LEHIGH ACRES FIRE CONTROL
AND RESCUE DISTRICT
LEHIGH ACRES, FLORIDA
SPECIAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2006
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INDEPENDENT AUDITOR’S REPORT

Board of Commissioners
Lehigh Acres Fire Control and Rescue District
Lehigh Acres, Florida

We have audited the special purpose financial statements of Lehigh Acres Fire Control and Rescue District, as of and for the year ended September 30, 2006, as listed in the table of contents. These financial statements are the responsibility of Lehigh Acres Fire Control and Rescue 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 Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 above present fairly, in all material respects, the financial position of Lehigh Acres Fire Control and Rescue District as of September 30, 2006, and its changes in financial position and results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 15, 2006, on our consideration of Lehigh Acres Fire Control and Rescue District’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management’s discussion and analysis and budgetary comparison information are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

November 15, 2006

MYERS, BRETHOLTZ & COMPANY, PA
As management of the Lehigh Acres Fire Control and Rescue District, we offer readers of the District’s financial statement this narrative overview and analysis of the District’s financial activities for the fiscal year ended September 30, 2006.

**INTRODUCTION**

The mission of the Fire Rescue District is to provide effective life safety and emergency services to ensure public safety and to minimize economic loss. The District performs this function through its certified fire-medical trained employee and administrative support personnel. The District responds to approximately 7,088 calls per year, with approximately 27.75% of these calls being fire related calls and 72.25% were EMS related. The District transported 3,657 patients to the area hospitals in Lee County. Lehigh Regional Medical Center received 2,258 or 62% of the patients transported. The busiest day of the week is Monday with 1,023 incidents or 15.7% of the call volume. The busiest time of the day is from 4:00PM until 7:59PM. The busiest zone of Lehigh Acres is Station 3 at 308 Gumney with 2,569 incidents of which 1,354 were EMS transports. Of those transports 347 were emergency and 1,008 being non-emergency.

In fiscal 2006, we continued to focus on three long-term financial priorities that deal with the level of service provided to the community of Lehigh Acres:

- Seek to provide the highest level of service during significant periods of growth with being fiscal responsible
- Achieve legal compliance with current employment practices and improve productivity
- Increase shareholders value

During fiscal 2006, we generated cash flows from the 3,569 EMS transports. Our cash generated for EMS transports was $1,472,776.

**Performance Measures**

<table>
<thead>
<tr>
<th></th>
<th>00-01 Actual</th>
<th>01-02 Actual</th>
<th>02-03 Actual</th>
<th>03-04 Actual</th>
<th>04-05 Actual</th>
<th>05-06 Actual</th>
<th>06-07 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Alarms</td>
<td>1,907</td>
<td>2,535</td>
<td>2,571</td>
<td>4,791</td>
<td>5,300</td>
<td>6,080</td>
<td>7,088</td>
</tr>
<tr>
<td>Fire Response Time (Minutes)</td>
<td>N/A</td>
<td>4.86</td>
<td>4.43</td>
<td>4.51</td>
<td>4.75</td>
<td>4.95</td>
<td>5.2</td>
</tr>
<tr>
<td>Fire Alarms</td>
<td>235</td>
<td>357</td>
<td>337</td>
<td>454</td>
<td>547</td>
<td>575</td>
<td>686</td>
</tr>
<tr>
<td>EMS % Calls</td>
<td>63.97%</td>
<td>62.64%</td>
<td>68.53%</td>
<td>77.54%</td>
<td>72.72%</td>
<td>75.74%</td>
<td>72.25%</td>
</tr>
</tbody>
</table>

**Forward-Looking Statements**

This Management’s Discussion and Analysis of Financial Condition and Results of Operations for the Lehigh Acres Fire Control and Rescue District contains forward-looking statements regarding future events and our future results that are based on current expectations, estimates, forecasts, and projections about the District in which we operate and the beliefs and assumptions of our management. This discussion and analysis are intended to serve as an introduction to the District’s basic financial statements.
LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
Management’s Discussion and Analysis
September 30, 2006

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the District’s case, assets exceeded liabilities by $9,480,264 as of the fiscal year ended on September 30, 2006.

The District’s capital assets represent investments in land, buildings and improvements and equipment. The District uses these capital assets to provide services to its citizens and property owners, consequently, these assets are not available for future spending. The District’s investment in its capital assets is reported net of related debt. It should be noted that the District has an outstanding debt of $8,936,190.

