Board of County Comm	Legislative Body	10	982	10	1,113
St. Lucie Medical Center	Healthcare	11	880	11	1,038
Florida Power & Light	Electric, Gas Service	12	797	12	800
Federal Government	Legislative Body	13	703	13	703
PNC Bank	Banking	14	699	14	630
Aegis Communications Group	Business Service	15	630	15	450
			105,777		111,647

Total Employed

Source: Economic Development Council of St. Lucie County
Florida Research and Economic Database (FRED)

**St. Lucie County Fire District
St. Lucie County, Florida**

Debt Service 2000 - 2009

Fiscal Year	Principal	Interest	Total
2000	\$ 667,021	\$ 52,351	\$ 719,372
2001	\$ 417,901	\$ 89,829	\$ 507,730
2002	\$ 456,508	\$ 41,397	\$ 497,905
2003	\$ 183,223	\$ 30,539	\$ 213,762
2004	\$ 334,727	\$ 60,904	\$ 395,631
2005	\$ 323,956	\$ 147,577	\$ 471,533
2006	\$ 411,406	\$ 174,365	\$ 585,772
2007	\$ 553,163	\$ 172,932	\$ 726,095
2008	\$ 565,502	\$ 141,881	\$ 707,383
2009	\$ 578,201	\$ 106,036	\$ 684,237

Debt Outstanding as of September 30, 2009

\$3,500,000 St. Lucie County Fire District Promissory Note, Series 2004

Noteholder: SunTrust Bank
Security: Covenant to budget and appropriate from legally available non-ad valorem revenues.

Fiscal Year	Principal	Interest	Total
2010	\$ 233,333	\$ 84,903	\$ 318,236
2011	\$ 233,333	\$ 75,469	\$ 308,803
2012	\$ 233,333	\$ 66,036	\$ 299,369
2013	\$ 233,333	\$ 56,602	\$ 289,935
2014 - 2018	\$ 1,166,667	\$ 141,505	\$ 1,308,172

\$1,500,000 St. Lucie County Fire District Equipment Lease #351, Series 2005

Noteholder: Riverside National Bank
Security: Covenant to budget and appropriate from legally available non-ad valorem revenues.

Fiscal Year	Principal	Interest	Total
2010	\$ 303,171	\$ 13,815	\$ 316,986
2011	\$ 155,691	\$ 2,802	\$ 158,493

Source: St. Lucie County Audited Financial Statements
Loan Documents

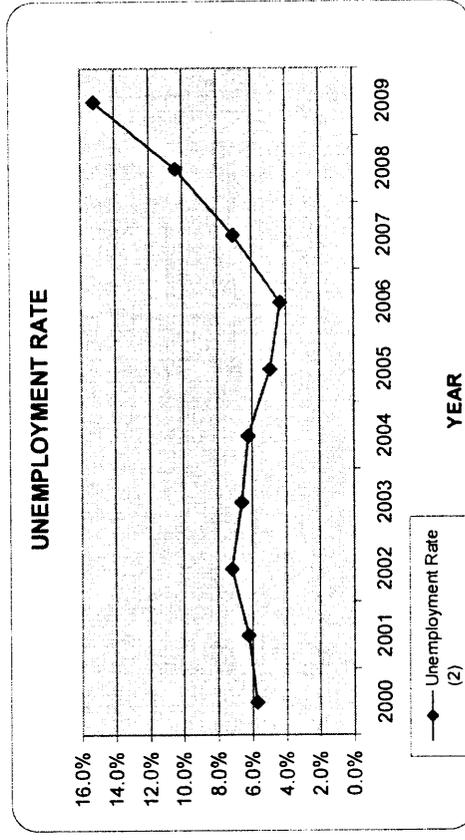
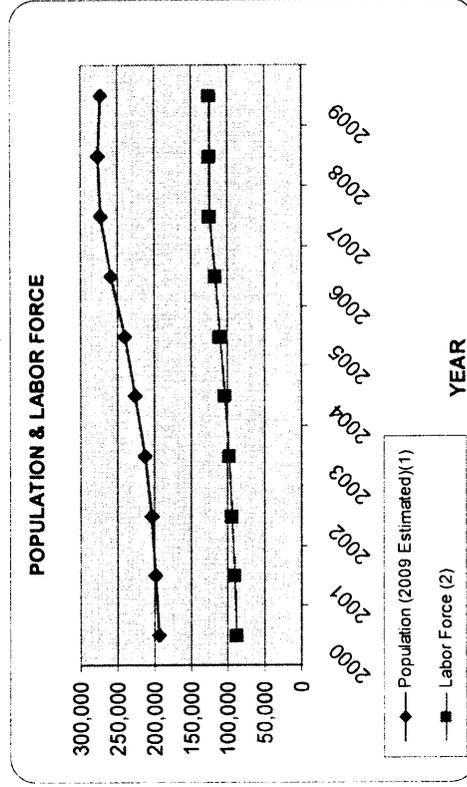
800 MHZ Communications Equipment Note Payable Series 2000

Noteholder: St. Lucie County Board of County Commissioners
Security: Interlocal Agreement to repay loan.

Fiscal Year	Principal	Interest	Total
2010	\$ 55,156	\$ 1,621	\$ 56,777

St. Lucie County, Florida Demographics

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Population (2009 Estimated)(1)	192,695	198,253	203,360	211,898	226,216	240,039	259,141	271,961	276,585	272,864
	2.3%	2.9%	2.6%	4.2%	6.8%	6.1%	8.0%	4.9%	1.7%	-1.3%
Labor Force (2)	87,455	90,694	94,718	98,347	103,802	109,959	116,655	123,657	124,630	124,671
Employed (2)	82,438	85,031	87,904	91,876	97,348	104,585	111,598	115,040	111,647	105,777
Unemployment Rate (2)	5.7%	6.2%	7.2%	6.6%	6.2%	4.9%	4.3%	7.0%	10.4%	15.2%
Median Household Income (3)	36,172	35,168	35,990	37,407	39,377	42,048	44,466	46,127	44,788	N/A
Per Capita Personal Income (3)	22,236	22,897	22,957	23,293	25,319	25,861	27,540	28,056	N/A	N/A



- 1 Florida Office of Economic and Demographic Research (EDR)
- 2 Florida Research & Economic Database (Labor Market Statistics Program)
- 3 US Department of Commerce, Bureau of Economic Analysis
- 4 University of Florida, Bureau of Economic and Business Research
- 5 US Department of Labor, Bureau of Labor Statistics