

**ST. LUCIE COUNTY FIRE DISTRICT**  
FINANCIAL STATEMENTS AND  
ACCOMPANYING INFORMATION  
Year Ended September 30, 2011

**ST LUCIE COUNTY FIRE DISTRICT**

**BOARD OF COMMISSIONERS**

September 30, 2011

Board of Commissioners:

St. Lucie County

Chris Dzadoovsky  
Frannie Hutchinson

City of Ft. Pierce

Edward Becht  
Rufus Alexander

City of Port St. Lucie

Jack Kelly, Chairman  
Shannon Martin

Governor Appointee

N/A

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# DiBartolomeo, McBee, Hartley & Barnes, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

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

April 13, 2012

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 September 30, 2011 and for the year then ended, 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 an opinion 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, 2011 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 13, 2012 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 agreements and other matters. 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 15 and page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. 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 & Barred*  
Certified Public Accountants



## **St. Lucie County Fire District, Florida Management's Discussion and Analysis For the Year Ended September 30, 2011**

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, 2010 through September 30, 2011 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 12.8% to \$74.1 million from \$84.9 million the previous fiscal year.
  - Indicator Negative
- Total Liabilities increased 2% to \$22.7 million versus 22.3 million the previous year.
  - Indicator: Neutral
- Total Net Assets decreased 18% to \$51.4 million compared to \$62.7 million the previous year.
  - Indicator Negative
- District revenue increased less than 1% to \$51.7 million compared to \$51.3 million the previous year.
  - Indicator: Neutral
- At \$60.5 million, expenditures were 3.5% less than the previous year.
  - Indicator: Positive
- At the close of the fiscal year, the District reported combined ending fund balances of \$40.4 million compared to \$49.2 million the previous year.
  - Indicator: Negative
- Revenue generated by permit and impact fees increased 13.2% to \$629,515 compared to \$555,981 the previous year.
  - Indicator Positive
- Reduced Total Debt by \$2,021,965.
  - Indicator: Positive

## **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, 2011. 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 the benefit of 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 2010 to fiscal year 2011.

Total Assets decreased by 12.7% from \$84.9 million the previous fiscal year to \$74.1 million in fiscal year 2010-2011. Most of the decrease occurred in Cash and Investments which is a result of reduced fund balances. Fund balances decrease when expenditures are greater than revenue. For example, the District paid \$1.9 million to liquidate a debt obligation which was considerably more than the fund received in impact fees.

Total Liabilities increased 2% from \$22.3 million to \$22.7 million.

Other Post Employment Benefits for fiscal year 2011 added another \$2.1 million to the total liability.

The combination of a decrease in Total Assets and an increase in Total Liability resulted in a \$11.3 million decrease in Total Net Assets. This is not a desired indicator.

ST. LUCIE COUNTY FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF: SEPTEMBER 30, 2011

	<b>Net Assets</b>		<b>Percent Change</b>
	<b>(in thousands)</b>		
	<b>Governmental Activities</b>		
	<u>2011</u>	<u>2010</u>	
Cash and Investments	\$ 40,738.0	\$ 49,541.1	-17.8%
Other Assets	\$ 2,295.0	\$ 2,328.8	-1.5%
Capital Assets (net of depreciation)	\$ 31,053.0	\$ 33,063.5	-6.1%
<b>Total Assets</b>	<b>\$ 74,086.0</b>	<b>\$ 84,933.4</b>	<b>-12.8%</b>
Current Liabilities	\$ 12,743.8	\$ 10,698.0	19.1%
Long-Term Liabilities	\$ 9,977.0	\$ 11,578.4	-13.8%
<b>Total Liabilities</b>	<b>\$ 22,720.8</b>	<b>\$ 22,276.4</b>	<b>2.0%</b>
Net assets - invested in capital, net of related debt	\$ 29,031.1	\$ 32,476.3	-10.6%
Net assets - reserved or designated	\$ 38,762.8	\$ 39,215.7	-1.2%
Net assets - unrestricted	\$ (16,428.8)	\$ (9,035.0)	81.8%
<b>Total Net Assets</b>	<b>\$ 51,365.1</b>	<b>\$ 62,657.0</b>	<b>-18.0%</b>

Reserved or designated assets are funds set aside for Accounts Payable,  
Encumbrances, other liabilities or to fund the Capital Improvement Plan.

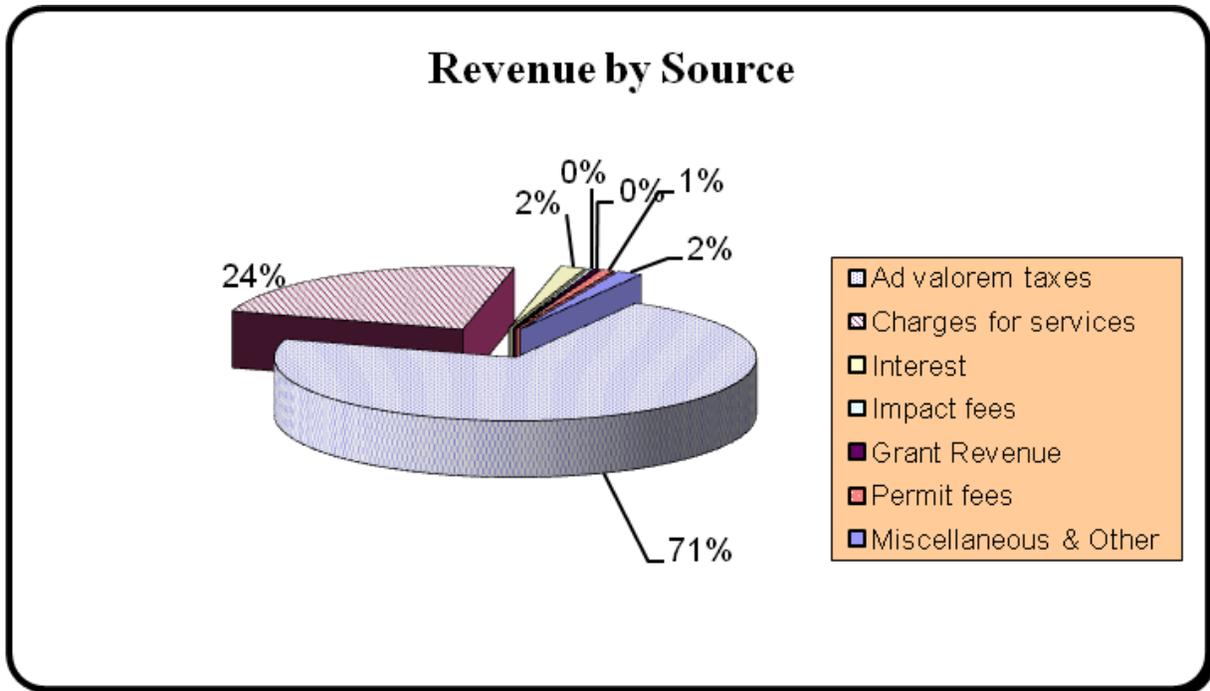
You will notice that for the past two years the Net assets unrestricted have been a negative number. This is due to the fact that the District recognizes its obligations for OPEB and compensated absences but at this time does not set aside any funding for those liabilities.

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 2010 to 2011.

**CHANGES IN FUND BALANCE**  
(in thousands)

	Governmental Activities		Percent Change
	2011	2010	
<b>EXPENDITURES</b>			
Public Safety			
Personnel, Health & Welfare	\$ 50,206.0	\$ 51,969.9	-3.4%
Operating	\$ 7,971.6	\$ 8,199.6	-2.8%
Capital outlay	\$ 190.8	\$ 1,770.3	-89.2%
Debt			
Principal	\$ 2,022.0	\$ 587.2	244.3%
Interest	\$ 67.7	\$ 100.8	-32.8%
<b>TOTAL EXPENDITURES</b>	<b>\$ 60,458.1</b>	<b>\$ 62,627.8</b>	<b>-3.5%</b>
<b>REVENUES</b>			
Ad valorem taxes	\$ 36,876.9	\$ 36,416.0	1.3%
Charges for services	\$ 12,262.4	\$ 12,228.8	0.3%
Interest	\$ 880.1	\$ 1,442.5	-39.0%
Impact fees	\$ 174.4	\$ 146.2	19.3%
Grant Revenue	\$ 159.0	\$ 125.7	26.5%
Permit fees	\$ 455.1	\$ 409.8	11.0%
Miscellaneous & Other	\$ 869.3	\$ 580.0	49.9%
<b>TOTAL REVENUE</b>	<b>\$ 51,677.2</b>	<b>\$ 51,349.0</b>	<b>0.6%</b>
<b>OTHER FINANCING SOURCES</b>			
Bonds/Notes/Leases	\$ -	\$ -	N/A
Operating transfers			N/A
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (8,780.9)</b>	<b>\$ (11,278.8)</b>	<b>-22.1%</b>
<b>FUND BALANCES</b>			
BEGINNING OF YEAR	\$ 49,173.70	\$ 60,452.49	-18.7%
END OF YEAR	\$ 40,392.80	\$ 49,173.66	-17.9%