The unrestricted category of net assets, with a balance of $1,895,901 at year end, may be used to meet the District’s ongoing obligations to citizens and creditors and is shown in the following schedule:

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities 2006</th>
<th>Governmental Activities 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$13,758,959</td>
<td>$2,880,036</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>4,851,535</td>
<td>3,631,858</td>
</tr>
<tr>
<td>Total Assets</td>
<td>18,610,494</td>
<td>6,511,894</td>
</tr>
<tr>
<td>Long-term Liabilities</td>
<td>8,936,190</td>
<td>690,273</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>194,040</td>
<td>234,535</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>9,130,230</td>
<td>924,808</td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in Capital Assets, net of related debt</td>
<td>(4,098,366)</td>
<td>2,324,352</td>
</tr>
<tr>
<td>Restricted for Impact Fee</td>
<td>3,683,352</td>
<td>2,757,025</td>
</tr>
<tr>
<td>Designated for Capital Improvements</td>
<td>7,999,377</td>
<td>0</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,895,901</td>
<td>505,709</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$9,480,264</td>
<td>$5,587,086</td>
</tr>
</tbody>
</table>

At the end of the last fiscal year, the District is able to report positive balances in all of its categories of net assets. The District’s net assets increased by $3,893,178 during the current fiscal year.

Governmental activities. As the District has no business-type activities, governmental activities were responsible for increasing the District’s net assets. The increase is primarily attributed to an increase in property tax revenue.
LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
Management’s Discussion and Analysis
September 30, 2006

Change in Net Assets

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities 2006</th>
<th>Governmental Activities 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Assessments</td>
<td>$12,000,298</td>
<td>$6,440,795</td>
</tr>
<tr>
<td>Impact Fees</td>
<td>2,514,585</td>
<td>2,429,473</td>
</tr>
<tr>
<td>Inspection Fees</td>
<td>54,307</td>
<td>50,549</td>
</tr>
<tr>
<td>Ambulance Fees</td>
<td>1,472,776</td>
<td>859,549</td>
</tr>
<tr>
<td>Interest</td>
<td>203,438</td>
<td>63,972</td>
</tr>
<tr>
<td>Grants</td>
<td>96,237</td>
<td>25,000</td>
</tr>
<tr>
<td>Other Governmental Revenue</td>
<td>75,597</td>
<td>110,437</td>
</tr>
<tr>
<td>Other</td>
<td>23,245</td>
<td>41,127</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>16,440,473</td>
<td>10,021,211</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Services</td>
<td>9,439,073</td>
<td>6,510,500</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>2,610,124</td>
<td>1,212,735</td>
</tr>
<tr>
<td>Interest on Long Term Debt</td>
<td>10,468</td>
<td>30,571</td>
</tr>
<tr>
<td>Depreciation</td>
<td>487,630</td>
<td>413,643</td>
</tr>
<tr>
<td>Loss on Disposal of Assets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>12,547,295</td>
<td>8,167,449</td>
</tr>
<tr>
<td>Increase in Net Assets</td>
<td>3,893,178</td>
<td>1,853,762</td>
</tr>
<tr>
<td>Net Assets - October 1, 2004 and 2005</td>
<td>5,587,086</td>
<td>3,733,324</td>
</tr>
<tr>
<td>Net Assets - September 30, 2005 and 2006</td>
<td>$9,480,264</td>
<td>$5,587,086</td>
</tr>
</tbody>
</table>
LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
Management’s Discussion and Analysis
September 30, 2006

Financial Analysis of the District’s Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District’s governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The general fund is the District’s chief operating fund. At the end of the current fiscal year unreserved fund balance of the general fund was $2,554,713, while total fund balance was $14,237,442. As a measure of the general fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 5% of total general fund expenditures.

The fund balance for the general fund increased $10,649,163 during the current fiscal year. Key factors in these increases are as follows:

- Due primarily to increase in impact fees.
- Property tax increase over previous year.

General Fund Budgetary Highlights

An annual budget was legally adopted for the general fund in 2006. Revenues were under budgeted by $2,100,047 thereby increasing the fund balance. Property assessments, representing 73% of the District’s revenue, increased by $5,559,503 over the previous year.

Fiscal Year 2004 Budget – General Fund

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>$ 6,038,936</td>
<td>$ 7,940,028</td>
<td>$ 1,901,092</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>6,934,766</td>
<td>7,738,523</td>
<td>(803,757)</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>$(895,830)</td>
<td>$ 201,505</td>
<td>$ 1,097,335</td>
</tr>
</tbody>
</table>

Fiscal Year 2005 Budget – General Fund

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>$ 8,022,755</td>
<td>$10,034,633</td>
<td>$ 2,011,878</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>9,665,285</td>
<td>8,767,070</td>
<td>898,215</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>$(1,642,530)</td>
<td>$ 1,267,563</td>
<td>$ 2,910,093</td>
</tr>
</tbody>
</table>
LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
Management's Discussion and Analysis
September 30, 2006

Fiscal Year 2006 Budget – General Fund

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>$22,347,146</td>
<td>$24,447,193</td>
<td>$2,100,047</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>25,130,751</td>
<td>13,728,415</td>
<td>11,327,336</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>($2,783,605)</td>
<td>$10,718,778</td>
<td>$13,427,383</td>
</tr>
</tbody>
</table>

![Budget Revenues Graph]

3 Year Comparison

![Budget Expenditures Graph]

3 Year Comparison
CAPITAL ASSETS

At the end of 2006 the District’s investment in capital assets for its governmental activities was $4,179,012 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements and equipment.

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$119,327</td>
<td>$119,327</td>
<td>$119,327</td>
</tr>
<tr>
<td>Construction In Progress</td>
<td>396,905</td>
<td>32,864</td>
<td>--</td>
</tr>
<tr>
<td>Buildings</td>
<td>1,242,698</td>
<td>1,242,697</td>
<td>1,219,113</td>
</tr>
<tr>
<td>Equipment &amp; Furniture</td>
<td>1,418,248</td>
<td>1,175,974</td>
<td>1,079,569</td>
</tr>
<tr>
<td>Improvements other than Buildings</td>
<td>91,815</td>
<td>91,816</td>
<td>57,973</td>
</tr>
<tr>
<td>Vehicles</td>
<td>4,626,714</td>
<td>3,263,263</td>
<td>2,879,291</td>
</tr>
<tr>
<td>Total Capital Assets</td>
<td>7,895,707</td>
<td>5,925,941</td>
<td>5,355,273</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>(3,716,694)</td>
<td>(3,236,862)</td>
<td>(2,869,269)</td>
</tr>
<tr>
<td>Total Capital Assets, Net</td>
<td>$4,179,013</td>
<td>$2,689,079</td>
<td>$2,486,004</td>
</tr>
</tbody>
</table>

Depreciation expense for the years ended September 30, 2006, 2005 and 2004, was $487,630, $413,643 and $384,805, respectively.
LONG TERM LIABILITIES

At the end of fiscal year 2006, the District had a total long term debt consisting of compensated absences, Stations 4 and 5, Retiree’s Insurance and a capital lease payable in the amount of $8,936,190.
LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
Management’s Discussion and Analysis
September 30, 2006

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The District’s Board of Commissioners approved a $36,289,863 budget for the 2006-2007 fiscal year. This is a 43% increase over last year’s total operation expenditures which includes the following additional staff and capital expenditures.

2006-2007 BUDGET HIGHLIGHTS

.1100 Employee Salaries
   1110  1 Assistant Chief
   1120  1 Tradesperson
   1120  18 Line Employees

.1200 Employee Benefits
   1230 Long Term Disability Insurance

.3340 Contract Services
   3342 LLW Manual

.3440 Rentals
   3440 Prevention Office
   3440 Administration Office
   3440 2 Temporary Stations

.3460 Maintenance
   3461 Tradesperson
   3464 Lawn Service
   3464 CRS Technology

.3490 Other Current Chgs and Obligations
   3492 Training In House FO1 Classes
   3492 Paramedic and Fire School

.3520 Operating Expenses
   3524 Uniform Shirts for Employees
   3524 Uniforms for 18 New Line Employees
   3529 Health Stream Online CEU Program
LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
Management’s Discussion and Analysis
September 30, 2006

.6600 Capital Outlay

6440  Thermal Imaging Camera
      Telestaff
      New MAKO System
      LifePak 12 Upgrades

6642  Tradesperson Vehicle
      Assistant Chief Vehicle
      New Bay at Station 3
      USAR Equipment
      Auto Pulse x 6

6643  12 Laptop Toughbooks
      10 Panasonic Tablets

6644  Administration Office
      Temporary Stations

6645  Ambulance – replacement
      Ambulance – replacement
      Engine – replacement
      Quint

6650  Construction in Progress

9900 Reserves

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances for the District’s residents and creditors. Questions concerning this report or requests for additional financial information should be directed to:

Donald Adams, Sr., Fire Chief
1000 Joel Blvd.
Lehigh Acres, FL 33972
239-344-1600
LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006

ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>General Fund</th>
<th>Adjustments (Note 3)</th>
<th>Statement of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (including restricted cash of $7,999,377)</td>
<td>$13,758,959</td>
<td>$</td>
<td>$13,758,959</td>
</tr>
<tr>
<td>Accounts receivable (net of allowance for uncollectible accounts)</td>
<td>71,119</td>
<td>-</td>
<td>71,119</td>
</tr>
<tr>
<td>Property taxes receivable</td>
<td>112,749</td>
<td>-</td>
<td>112,749</td>
</tr>
<tr>
<td>Impact fees receivable</td>
<td>487,330</td>
<td>-</td>
<td>487,330</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>1,325</td>
<td>-</td>
<td>1,325</td>
</tr>
<tr>
<td>Capital assets not being depreciated</td>
<td>-</td>
<td>516,232</td>
<td>516,232</td>
</tr>
<tr>
<td>Capital assets being depreciated (net of accumulated depreciation of $3,236,862)</td>
<td>-</td>
<td>3,662,780</td>
<td>3,662,780</td>
</tr>
<tr>
<td>Total assets</td>
<td>$14,431,482</td>
<td>4,179,012</td>
<td>18,610,494</td>
</tr>
</tbody>
</table>

LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>General Fund</th>
<th>Adjustments (Note 3)</th>
<th>Statement of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$ 73,013</td>
<td>-</td>
<td>73,013</td>
</tr>
<tr>
<td>Accrued payroll</td>
<td>121,027</td>
<td>-</td>
<td>121,027</td>
</tr>
<tr>
<td>Long-term liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due within one year</td>
<td>-</td>
<td>631,200</td>
<td>631,200</td>
</tr>
<tr>
<td>Due after one year</td>
<td>-</td>
<td>8,304,990</td>
<td>8,304,990</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>194,040</td>
<td>8,936,190</td>
<td>9,130,230</td>
</tr>
</tbody>
</table>

FUND BALANCE/NET ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>General Fund</th>
<th>Adjustments (Note 3)</th>
<th>Statement of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund balance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted for impact fees</td>
<td>3,683,352</td>
<td>(3,683,352)</td>
<td>-</td>
</tr>
<tr>
<td>Designated for capital improvements</td>
<td>7,999,377</td>
<td>(7,999,377)</td>
<td>-</td>
</tr>
<tr>
<td>Unreserved, undesignated</td>
<td>2,554,713</td>
<td>(2,554,713)</td>
<td>-</td>
</tr>
<tr>
<td>Total fund balance</td>
<td>14,237,442</td>
<td>(14,237,442)</td>
<td>-</td>
</tr>
</tbody>
</table>

| Total liabilities and fund balance   |              |                      |                         |
|                                      | $14,431,482  |                      |                         |

Net Assets:

<table>
<thead>
<tr>
<th>Description</th>
<th>General Fund</th>
<th>Adjustments (Note 3)</th>
<th>Statement of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>(4,098,366)</td>
<td>(4,098,366)</td>
<td></td>
</tr>
<tr>
<td>Restricted for impact fees</td>
<td>3,683,352</td>
<td></td>
<td>3,683,352</td>
</tr>
<tr>
<td>Designated for capital improvements</td>
<td>7,999,377</td>
<td></td>
<td>7,999,377</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,895,901</td>
<td></td>
<td>1,895,901</td>
</tr>
<tr>
<td>Total net assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$9,480,264</td>
<td></td>
<td>$9,480,264</td>
</tr>
</tbody>
</table>

---

Read Independent Auditor's Report.
The accompanying notes are an integral part of the financial statements.
LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>General Fund</th>
<th>Adjustments (Note 3)</th>
<th>Statement of Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property taxes</td>
<td>$12,000,298</td>
<td>$</td>
<td>$12,000,298</td>
</tr>
<tr>
<td>Interest</td>
<td>203,428</td>
<td>-</td>
<td>203,428</td>
</tr>
<tr>
<td>Impact fees</td>
<td>2,514,585</td>
<td>-</td>
<td>2,514,585</td>
</tr>
<tr>
<td>Inspection fees</td>
<td>54,307</td>
<td>-</td>
<td>54,307</td>
</tr>
<tr>
<td>Ambulance fees</td>
<td>1,472,776</td>
<td>-</td>
<td>1,472,776</td>
</tr>
<tr>
<td>Grants</td>
<td>96,237</td>
<td>-</td>
<td>96,237</td>
</tr>
<tr>
<td>Other governmental revenue</td>
<td>75,597</td>
<td>-</td>
<td>75,597</td>
</tr>
<tr>
<td>Construction loan proceeds</td>
<td>8,000,000</td>
<td>(8,000,000)</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>29,965</td>
<td>(6,720)</td>
<td>23,245</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>24,447,193</strong></td>
<td><strong>(8,006,720)</strong></td>
<td><strong>16,440,473</strong></td>
</tr>
</tbody>
</table>

EXPENDITURES/EXPENSES

Current:
- Personnel services: 9,105,808 333,265 9,439,073
- Materials and supplies: 2,610,124 - 2,610,124
- Depreciation: - 487,630 487,630

Debt service:
- Principal on long-term debt: 87,349 (87,349) -
- Interest on long-term debt: 10,468 - 10,468

Capital outlay: 1,984,281 (1,984,281) -

**Total expenditures/expenses** 13,798,030 (1,250,735) 12,547,295

Excess of revenues over expenditures: 10,649,163 (10,649,163) -
Change in net assets: 3,893,178 3,893,178

Fund balance/net assets - October 1, 2005: 3,588,279 1,998,807 5,587,086

Fund balance/net assets - September 30, 2006: $14,237,442 $(4,757,178) $9,480,264

Read Independent Auditor's Report.
The accompanying notes are an integral part of the financial statements.
NOTE 1 - DESCRIPTION

The Lehigh Acres Fire Control and Rescue District (the “District”) is a local governmental unit created by the State of Florida Legislature under Chapter 63-1546, Laws of Florida to provide fire protection and rescue services to a certain prescribed area in Lehigh Acres, Florida. The District is funded primarily by taxes and is operated by a five-person Board of Commissioners (the “Commissioners”).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements conform to generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board (“GASB”) and other recognized authoritative sources. The more significant accounting policies are described below.