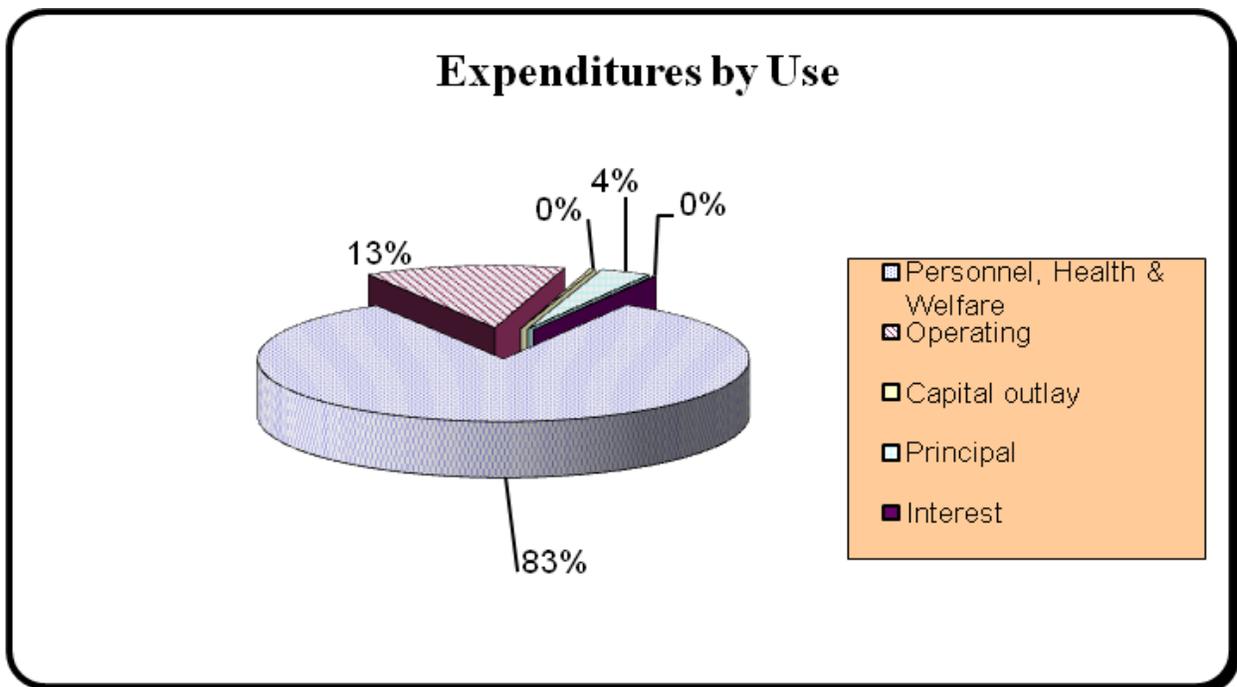
Net Change in Fund Balance – The net impact of Revenue minus Expenditures resulted in another \$8.8 million decrease in Fund Balance. This is much better than the \$11.3 million decrease in 2010. High unemployment rate and decreasing property values within St. Lucie County, although considerably less than the past three years, are making it necessary to continue using reserves to balance the budget. Those reserves were previously designated for the Capital Improvement Plan and to fund the Vehicle Replacement Program.



- Revenue
  - **Ad Valorem Taxes** – the main source of revenue for funding District operations– increased by 1.3%.
  - Revenue generated by **Permit/Inspection Fees** unexpectedly increased. The 11% increase is an indication that property and business owners are making improvements to their facilities. This is a welcome indicator after experiencing three years of negative growth.
  - **Fire/EMS Impact Fee** revenue increased 19.3%. While revenue generated by Impact Fees during fiscal year 2010-2011 are considerably less than what they were four years ago, any increase is good because it indicates new construction is taking place in St. Lucie County.

- Revenue from **Emergency Medical Service (EMS) Fees** had been growing an average of 6% each year, however for the past two fiscal years the increase has been less than 1%. As a note, the number of medical transports remained the same as well.
- Expenditures – At \$60.3 million, expenditures in fiscal year 2011 were 3.5% less than they were in fiscal year 2010. This is an indication that the District is close to the level that any further decreases will result in some loss in the level of service.

Staff anticipated a small decrease in property values when developing the 2010-2011 budget. As in the past three years, administration decided to not replace personnel lost through attrition and to reduce budgeted expenditures to a level lower than the previous fiscal year. These actions have enabled the District to use less of the reserves than anticipated to balance the budget. We are still budgeting a deficit, however, it is lower than initially forecasted.



**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.

**Analysis of Variances Budget to Actual  
(in thousands)**

	<b>General Fund</b>		
	Final Budget	Actual Amounts	Variance
<b>Revenues</b>			
Taxes	\$ 37,031.7	\$ 36,876.9	\$ (154.8)
Charges for Services	\$ 13,378.8	\$ 12,262.4	\$ (1,116.4)
Interest	\$ 1,184.1	\$ 788.0	\$ (396.1)
Excess Fees	\$ 575.0	\$ 372.3	\$ (202.7)
Miscellaneous & Other	\$ 100.0	\$ 489.3	\$ 389.3
<b>Total Revenues</b>	<b>\$ 52,269.6</b>	<b>\$ 50,788.9</b>	<b>\$ (1,480.7)</b>
<b>Expenditures</b>			
<b>Public Safety</b>			
Personnel	\$ 49,789.4	\$ 48,692.2	\$ 1,097.2
Operating	\$ 9,919.3	\$ 7,779.4	\$ 2,139.9
Capital Outlay	\$ 142.3	\$ 69.1	\$ 73.2
<b>Debt</b>			
Principal	\$ 389.0	\$ 155.7	\$ 233.3
Interest	\$ 78.3	\$ 30.0	\$ 48.3
<b>Total Expenditures</b>	<b>\$ 60,318.3</b>	<b>\$ 56,726.4</b>	<b>\$ 3,591.9</b>
<b>Excess (Deficiency) of Revenues over Expenses</b>	<b>\$ (8,048.7)</b>	<b>\$ (5,937.5)</b>	<b>\$ 2,111.2</b>

**Variances (Actual & Budget):**

- **Charges For Services:** Staff expected another slight increase in Ambulance Billing Fee revenue. This did not occur for two reasons. Billings remained relatively level and collections decreased.

- Interest Revenue: Despite constant monitoring of the District investment portfolio, interest earnings fell below expectations.
- Miscellaneous Revenue: The District sold the old fire station located at the corner of Airoso and Prima Vista Boulevards for \$334,211.
- Operating Expenditures: By keeping operating expenditures to the absolute necessities, the District was able to save another \$2.1 million. The District spent more than the revenue it received but less than anticipated. The result is that the existing reserves should fund future deficits into fiscal year 2015.
- Debt Expenditures: The District budgeted annual payments for two notes in the General Fund, however, late in the year it was decided to retire the note issued to finance the construction of the Administrative Complex using Impact Fee cash balance.
- While the chart shows budgeted revenues of \$52.3 million and budgeted expenditures of \$60.3 million, the budget is actually balanced. For the purpose of these financial statements, fund balance carried forward from one year to another and interfund transfers, both used to offset 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 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

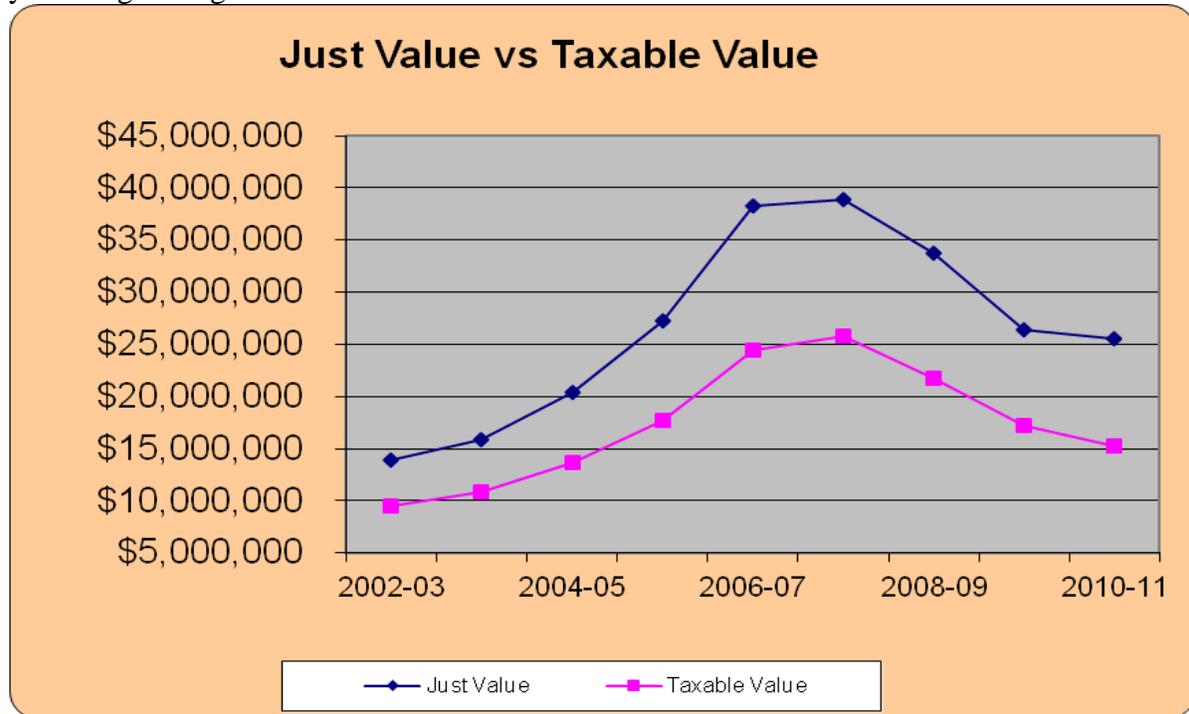
expenditures associated with supporting new development. Each fiscal year staff projects revenue and estimates the amount of time Plans Reviewers and Inspectors will spend supporting new development. This information is used to develop a Pro Forma profit and loss statement for the fund. As the amount of new construction declines the amount of time District personnel spend reviewing plans and inspecting the work also decreases. District leadership decided to transfer the inspectors to supplement field operations and close the Permit and Inspection 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. With Board approval staff used excess fund balance in the Impact Fee Fund to retire all outstanding debt related to capital improvement. At the end of fiscal year 2011 the District had no outstanding debt.