Reporting Entity

GASB requires funds and account groups of agencies, boards, and authorities that are controlled by, or are dependent on, the District to be included in its financial statements. In determining the agencies, boards, or authorities to be included in the annual financial report, the District considered the following criteria: oversight responsibility, including financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public services, and special financing relationships. Control by, or dependence on, the District has been determined and, as a result, no other agencies are included in the District’s financial statements since the District exercises no manifestations of oversight, nor is any agency’s activity for the benefit of the District.

Government-wide and Fund Financial Statements

The District has implemented GASB Statement 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments” and related subsequent statements. These statements established new financial reporting requirements for state and local governments throughout the United States.

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not currently have any business-type activities.

The District has one fund as follows:

General fund - The general fund is the principal fund used to account for all activities of the District.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured, and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District’s government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The District’s governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.” The District considers property taxes and impact fees as available if they are collected within 60 days after year end. All other governmental fund revenues are recognized when received. Expenditures are generally recorded when obligations are incurred, or when benefits are received.

Cash and Cash Equivalents

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

As of September 30, 2006, cash consisted of a demand deposit account which is stated at cost. Cost approximates market value.

Investments can legally consist of repurchase agreements, US Government securities, certificates of deposit, and savings accounts. As of September 30, 2006, investments consisted of money market accounts which are stated at cost. Cost approximates market value. These amounts are included within cash and cash equivalents on the Governmental Fund Balance Sheet/Statement of Net Assets.

All depositories are banks designated by the State Treasurer as qualified public depositories. As of September 30, 2006, these accounts were fully insured under Chapter 280 of the Florida Statutes.

As of September 30, 2006, the District was in compliance with Chapter 218.415 of the Florida Statutes regarding local government investment policies.

Reserved Fund Balance/Restricted Net Assets

Reserved fund balance/restricted net assets as of September 30, 2006, consisted of amounts reserved for impact fees, as further discussed in Note 9.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets

Donations are valued at their fair market value at the date the donation is made. During the current year the District received $1,901 in donations.

Capital Assets

The District capitalizes purchases of $500 or more. Capital assets are recorded at cost. Expenditures for maintenance, repairs, and minor renewals are expensed as incurred. Major renewals and enhancements are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>10 - 50 years</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>15 - 50 years</td>
</tr>
<tr>
<td>Equipment and furniture</td>
<td>5 - 20 years</td>
</tr>
<tr>
<td>Vehicles</td>
<td>6 years</td>
</tr>
</tbody>
</table>

Long-Term Liabilities

In the government-wide financial statements accrued liabilities for capital lease payments for vehicles and compensated absences have been recorded. Pursuant to NCGA Statement 4, the District accumulates and records a contingent liability for compensated absences accrued by employees. Vacation leave is based on the calendar year. A maximum of four vacation days may be carried over to the next calendar year. Unused vacation leave as of September 30, 2006, had been accrued as a contingent liability in the amount of $316,082.

During the fiscal year ended September 30, 1993, the District revised its policy regarding sick leave. Under the new policy accrued sick leave as of April 1993 was converted into a sick leave closeout “bank”. Upon retirement, an employee will receive payment equal to one half the hours in the “bank” at the rate of pay at retirement. All future sick leave earned by employees will accrue without monetary value. In the event of prolonged illness, an employee may use hours from the “bank”. However, these hours may not be replaced. During the fiscal year ended September 30, 2006, the District amended the policy to allow the unused sick time to be paid out each year or accrued into the bank. Sick leave is based on a calendar year. The total amount accrued as a contingent liability for sick leave at year-end was $263,908.

Retirement Plan

Members and employees of the District participate in retirement plans of the State of Florida, administered by the Department of Administration, Division of Retirement. These plans require contributions based upon the individual’s employment level as further discussed in Note 7.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

In the governmental fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Unreserved, undesignated fund balance of the general fund is the portion of fund equity available for any lawful use.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet was adjusted to include the recognition of capital assets (net of accumulated depreciation) and long-term liabilities. Net assets as of October 1, 2005, are reconciled as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund balance - October 1, 2005</td>
<td>$3,588,279</td>
</tr>
<tr>
<td>Reclassification of capital assets and recording</td>
<td></td>
</tr>
<tr>
<td>of accumulated depreciation</td>
<td>2,689,080</td>
</tr>
<tr>
<td>Reclassification of long-term liabilities</td>
<td>(690,273)</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>1,998,807</td>
</tr>
<tr>
<td>Net assets - October 1, 2005</td>
<td>$5,587,086</td>
</tr>
</tbody>
</table>

In addition, the excess of revenues over expenditures for the year ended September 30, 2006, is reconciled as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of revenues over expenditures</td>
<td>$10,649,163</td>
</tr>
<tr>
<td>Loss on disposal of capital assets</td>
<td>(6,720)</td>
</tr>
<tr>
<td>Change in compensated absences</td>
<td>(254,444)</td>
</tr>
<tr>
<td>Change in retiree's insurance liability</td>
<td>(78,821)</td>
</tr>
<tr>
<td>Reclassification of capital asset purchases</td>
<td>1,984,281</td>
</tr>
<tr>
<td>Reclassification of principal proceeds on long-term liabilities</td>
<td>(8,000,000)</td>
</tr>
<tr>
<td>Reclassification of principal payments on long-term liabilities</td>
<td>87,349</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(487,630)</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>(6,755,985)</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$3,893,178</td>
</tr>
</tbody>
</table>
NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of September 30, 2006.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambulance user fees</td>
<td>$846,931</td>
</tr>
<tr>
<td>Suppression fees</td>
<td>$8,397</td>
</tr>
<tr>
<td>Less: allowance for uncollectible accounts</td>
<td>$(784,209)</td>
</tr>
<tr>
<td></td>
<td>$71,119</td>
</tr>
</tbody>
</table>

The allowance for uncollectible accounts is computed based on historical experience rates.

NOTE 5 - PROPERTY TAXES

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the tax roll is certified by the County Property Appraiser, and become delinquent on April 1 of the following year. The County Tax Collector mails to each property owner on the tax roll a notice of taxes levied by the various governmental entities in the County. A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percent each month thereafter. Tax certificates for the full amount of any unpaid taxes and assessments must be sold no later than June 1 of each year at which time a lien attaches to the property.

As of September 30, 2006, property taxes receivable were $112,749.
NOTE 6 - CHANGES IN CAPITAL ASSETS

Capital assets are recorded in the government-wide financial statements at historical cost or estimated historical cost if actual historical cost is not available. A summary of changes for the year is as follows:

<table>
<thead>
<tr>
<th>Balance</th>
<th>Additions</th>
<th>Deletions</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets not being depreciated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$119,327</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>32,864</td>
<td>364,041</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>152,191</td>
<td>364,041</td>
<td>-</td>
</tr>
<tr>
<td>Capital assets being depreciated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>1,242,698</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>91,815</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equipment and furniture</td>
<td>1,175,974</td>
<td>256,174</td>
<td>(13,900)</td>
</tr>
<tr>
<td>Vehicles</td>
<td>3,263,264</td>
<td>1,364,065</td>
<td>(615)</td>
</tr>
<tr>
<td>Total capital assets being depreciated</td>
<td>5,773,751</td>
<td>1,620,239</td>
<td>(14,515)</td>
</tr>
<tr>
<td>Less accumulated depreciation for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>(459,398)</td>
<td>(26,856)</td>
<td>-</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>(32,544)</td>
<td>(4,789)</td>
<td>-</td>
</tr>
<tr>
<td>Equipment and furniture</td>
<td>(653,278)</td>
<td>(123,427)</td>
<td>7,540</td>
</tr>
<tr>
<td>Vehicles</td>
<td>(2,091,641)</td>
<td>(332,557)</td>
<td>256</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td>(3,236,861)</td>
<td>(487,629)</td>
<td>7,796</td>
</tr>
<tr>
<td>Total capital assets, being depreciated, net</td>
<td>2,536,890</td>
<td>1,132,610</td>
<td>(6,719)</td>
</tr>
<tr>
<td>Total capital assets, net</td>
<td>$2,689,081</td>
<td>$1,496,651</td>
<td>$ (6,719)</td>
</tr>
<tr>
<td>Related debt</td>
<td></td>
<td></td>
<td>$ (8,277,379)</td>
</tr>
<tr>
<td>Net assets invested in capital assets, net of related debt</td>
<td></td>
<td></td>
<td>$ (4,098,366)</td>
</tr>
</tbody>
</table>

Depreciation expense for the year ended September 30, 2006, was $487,630.