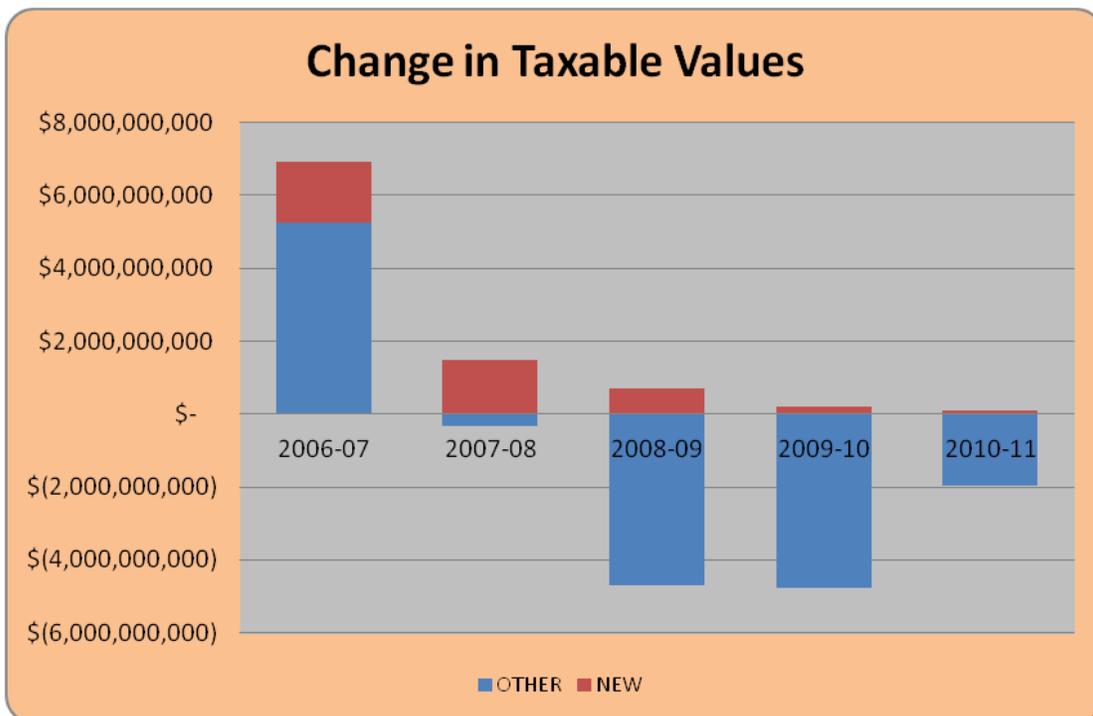
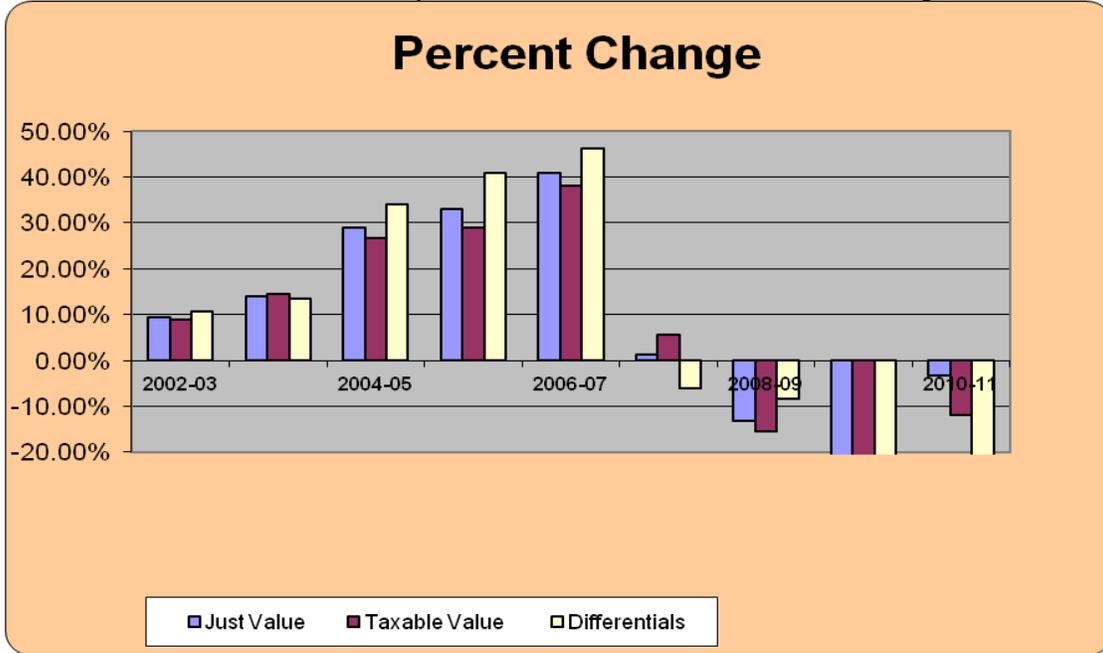
### **Future Financial Condition**

Property values as of January 1, 2011, after adjustments for additions and deletions, decreased by another 11.8%. While the decline in property values was less than the previous year – a good sign - it is still cause for concern.



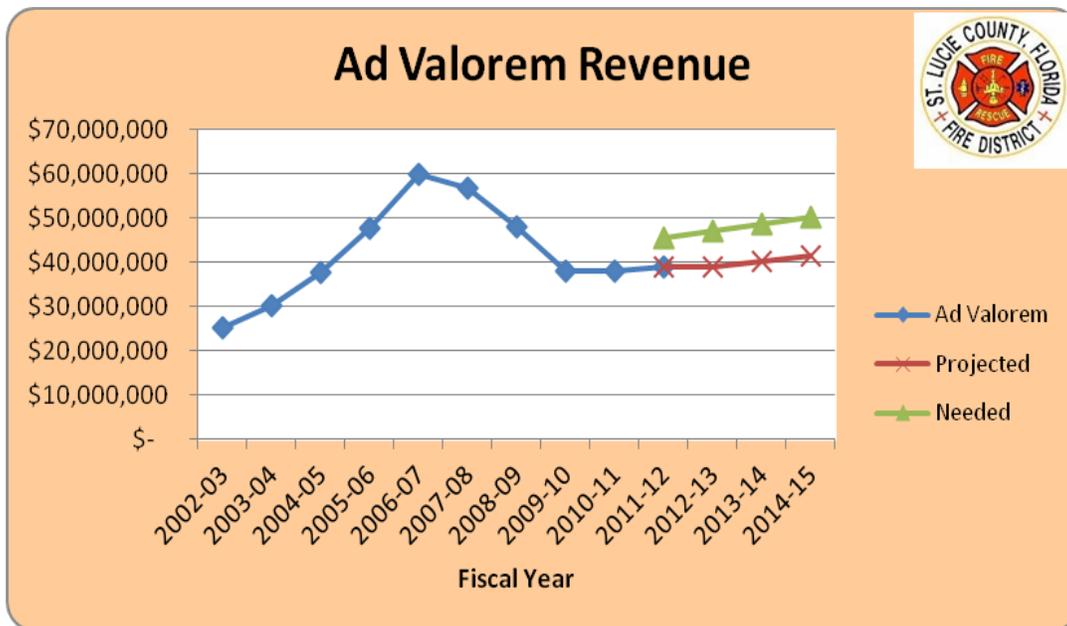
Construction of new housing in fiscal year 2010-2011 was practically non-existent. Commercial construction did a little better but nothing significant. This has had a detrimental effect on revenue from ad valorem taxes, impact fees and plans review fees.

Over the past four years the taxable value of property within St. Lucie County declined by 43.4%. During that same period, the District reduced the General Operating Budget by 23.2%. For three of the four years the Board of Commissioners kept the millage rate at 2.2000 mills. This was considerably lower than what was needed to fund operations. In



fiscal year 2010-2011 the Board imposed a millage rate equal to the rolled-back rate which yielded the same amount of revenue from ad valorem taxes as the previous fiscal year. That action helped, however the District is still budgeting a deficit.

Ad valorem revenue constitutes 66% of all revenue the District receives in the General Fund to support operations. That percentage does not include cash balance carried forward or interfund transfers from reserves. 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. 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.



The next few budget years will continue to be a challenge for the District. The combination of high unemployment, 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 2015 leaving no funds to pay for needed capital improvements and the District still facing a considerable budget shortfall.

There are signs that the economy is improving. Unemployment is edging down slowly, consumer confidence is improving, and housing inventory is decreasing. 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, 2011

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash	\$ 1,655,285
Investments	39,082,702
Accounts Receivable	
Trade Net of Allowance for Uncollectibles of \$4,409,003	1,668,037
Prepaid - Miscellaneous	6,782
Due From other	
Governmental Units	420,187
Inventory	199,957
Capital Assets:	
Non-Depreciable	1,235,617
Depreciable-net	29,817,437
<b>TOTAL ASSETS</b>	<u><u>\$ 74,086,004</u></u>
<b>LIABILITIES</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 323,308
Accrued Wages	1,568,313
Accrued Payroll Taxes & Retirement Benefits	700,341
Deferred Revenue	48,222
Net Other Post Employment Benefit Obligations	10,103,739
Long-term Liabilities	
Due Within One Year	897,930
Due After One Year	9,079,072
<b>TOTAL LIABILITIES</b>	<u><u>22,720,925</u></u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	29,031,090
Restricted	2,599,344
Designated	38,589,001
Unrestricted	(18,854,356)
<b>TOTAL NET ASSETS</b>	<u><u>\$ 51,365,079</u></u>

The accompanying notes are an integral part of this financial statement

**ST. LUCIE COUNTY FIRE DISTRICT**  
**STATEMENT OF ACTIVITIES**  
Year Ended September 30, 2011

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUES AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Governmental Activities				
General Government	\$ 62,901,336	\$ 12,262,438	\$ 158,969	\$ (50,479,929)
Interest on Long-term Debt	67,718	-	-	(67,718)
Total Governmental Activities	\$ 62,969,054	\$ 12,262,438	\$ 158,969	\$ (50,547,647)
General Revenues:				
Property Taxes				37,249,174
Permit Fees				455,065
Impact Fees				174,450
Investment Earnings				880,065
Miscellaneous				497,034
Total General Revenues				39,255,788
Change in Net Assets				(11,291,859)
Net Assets - October 1, 2010				62,656,938
Net Assets - September 30, 2011				\$ 51,365,079

The accompanying notes are an integral part of this financial statement

**ST. LUCIE COUNTY FIRE DISTRICT**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
September 30, 2011

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Cash	\$ 1,171,695	\$ 483,590	\$ 1,655,285
Investments	36,646,090	2,436,612	39,082,702
Accounts Receivable			
Trade Net of Allowance for Uncollectibles of \$4,409,003	1,668,037	-	1,668,037
Prepaid - Miscellaneous	-	6,782	6,782
Due From other Governmental Units	420,187	-	420,187
Due From other Funds	1,234,437	-	1,234,437
Inventory	199,957	-	199,957
<b>TOTAL ASSETS</b>	<b>\$ 41,340,403</b>	<b>\$ 2,926,984</b>	<b>\$ 44,267,387</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 320,706	\$ 2,602	\$ 323,308
Accrued Wages	1,538,947	29,366	1,568,313
Deferred Revenue	-	48,222	48,222
Accrued Payroll Taxes and Retirement Benefits	700,341	-	700,341
Due To other Funds	-	1,234,437	1,234,437
<b>TOTAL LIABILITIES</b>	<b>2,559,994</b>	<b>1,314,627</b>	<b>3,874,621</b>
<b>FUND EQUITY</b>			
Fund Balance:			
Nonspendable	212,501	27,128	239,629
Spendable			
Restricted	-	2,359,794	2,359,794
Committed	21,474,654	-	21,474,654
Assigned	17,075,679	38,589	17,114,268
Unassigned	17,575	(813,154)	(795,579)
<b>TOTAL FUND EQUITY</b>	<b>38,780,409</b>	<b>1,612,357</b>	<b>40,392,766</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 41,340,403</b>	<b>\$ 2,926,984</b>	<b>\$ 44,267,387</b>

The accompanying notes are an integral part of this financial statement

**ST. LUCIE COUNTY FIRE DISTRICT**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
September 30, 2011

Total Governmental Fund Balances in the Balance Sheet, Page 18	\$ 40,392,766
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	49,799,110
Less accumulated depreciation	(18,746,056)
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	
Long-term debt, postemployment benefits, and compensated absences	(20,080,741)
Net Assets of Governmental Activities, Page 16	<u><u>\$ 51,365,079</u></u>

The accompanying notes are an integral part of this financial statement

**ST. LUCIE COUNTY FIRE DISTRICT**  
**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
Year Ended September 30, 2011

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Taxes	\$ 36,876,860	\$ -	\$ 36,876,860
Charges for Services	12,262,438	-	12,262,438
Interest	787,964	92,101	880,065
Impact Fees	-	174,450	174,450
Excess Fees	372,314	-	372,314
Grant Revenue	-	158,969	158,969
Permit Fees	-	455,065	455,065
Miscellaneous	489,330	7,704	497,034
<b>TOTAL REVENUES</b>	<u>50,788,906</u>	<u>888,289</u>	<u>51,677,195</u>
<b>EXPENDITURES</b>			
Public Safety:			
Personnel, Health and Welfare	48,692,237	1,513,761	50,205,998
Operating	7,779,399	192,208	7,971,607
Capital Outlay	69,074	121,725	190,799
Debt:			
Principal	155,691	1,866,274	2,021,965
Interest	29,991	37,727	67,718
<b>TOTAL EXPENDITURES</b>	<u>56,726,392</u>	<u>3,731,695</u>	<u>60,458,087</u>
<b>EXCESS (DEFICIENCY) OF</b>			
<b>    REVENUES OVER EXPENDITURES</b>	(5,937,486)	(2,843,406)	(8,780,892)
<b>FUND BALANCES</b>			
Beginning of Year	<u>44,717,895</u>	<u>4,455,763</u>	<u>49,173,658</u>
End of Year	<u>\$ 38,780,409</u>	<u>\$ 1,612,357</u>	<u>\$ 40,392,766</u>

The accompanying notes are an integral part of this financial statement

**ST. LUCIE COUNTY FIRE DISTRICT**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2011**

Net Change in Fund Balances - Total Governmental Funds, Page 20	\$ (8,780,892)
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	2,021,964
Long-term liabilities, including notes, leases, postemployment benefits, and compensated absences	(2,522,507)
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	(2,083,392)
Provision for capitalized asset costs	72,968
Change in Net Assets of Governmental Activities, Page 17	\$ (11,291,859)

The accompanying notes are an integral part of this financial statement

**ST. LUCIE COUNTY FIRE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET TO ACTUAL – GENERAL FUND**  
Year Ended September 30, 2011

	* BUDGETARY AMOUNTS		ACTUAL AMOUNTS	ENCUMBRANCES	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL				
<b>REVENUES</b>						
Taxes	\$ 37,031,666	\$ 37,031,666	\$ 36,876,860	\$ -	\$ 36,876,860	\$ (154,806)
Charge for Services	13,378,806	13,378,806	12,262,438	-	12,262,438	(1,116,368)
Interest	1,184,110	1,184,110	787,964	-	787,964	(396,146)
Excess Fees	575,000	575,000	372,314	-	372,314	(202,686)
Grant Revenue	-	-	-	-	-	-
Permit Fees	-	-	-	-	-	-
Miscellaneous	100,000	100,000	489,330	-	489,330	389,330
<b>TOTAL REVENUES</b>	<u>52,269,582</u>	<u>52,269,582</u>	<u>50,788,906</u>	<u>-</u>	<u>50,788,906</u>	<u>(1,480,676)</u>
<b>EXPENDITURES</b>						
Public Safety:						
Personnel, Health and Welfare	49,789,431	49,789,431	48,692,237	-	48,692,237	1,097,194
Operating	9,919,278	9,919,278	7,779,399	(16,420)	7,762,979	2,139,879
Capital Outlay	142,298	142,298	69,074	(786,856)	(717,782)	73,224
Debt:						
Principal Retirement	389,025	389,025	155,691	-	155,691	233,334
Interest	78,273	78,273	29,991	-	29,991	48,282
<b>TOTAL EXPENDITURES</b>	<u>60,318,305</u>	<u>60,318,305</u>	<u>56,726,392</u>	<u>(803,276)</u>	<u>55,923,116</u>	<u>3,591,913</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ (8,048,723)</u>	<u>\$ (8,048,723)</u>	(5,937,486)	803,276	(5,134,210)	<u>\$ 2,111,237</u>
<b>FUND BALANCES</b>						
Beginning of Year			44,717,895	-	44,717,895	
Adjustments for Encumbrances			-	(803,276)	(803,276)	
End of Year			<u>\$ 38,780,409</u>	<u>\$ -</u>	<u>\$ 38,780,409</u>	

\* See Note A.