NOTE 7 - RETIREMENT PLAN

The District participates in the Florida Retirement System ("FRS"), a cost-sharing, multiple-employer, public employee retirement system, which covers all of the employees. The FRS is noncontributory and is totally administered by the State of Florida. Benefits under the plan vest after ten years of service. Employees who retire at or after age 62, with ten years of credited service, are entitled to an annual retirement benefit, payable monthly for life. The FRS also provides for early retirement at reduced benefits and death and disability benefits. The benefit provisions and all other requirements are established by Florida Statute, Chapter 112 and 121.
NOTE 7 - RETIREMENT PLAN (Continued)

Pension costs for the District as required and defined by State statute ranged between 4.65 percent and 14.90 percent of gross salaries for fiscal year 2006. For the fiscal years ended September 30, 2006, 2005, and 2004, the District contributed 100 percent of the required contributions. These contributions aggregated $1,103,656, $713,928 and $620,913 respectively, which represents 18 percent, 17 percent and 18 percent of covered payroll.

A copy of the FRS’s June 30, 2006, annual report can be obtained by writing to the Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560, or by calling (850) 488-5706.

NOTE 8 - LONG-TERM LIABILITIES

The District leases a ladder truck under a capital lease with an interest rate of 2.8%. The lease matures in February 2009.

During the year ended September 30, 2006, the District entered into a loan agreement for the purpose of construction renovation funds related to capital improvement projects for Station 4 and 5. The original amount of the 15-year loan was for $8,000,000 with an interest rate of 5.15% maturing August 30, 2021. The terms of the loan require quarterly principal and interest payments. The principal of the loan is subject to mandatory prepayment on each March 31 in an amount equal to the amount of impact fees collected by the District in the immediately preceding fiscal year of the District and which are in the District’s impact fee account on September 30 of the immediately preceding fiscal year, less the sum of $1,000,000, and less the aggregate amount of scheduled principal payments made by the District in such fiscal year.

The District drew down the entire $8,000,000 in August 2006 in order to lock in an interest rate and invest the funds into an interest bearing demand deposit account earning an average rate of return of 5.32%. The following table reflects the activity related to these funds:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draw</td>
<td>$ 8,000,000</td>
</tr>
<tr>
<td>Interest</td>
<td>36,273</td>
</tr>
<tr>
<td>Expenditures</td>
<td>(36,896)</td>
</tr>
<tr>
<td>Designated for capital improvements</td>
<td>$ 7,999,377</td>
</tr>
</tbody>
</table>

Read Independent Auditor’s Report.
NOTE 8 - LONG-TERM LIABILITIES (Continued)

Future lease payments under the capital lease and loan as of September 30, 2006, are as follows:

<table>
<thead>
<tr>
<th>Year ended Sept. 30,</th>
<th>Ladder Truck 310</th>
<th>Station 4 &amp; Station 5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Principal payments:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>$ 89,856</td>
<td>$ 400,500</td>
<td>$ 490,356</td>
</tr>
<tr>
<td>2008</td>
<td>92,435</td>
<td>534,000</td>
<td>626,435</td>
</tr>
<tr>
<td>2009</td>
<td>95,088</td>
<td>534,000</td>
<td>629,088</td>
</tr>
<tr>
<td>2010</td>
<td>-</td>
<td>534,000</td>
<td>534,000</td>
</tr>
<tr>
<td>2011</td>
<td>-</td>
<td>534,000</td>
<td>534,000</td>
</tr>
<tr>
<td>2012 - 2016</td>
<td>-</td>
<td>2,670,000</td>
<td>2,670,000</td>
</tr>
<tr>
<td>2017 - 2021</td>
<td>-</td>
<td>2,793,500</td>
<td>2,793,500</td>
</tr>
<tr>
<td><strong>Total principal</strong></td>
<td>277,379</td>
<td>8,000,000</td>
<td>8,277,379</td>
</tr>
<tr>
<td><strong>Interest payments:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>7,961</td>
<td>339,321</td>
<td>347,282</td>
</tr>
<tr>
<td>2008</td>
<td>5,382</td>
<td>381,061</td>
<td>386,443</td>
</tr>
<tr>
<td>2009</td>
<td>2,729</td>
<td>353,561</td>
<td>356,290</td>
</tr>
<tr>
<td>2010</td>
<td>-</td>
<td>326,060</td>
<td>326,060</td>
</tr>
<tr>
<td>2011</td>
<td>-</td>
<td>298,558</td>
<td>298,558</td>
</tr>
<tr>
<td>2012 - 2016</td>
<td>-</td>
<td>1,080,277</td>
<td>1,080,277</td>
</tr>
<tr>
<td>2017 - 2021</td>
<td>-</td>
<td>393,812</td>
<td>393,812</td>
</tr>
<tr>
<td><strong>Total interest</strong></td>
<td>16,072</td>
<td>3,172,650</td>
<td>3,188,722</td>
</tr>
<tr>
<td><strong>Total lease payments</strong></td>
<td>$ 293,451</td>
<td>$ 11,172,650</td>
<td>$ 11,466,101</td>
</tr>
</tbody>
</table>