The accompanying notes are an integral part of this financial statement

**ST. LUCIE COUNTY FIRE DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
September 30, 2011

	TOTAL
<b>ASSETS</b>	
Contributions Receivable	\$ 290,155
Accounts Receivable	1,912,211
Due From Firefighters' Plan	299
Accrued Interest Income	509,889
Investments at Fair Value:	
Cash Equivalents	4,516,052
Corporate Bonds	1,540,739
Corporate Debt	28,722,644
Corporate Stocks	22,567,947
Limited Partnership	7,370,161
Mortgage-Backed Securities	6,444,007
Mutual Fund - Domestic Equities	28,232,857
Mutual Fund - Domestic Bonds	631,263
Mutual Fund - International Equities	12,566,550
Mutual Fund - Real Estate Investment Trust	7,192,707
Short-term Investments	369,667
U.S. Government Securities & Agency Obligations	18,160,576
<b>TOTAL INVESTMENTS</b>	<b>138,315,170</b>
<b>TOTAL ASSETS</b>	<b>141,027,724</b>
<b>LIABILITIES</b>	
Accounts Payable	110,494
Due to General Employees Retirement System	299
Refunds Payable	14,363
<b>TOTAL LIABILITIES</b>	<b>125,156</b>
<b>NET ASSETS</b>	
Held in Trust for Pension Benefits	<b>\$ 140,902,568</b>

The accompanying notes are an integral part of this financial statement

**ST. LUCIE COUNTY FIRE DISTRICT**  
**STATEMENT OF CHANGES IN NET ASSETS -**  
**FIDUCIARY FUNDS**  
Year Ended September 30, 2011

	TOTAL
<b>ADDITIONS</b>	
<b>Contributions</b>	
State Contribution	\$ 1,912,211
Employer Contributions	7,963,537
Employee Contributions	176,252
Participant Buy-Back	220,840
Total Contributions	10,272,840
<b>Investment Income</b>	
Net Depreciation in Fair Value of Investments	(4,820,927)
Interest and Dividends	3,368,484
	(1,452,443)
Less: Investment Expenses	(686,095)
Net Investment Loss	(2,138,538)
TOTAL ADDITIONS	8,134,302
<b>DEDUCTIONS</b>	
Benefits Paid to Participants	5,600,938
DROP Payments	35,400
Refunds on Termination	1,403
Administrative Expenses	186,669
TOTAL DEDUCTIONS	5,824,410
NET INCREASE	2,309,892
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	
Beginning of Year	138,592,676
End of Year	\$ 140,902,568

The accompanying notes are an integral part of this financial statement

# ST. LUCIE COUNTY FIRE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

September 30, 2011

### 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, 2011

**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 Funds' 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, 2011

**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, 2011

**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, 2011

### 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 Pension Funds which are the Firefighters' Pension Trust Fund and the General Employees Retirement System. 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, 2011

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to September 30, 2011, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2011. Management has performed their analysis through April 13, 2012.

Implementation of Governmental account Board Statements

Statement No. 54, Fund Balance

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement was designed to improve the usefulness of fund balance information by clarifying certain parts of the definitions of governmental fund types that have led to confusion and adversely affected the interpretation of fund balance information.

**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.

The District has implemented GASB 54 in the current year. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. This would include inventories, deposits, and prepaid items.

**ST. LUCIE COUNTY FIRE DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2011

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

Spendable Fund Balance

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that can be used only for the specific purposes that are internally imposed by a formal action of the government’s highest level of decision making authority. Commitments may be charged by the government taking the same action that imposed the constraint initially. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. This indicates that resources in these funds are, at a minimum, intended to be used for the purposes of that fund. Fund balance may be assigned by the Board of Commissioners or the fire chief, as authorized by the Commissioners.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**ST. LUCIE COUNTY FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2011

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

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL	TRUST AND AGENCY FUND
<b>Non-spendable</b>				
Encumbrances	\$ 12,544	\$ 27,128	\$ 39,672	\$ -
Employees Retirement System	-	-	-	140,902,568
Inventories	199,957	-	199,957	-
<b>Total Non-Spendable Fund Balances</b>	<b><u>\$ 212,501</u></b>	<b><u>\$ 27,128</u></b>	<b><u>\$ 239,629</u></b>	<b><u>\$ 140,902,568</u></b>
<b>Spendable</b>				
<b>Restricted</b>				
Capital Improvement	\$ -	\$ 2,334,164	\$ 2,334,164	\$ -
Operational Equipment	-	25,630	25,630	-
	<u>-</u>	<u>2,359,794</u>	<u>2,359,794</u>	<u>-</u>
<b>Committed</b>				
Unanticipated & Emergency	21,474,654	-	21,474,654	-
	<u>21,474,654</u>	<u>-</u>	<u>21,474,654</u>	<u>-</u>
<b>Assigned</b>				
Capital Improvement	11,104,604	1,502	11,106,106	-
Operations Training	-	37,087	37,087	-
Long-Term Debt	301,830	-	301,830	-
Matching Funds	352,957	-	352,957	-
Rolling Stock	3,019,290	-	3,019,290	-
Health & Worker's Comp	2,294,818	-	2,294,818	-
Retirement Expenses	2,180	-	2,180	-
	<u>17,075,679</u>	<u>38,589</u>	<u>17,114,268</u>	<u>-</u>
Unassigned	17,575	(813,154)	(795,579)	-
<b>Total Fund Balances</b>	<b><u>\$ 38,780,409</u></b>	<b><u>\$ 1,612,357</u></b>	<b><u>\$ 40,392,766</u></b>	<b><u>\$ 140,902,568</u></b>

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.

**ST. LUCIE COUNTY FIRE DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2011

**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, 2011, or with banks in which depository insurance was sufficient to cover the deposit balance. At year end, the District's carrying amount of cash was \$1,655,482 including petty cash of \$450 and the bank balance was \$1,830,787. Of the bank balance, \$250,000 was insured by federal depository insurance and \$1,580,787 was collateralized by the Florida Public Deposit Security Trust Fund.

Investments

In accordance with GASB 31 investments are stated at fair value based on per share prices. The Florida PRIME Investment Pool (LGIP) is considered to be a "2a -7 like" investment, and is accounted for at fair value for financial reporting. The Fund B however, is accounted for and reported with a fluctuating Net Asset Value (NAV). The unrecognized loss on this investment, at September 30, 2011, was \$65,664. Florida PRIME has a current rating by Standard and Poor's of AAAM 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.

Florida PRIME Fund 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 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.

Florida PRIME 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, 2011

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

As of September 30, 2011, the District had the following investments:

Pooled Investments:

	<u>Fair Value</u>
SPIA Investment Pool, with an interest rate of .23%, maturing at no set date	\$ 19,889,606
SBA Investment Pool, with an interest rate of .24%, maturing at no set date	13,487,418
FMIT Investment Pool	
1-3 year high quality bond fund	2,979,572
Intermediate high quality bond fund	2,726,106
Total Pooled Investments	<u>\$ 39,082,702</u>

The District's investments held throughout the year are principally the same investments held as of September 30, 2011. Interest income generated on the above investments, for the year ended September 30, 2011, was \$836,394.

Pension Investments:

	<u>Market Value</u>	<u>Historical Cost</u>
Corporate Bonds and Notes	\$ 36,707,390	\$ 35,872,739
U.S. Government and Federal Obligations	18,160,576	16,877,833
Marketable Equity Securities		
Common Stocks	22,567,947	26,482,692
Mutual Funds - International Equities	12,566,550	16,710,673
Mutual Funds - Domestic Equities	28,232,857	30,090,220
Mutual Funds - Real Estate Investment Trust	7,395,534	7,293,931
Mutual Funds - Domestic Bonds	631,263	664,065
Limited Partnership	7,167,334	6,814,328
Cash Equivalents	4,885,719	4,885,719
Total Pension Investments	<u>\$ 138,315,170</u>	<u>\$ 145,692,200</u>

<u>Security description</u>	<u>Years to Maturity</u>					<u>S&amp;P Rating</u>
	<u>&lt;1</u>	<u>1 - 5</u>	<u>5 - 10</u>	<u>10-20</u>	<u>&gt;20</u>	
Corporate Bonds and Notes	\$265,601	\$17,063,834	\$8,110,418	\$3,258,287	\$1,258,003	BBB - AAA
U.S. Govt. and Fed. Obligations	843	14,925,554	1,467,963	-	1,766,216	AAA
Mortgage-backed Securities	2,043,574	4,400,433	-	-	-	AAA
	<u>\$2,310,018</u>	<u>\$36,389,821</u>	<u>\$9,578,381</u>	<u>\$3,258,287</u>	<u>\$3,024,219</u>	

**ST. LUCIE COUNTY FIRE DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2011

**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 SPIA and SBA investment pools.

**ST. LUCIE COUNTY FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2011

**NOTE D – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2011:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 1,241,162	\$ -	\$ 5,545	\$ 1,235,617
Total Capital Assets, not being Depreciated:	<u>1,241,162</u>	<u>-</u>	<u>5,545</u>	<u>1,235,617</u>
Capital Assets, being Depreciated:				
Buildings and Improvements	26,312,843	108,686	46,992	26,374,537
Equipment /Ambulance Equipment	22,545,727	82,114	438,885	22,188,956
	<u>48,858,570</u>	<u>190,800</u>	<u>485,877</u>	<u>48,563,493</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(5,383,285)	634,578	46,992	(5,970,871)
Equipment /Ambulance Equipment	(11,652,969)	1,448,814	326,598	(12,775,185)
	<u>(17,036,254)</u>	<u>2,083,392</u>	<u>373,590</u>	<u>(18,746,056)</u>
TOTALS	<u>\$ 33,063,478</u>	<u>\$ (1,892,592)</u>	<u>\$ 117,832</u>	<u>\$ 31,053,054</u>

Depreciation expense in the amount of \$2,083,392 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, 2011:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
<b>Governmental Activities:</b>					
Notes and Leases Payable	\$ 2,021,964	\$ -	\$ 2,021,964	\$ -	\$ -
Compensated Absences	9,556,415	420,587	-	9,977,002	897,930
Total Governmental	<u>\$ 11,578,379</u>	<u>\$ 420,587</u>	<u>\$ 2,021,964</u>	<u>\$ 9,977,002</u>	<u>\$ 897,930</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. Vacation and sick may accumulate up to 480 and 720, respectively. Accumulated vacation and sick leave will be paid up to a maximum of 1,200 hours pursuant to current policy.

**ST. LUCIE COUNTY FIRE DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2011

**NOTE E - LONG-TERM DEBT (CONTINUED)**

Vacation and Sick Leave (continued)

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.

**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. 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. 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 \$34,339,623 for both the General and Pension Trust.

Contributions Required and Made

Firefighters of the District are required to pay 1/2% of their gross earnings to the pension plan. The District makes bi-weekly contributions to the pension plan as actuarially determined. During 2011, the District was required to contribute 26.85% for firefighters and 21.53% for non-firefighters of their gross payroll to the plan.

Total contributions made during fiscal year 2011 amounted to \$668,904 all of which were made by the District. These contributions represented 1.94% of covered payroll.

**ST. LUCIE COUNTY FIRE DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2011

**NOTE F – GENERAL EMPLOYEES RETIREMENT AND BENEFIT SYSTEM  
(CONTINUED)**

Contributions Required and Made (continued)

An actuarial valuation of the plan was performed by the Plan's actuarial consultants for the year ended September 30, 2011. 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.

**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 by the Plan's actuarial consultants. The actuarial valuation as of September 30, 2010 dated May 23, 2011, 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, 2010, 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, 2010 actuarial evaluation for the plan year ending September 30, 2011 required employer contributions of 26.85% of covered payroll. In 2011, actual contributions were \$7,477,221 (\$7,321,956 employer and \$155,265 employee).

# **ST. LUCIE COUNTY FIRE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

### **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 2010-2011 levy was based was approximately \$15.3 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, 2011 were approximately 97.56% of the total tax levied. The tax millage rate for the 2010-2011 fiscal year was 2.4839 mills.

### **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 45 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 \$196,889 for the year ended September 30, 2011.

**ST. LUCIE COUNTY FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2011

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

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:

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, and the year then ended, is as follows:

<u>FISCAL YEAR ENDING</u>	<u>ANNUAL OPEB COST</u>	<u>AMOUNT CONTRIBUTED</u>	<u>PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED</u>	<u>NET OPEB OBLIGATION</u>
9/30/2008	\$3,610,278	\$ 718,503	19.90%	\$ 2,891,772
9/30/2009	3,773,967	825,662	21.88%	5,840,081
9/30/2010	2,831,295	669,557	23.65%	8,001,819
9/30/2011	2,749,830	647,910	23.56%	10,103,739

Funded Status and Funding Progress

As of September 30, 2010, the most recent actuarial valuation date, the plan was not funded. As a result, the unfunded actuarial accrued liability (UAAL) for benefits was \$26,840,198. The covered payroll (annual payroll of active employees covered) was \$32,707,965 and the ratio of the UAAL to the covered payroll was 82.06%.

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.

**ST. LUCIE COUNTY FIRE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

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.

In the September 30, 2010 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 - 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, 2011

<b>PERSONNEL, HEALTH AND WELFARE</b>	
Firefighter Salaries	\$ 27,684,198
Insurance - Group and Worker's Compensation	4,887,804
Administration, Executive and Support Salaries	5,597,082
Retirement	8,074,466
Social Security and Medicare	2,448,687
	<hr/>
<b>TOTAL PERSONNEL, HEALTH AND WELFARE</b>	<b>48,692,237</b>
	<hr/>
<b>OPERATING</b>	
Professional Services:	
Insurance	533,595
Physical and Drug Testing	132,094
Tax Roll Fees	1,307,447
Medical Director	54,000
Auditor	45,840
Bad Debt Expense - Ambulance	1,821,578
Contractual Adjustments - Ambulance	1,521,908
Repairs and Maintenance	480,670
Medical Supplies	450,318
Utilities	300,855
Fuel	508,463
Uniforms	86,330
Office Supplies	46,369
Communication - Telephone	80,871
Housekeeping Supplies	44,636
Professional Services	4,746
Other Operating Expenses	140,540
Education and Training	192,987
Travel	19,239
Licenses, Permits and Fees	4,207
Advertising	2,706
	<hr/>
<b>TOTAL OPERATING</b>	<b>\$ 7,779,399</b>
	<hr/>

**ST. LUCIE COUNTY FIRE DISTRICT**  
SCHEDULE OF EXPENDITURES - GENERAL FUND (CONTINUED)  
Year Ended September 30, 2011

<b>CAPITAL OUTLAY</b>	
Land and Buildings	\$ 35,946
Rolling Stock	17,990
Equipment:	
Computer	5,903
Other Firefighting	9,235
<b>TOTAL CAPITAL OUTLAY</b>	<u>69,074</u>
<b>DEBT</b>	
Principal	155,691
Interest	29,991
<b>TOTAL DEBT</b>	<u>185,682</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 56,726,392</u>

**ST. LUCIE COUNTY FIRE DISTRICT**  
**COMBINING SCHEDULE PENSIONS – STATEMENT OF FIDUCIARY NET ASSETS**  
September 30, 2011

	PENSION TRUST FUND	RETIREMENT SYSTEM GENERAL EMPLOYEES	TOTAL
<b>ADDITIONS</b>			
<b>Contributions</b>			
State Contribution	\$ 1,912,211	\$ -	\$ 1,912,211
Employer Contributions	7,297,798	665,739	7,963,537
Employee Contributions	155,063	21,189	176,252
Participant Buy-Back	220,840	-	220,840
Total Contributions	<u>9,585,912</u>	<u>686,928</u>	<u>10,272,840</u>
<b>Investment Income</b>			
Net Depreciation in Fair Value of Investments	(4,534,957)	(285,970)	(4,820,927)
Interest and Dividends	3,156,361	212,123	3,368,484
	(1,378,596)	(73,847)	(1,452,443)
Less: Investment Expenses	(625,495)	(60,600)	(686,095)
Net Investment Loss	<u>(2,004,091)</u>	<u>(134,447)</u>	<u>(2,138,538)</u>
TOTAL ADDITIONS	<u>7,581,821</u>	<u>552,481</u>	<u>8,134,302</u>
<b>DEDUCTIONS</b>			
Benefits Paid to Participants	5,112,006	488,932	5,600,938
DROP Payments	35,400	-	35,400
Refunds on Termination	1,403	-	1,403
Administrative Expenses	127,154	59,515	186,669
TOTAL DEDUCTIONS	<u>5,275,963</u>	<u>548,447</u>	<u>5,824,410</u>
NET INCREASE	2,305,858	4,034	2,309,892
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>			
Beginning of Year	<u>130,262,279</u>	<u>8,330,397</u>	<u>138,592,676</u>
End of Year	<u>\$ 132,568,137</u>	<u>\$ 8,334,431</u>	<u>\$ 140,902,568</u>

## ST. LUCIE COUNTY FIRE DISTRICT

### COMBINING SCHEDULE PENSIONS – STATEMENT OF CHANGES IN NET ASSETS – FIDUCIARY FUNDS Year Ended September 30, 2011

	<u>PENSION TRUST FUND</u>	<u>RETIREMENT SYSTEM GENERAL EMPLOYEE</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Contributions Receivable	\$ 266,627	\$ 23,528	\$ 290,155
Accounts Receivable	1,912,211	-	1,912,211
Due from Firefighters' Plan	-	299	299
Accrued Interest and Dividends	484,456	25,433	509,889
Investments at Fair Value:			
Cash Equivalents	4,516,052	-	4,516,052
Corporate Bonds	-	1,540,739	1,540,739
Corporate Debt	28,722,644	-	28,722,644
Corporate Stocks	22,147,924	420,023	22,567,947
Limited Partnership	6,766,422	603,739	7,370,161
Mortgage-Backed Securities	5,984,198	459,809	6,444,007
Mutual Fund - Domestic Equities	25,844,675	2,388,182	28,232,857
Mutual Fund - Domestic Bonds	-	631,263	631,263
Mutual Fund - International Equities	11,490,166	1,076,384	12,566,550
Mutual Fund - Real Estate Investment Trust	7,192,707	-	7,192,707
Short-term Investments	-	369,667	369,667
U.S. Government Securities and Agency Obligations	17,356,044	804,532	18,160,576
<b>TOTAL INVESTMENTS</b>	<b>130,020,832</b>	<b>8,294,338</b>	<b>138,315,170</b>
<b>TOTAL ASSETS</b>	<b>132,684,126</b>	<b>8,343,598</b>	<b>141,027,724</b>
<b>LIABILITIES</b>			
Accounts Payable	101,327	9,167	110,494
Due to General Employees Retirement System	299	-	299
Refunds Payable	14,363	-	14,363
<b>TOTAL LIABILITIES</b>	<b>115,989</b>	<b>9,167</b>	<b>125,156</b>
<b>NET ASSETS</b>			
Held in Trust for Pension Benefits	<b>\$ 132,568,137</b>	<b>\$ 8,334,431</b>	<b>\$ 140,902,568</b>

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# DiBartolomeo, McBee, Hartley & Barnes, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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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 13, 2012

We have audited the financial statements of St. Lucie County Fire District (“District”) as of and for the year ended September 30, 2011, and have issued our report thereon dated April 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, Hartley & Barred*  
Certified Public Accountants

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# DiBartolomeo, McBee, Hartley & Barnes, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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## Management Letter

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

April 13, 2012

We have audited the financial statements of the St. Lucie County Fire District, Florida for the year ended September 30, 2011, and have issued our report thereon dated April 13, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in those reports, which are dated April 13, 2012, 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 did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any 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 provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. 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, 2011 filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2011. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the 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.

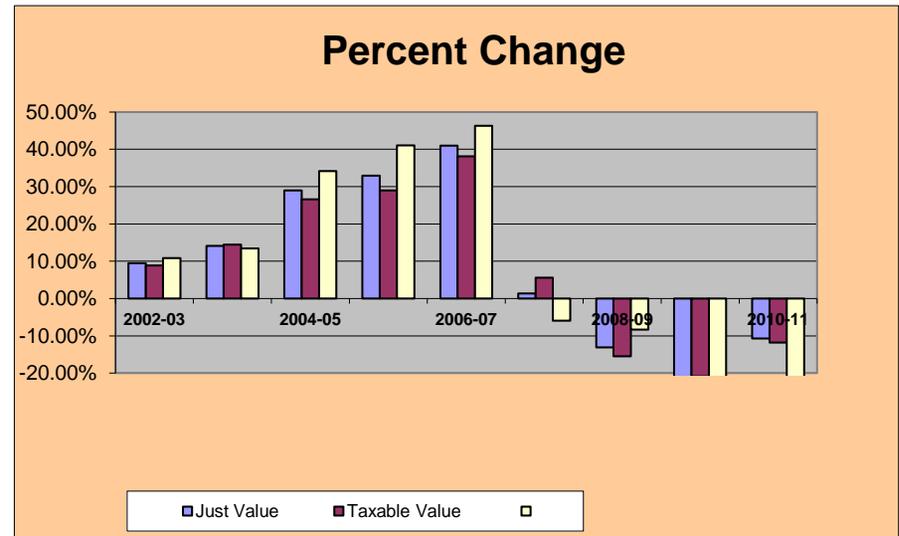
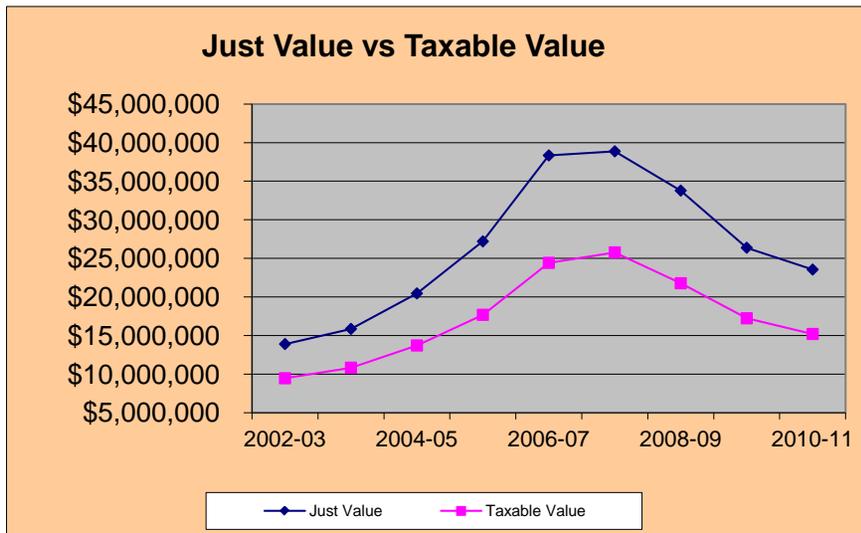
Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the 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, Hartley & Barred*  
Certified Public Accountants

**St. Lucie County, Florida**  
Assessed Valuation of Taxable Property (\$000)

Fiscal Year	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Just Value</b>	\$ 13,894,816	\$ 15,858,460	\$ 20,455,728	\$ 27,196,723	\$ 38,336,599	\$ 38,864,636	\$ 33,777,285	\$ 26,371,943	\$ 23,543,370	\$ 22,434,406
<b>Percent Change</b>	9.477%	14.132%	28.989%	32.954%	40.960%	1.377%	-13.090%	-21.924%	-10.726%	-4.710%
<b>Assessed Value</b>	\$ 11,214,945	\$ 13,153,087	\$ 17,063,387	\$ 22,389,076	\$ 31,277,197	\$ 31,838,884	\$ 21,214,395	\$ 20,844,218	\$ 20,051,452	
<b>Percent Change</b>										
<b>Minus Exemptions</b>	\$ 4,056,630	\$ 4,148,218	\$ 4,920,224	\$ 6,427,822	\$ 8,980,790	\$ 8,861,721	\$ 9,946,097	\$ 8,468,069	\$ 5,492,946	\$ 4,843,656
<b>Minus Value Above Cap</b>	\$ 377,401	\$ 881,067	\$ 1,827,523	\$ 3,088,223	\$ 4,942,999	\$ 4,233,796	\$ 2,060,718	\$ 674,074	\$ 463,457	\$ 502,537
<b>Exemptions &amp; Value Above Cap</b>	\$ 4,434,031	\$ 5,029,284	\$ 6,747,747	\$ 9,516,045	\$ 13,923,790	\$ 13,095,517	\$ 12,006,815	\$ 9,142,143	\$ 5,956,402	\$ 5,346,193
<b>Percent Change</b>	10.811%	13.425%	34.169%	41.026%	46.319%	-5.949%	-8.314%	-23.859%	-34.847%	-10.245%
<b>Taxable Value</b>	\$ 9,460,785	\$ 10,829,175	\$ 13,707,981	\$ 17,680,679	\$ 24,412,809	\$ 25,769,119	\$ 21,770,470	\$ 17,229,800	\$ 15,199,443	\$ 14,705,259
<b>Percent Change</b>	8.862%	14.464%	26.584%	28.981%	38.076%	5.556%	-15.517%	-20.857%	-11.784%	-3.251%
<b>Millage Rate</b>	2.6726	2.7806	2.7806	2.7562	2.4562	2.2000	2.2000	2.2000	2.4839	2.6500

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

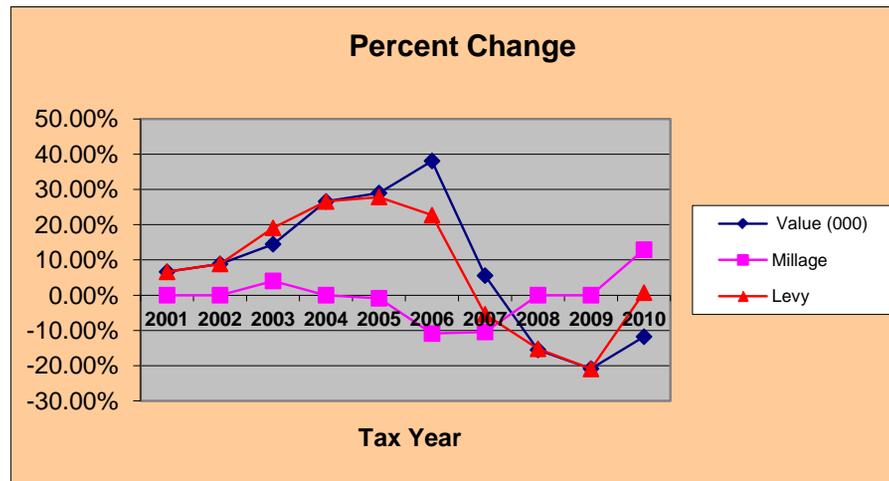


## St. Lucie County Fire District, Florida

### 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>
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	\$ 21,770,469.66	2.2000	\$ 47,946,071	\$ 45,614,743	95.14%
2009-2010	2009	\$ 17,229,800.31	2.2000	\$ 37,905,561	\$ 36,416,048	96.07%
2010-2011	2010	\$ 15,199,442.67	2.4839	\$ 38,176,975	\$ 36,876,860	96.59%

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

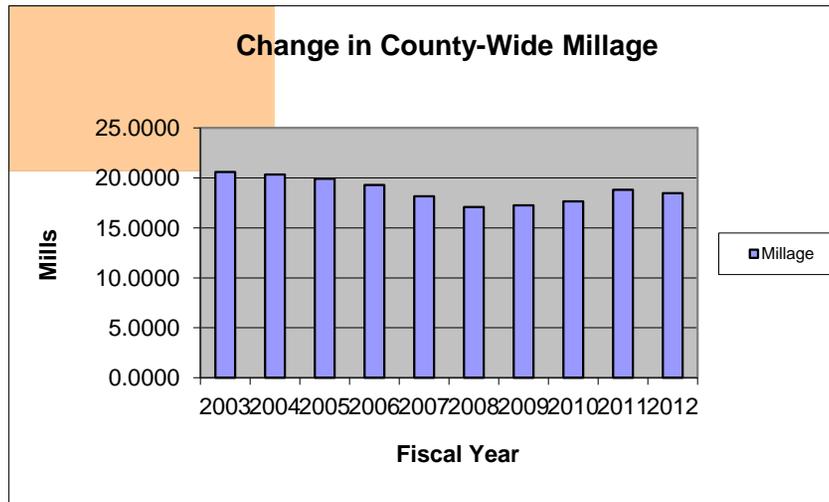


**St. Lucie County, Florida**  
Property Tax Rates

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

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Tax Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
SLC Board of County Commissioners										
County-Wide Millage	7.6794	7.6794	7.5426	7.3426	6.7512	6.2576	6.2576	6.2576	6.9331	6.9845
County-Wide Voted Debt Millage	0.2917	0.1620	0.1490	0.1370	0.0977	0.0920	0.0613	0.0613	0.0613	0.0154
SLC School District	8.8090	8.5830	8.3130	7.9220	7.7370	7.4900	7.6850	7.9760	8.1770	7.8780
SLC Fire District	2.6726	2.7806	2.7806	2.7562	2.4562	2.2000	2.2000	2.2000	2.4839	2.6500
Other County-Wide Taxing Authorities	1.1270	1.1270	1.1270	1.1270	1.1270	1.0443	1.0443	1.1457	1.1457	0.9580
<b>Total County-Wide Millage</b>	<b>20.5797</b>	<b>20.3320</b>	<b>19.9122</b>	<b>19.2848</b>	<b>18.1691</b>	<b>17.0839</b>	<b>17.2482</b>	<b>17.6406</b>	<b>18.8010</b>	<b>18.4859</b>
<b>Non-County-Wide Millage Rates</b>										
SLC Board of County Commissioners										
Mosquito Control District	0.2757	0.2757	0.2757	0.2757	0.2200	0.2036	0.2036	0.2036	0.2036	0.2036
Municipal Services Taxing Units	1.1149	1.6445	1.6321	1.6308	1.6311	1.5993	1.5993	1.5993	1.7796	1.6562
City of Fort Pierce	7.3305	7.8305	7.8305	6.9823	5.9823	5.4674	5.4674	5.4674	5.4674	5.4674
City of Port St. Lucie	4.6066	4.9399	4.6899	4.6899	4.4399	4.2172	4.2172	4.6866	5.4723	5.7289
Town of St. Lucie Village	0.9000	1.0000	1.0000	1.0000	1.5000	1.2500	1.3400	1.6100	1.6700	1.7300

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



**St. Lucie County, Florida**

Major Employers

<u>Employer</u>	<u>Type Business</u>	<b>2011</b>		<b>2010</b>		<u>Employer</u>	<u>Type Business</u>
		<u>Ranking</u>	<u>Average Number of Employees</u>	<u>Ranking</u>	<u>Average Number of Employees</u>		
St. Lucie County School District	Educational Services	1	4,597	1	4,597	St. Lucie County School District	Educational Services
WalMart/WalMart Distribution Center.	Retail Trade	2	2,105	2	2,105	WalMart/WalMart Distribution Center.	Retail Trade
St. Lucie County Board of County Comm	Legislative Body	3	1,950	3	1,950	Liberty Medical Supply	Healthcare Services
Liberty Medical Supply	Healthcare Services	4	1,670	4	1,670	Indian River State College	Educational Services
State of Florida	Legislative Body	5	1,468	5	1,468	State of Florida	Legislative Body
City of Port St. Lucie	Legislative Body	6	1,311	6	1,311	Publix Supermarkets	Retail Trade
QVC	Retail Trade	7	1,200	7	1,200	QVC	Retail Trade
Publix Supermarkets	Retail Trade	8	1,154	8	1,154	City of Port St. Lucie	Legislative Body
Lawnwood Medical Center/HCA	Healthcare	9	1,140	9	1,140	Lawnwood Medical Center/HCA	Healthcare
Indian River State College	Educational Services	10	1,113	10	1,113	St. Lucie County Board of County Comm	Legislative Body
Florida Power & Light	Electric, Gas Service	11	1038	11	1038	St. Lucie Medical Center	Healthcare
St. Lucie Medical Center	Healthcare	12	800	12	800	Florida Power & Light	Electric, Gas Service
Federal Government	Legislative Body	13	703	13	703	Federal Government	Legislative Body
Aegis Communications Group	Business Service	14	630	14	630	PNC Bank	Banking
Winn-Dixie	Retail Trade	15	450	15	450	Aegis Communications Group	Business Service
<b>Total Employed</b>			<b>106,256</b>		<b>105,777</b>		

Source: Economic Development Council of St Lucie County

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

Debt Service 2001 - 2011

Fiscal Year	Principal	Interest	Total
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
2010	\$ 587,223	\$ 100,766	\$ 687,989
2011	\$ 2,021,965	\$ 40,529	\$ 2,062,494

Debt Outstanding as of September 30, 2011

**\$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
2011	\$ 1,866,274	\$ 37,727	\$ 1,904,001
2012	\$ -	\$ -	\$ -

**This note was retired in fiscal year 2010-2011 using Impact Fees**

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

Noteholder: Riverside National Bank

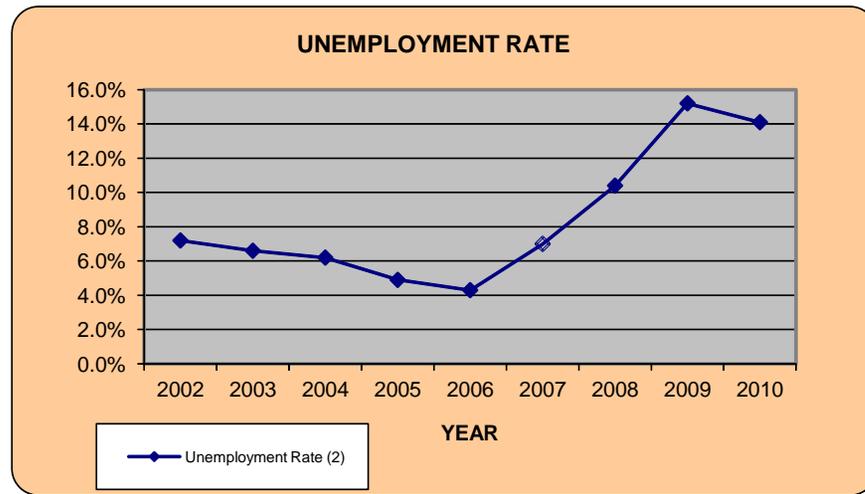
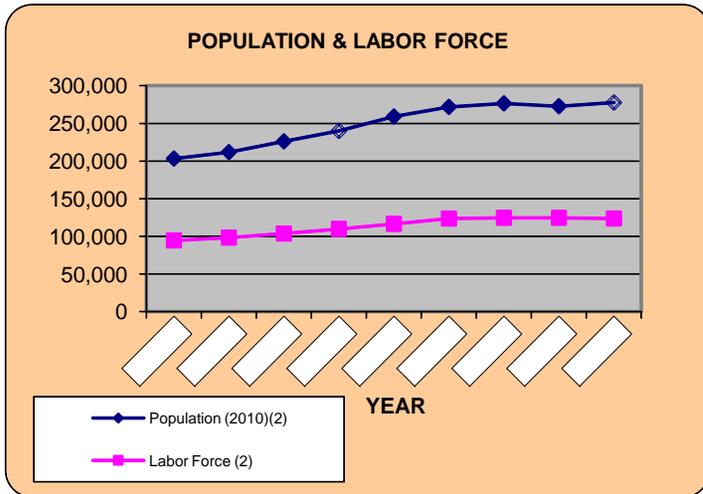
Security: Covenant to budget and appropriate from legally available non-ad valorem revenues.

Fiscal Year	Principal	Interest	Total
2011	\$ 155,691	\$ 2,802	\$ 158,493
2012	\$ -	\$ -	\$ -

Source: St. Lucie County Audited Financial Statements  
Loan Documents

## St. Lucie County, Florida Demographics

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Population (2010)(2)</b>	203,360	211,898	226,216	240,039	259,141	271,961	276,585	272,864	277,789	
	2.6%	4.2%	6.8%	6.1%	8.0%	4.9%	1.7%	-1.3%	1.8%	
<b>Labor Force (2)</b>	94,718	98,347	103,802	109,959	116,655	123,657	124,630	124,671	123,738	125,270
<b>Employed (2)</b>	87,904	91,876	97,348	104,585	111,598	115,040	111,647	105,777	106,256	110,263
<b>Unemployment Rate (2)</b>	7.2%	6.6%	6.2%	4.9%	4.3%	7.0%	10.4%	15.2%	14.1%	12.0%
<b>Median Household Income (3)</b>	35,990	37,407	39,377	42,048	44,466	46,127	44,788	N/A	N/A	N/A
<b>Per Capita Personal Income (3)</b>	22,957	23,293	25,319	25,861	27,540	28,056	29,115	29,526	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