A summary of changes in long-term debt for the year is as follows:

<table>
<thead>
<tr>
<th>Capital leases payable</th>
<th>Balance Oct. 1, 2005</th>
<th>Additions</th>
<th>Reductions</th>
<th>Balance Sept. 30, 2006</th>
<th>Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ladder truck 310</td>
<td>$ 364,728</td>
<td>$ -</td>
<td>$ 87,349</td>
<td>$ 277,379</td>
<td>$ 92,435</td>
</tr>
<tr>
<td>Stations 4 &amp; 5</td>
<td>-</td>
<td>8,000,000</td>
<td>-</td>
<td>8,000,000</td>
<td>534,000</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>325,545</td>
<td>709,752</td>
<td>455,307</td>
<td>579,990</td>
<td>-</td>
</tr>
<tr>
<td>Retirees' insurance</td>
<td>-</td>
<td>78,821</td>
<td>-</td>
<td>78,821</td>
<td>4,765</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 690,273</td>
<td>$ 8,788,573</td>
<td>$ 542,656</td>
<td>$ 8,936,190</td>
<td>$ 631,200</td>
</tr>
</tbody>
</table>

During the year ended September 30, 2006, the District maintained a line of credit with a local bank. Total credit available on the line was $750,000. As of September 30, 2006, there was no outstanding balance on the line of credit. Interest expense related to the line of credit for the year ended September 30, 2006 was $1,523.
NOTE 9 - IMPACT FEES

During the year the District received fire impact fees from Lee County. These funds, which were maintained in a separate savings account during the year, may be spent only after informing the County of the proposed expenditure.

The following is an analysis of impact fee transactions during the year:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact fees - October 1, 2005</td>
<td>$2,757,026</td>
</tr>
<tr>
<td>Current year impact fees</td>
<td>2,514,585</td>
</tr>
<tr>
<td>Current year interest income</td>
<td>53,515</td>
</tr>
<tr>
<td>Current year expenditures</td>
<td>(1,641,774)</td>
</tr>
<tr>
<td>Impact fees - September 30, 2006</td>
<td>$3,683,352</td>
</tr>
</tbody>
</table>

As of September 30, 2006, impact fees receivable were $487,330, and are included in accounts receivable.

NOTE 10 - OBLIGATION UNDER OPERATING LEASE

The District leases an office for the fire prevention department. The lease is for a term of three years ending July 2008. Total lease expense for the year was $27,000 and is included in property and equipment expense.

The remaining lease obligation is as follows:

<table>
<thead>
<tr>
<th>Year ending September 30,</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$27,000</td>
</tr>
<tr>
<td>2008</td>
<td>13,500</td>
</tr>
<tr>
<td>Total minimum lease payments</td>
<td>$40,500</td>
</tr>
</tbody>
</table>
REQUIRED SUPPLEMENTARY INFORMATION
<table>
<thead>
<tr>
<th></th>
<th>Budget Original</th>
<th>Budget Final</th>
<th>Actual GAAP Basis</th>
<th>Adjustments to Budget Basis</th>
<th>Actual Budget Basis</th>
<th>Variance Final Budget Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MATERIALS AND SUPPLIES (CONT'D)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance - general</td>
<td>75,000</td>
<td>75,000</td>
<td>69,615</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>229,000</td>
<td>229,000</td>
<td>174,615</td>
<td></td>
<td>174,615</td>
<td>54,385</td>
</tr>
<tr>
<td>Promotional</td>
<td>20,000</td>
<td>20,000</td>
<td>18,517</td>
<td></td>
<td>18,517</td>
<td>1,483</td>
</tr>
<tr>
<td>Other current obligations</td>
<td>679,000</td>
<td>679,000</td>
<td>459,521</td>
<td></td>
<td>459,521</td>
<td>219,479</td>
</tr>
<tr>
<td>Office supplies</td>
<td>25,000</td>
<td>25,000</td>
<td>30,768</td>
<td></td>
<td>30,768</td>
<td>(5,768)</td>
</tr>
<tr>
<td>Operating supplies</td>
<td>341,000</td>
<td>341,000</td>
<td>435,289</td>
<td></td>
<td>435,289</td>
<td>(94,289)</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>-</td>
<td>-</td>
<td>157,365</td>
<td></td>
<td>157,365</td>
<td>(157,365)</td>
</tr>
<tr>
<td>Interest</td>
<td>3,000</td>
<td>3,000</td>
<td>1,525</td>
<td></td>
<td>1,525</td>
<td>1,475</td>
</tr>
<tr>
<td>Tax collector's commission</td>
<td>-</td>
<td>-</td>
<td>240,231</td>
<td></td>
<td>240,231</td>
<td>(240,231)</td>
</tr>
<tr>
<td>Bad debt</td>
<td>-</td>
<td>-</td>
<td>573,164</td>
<td></td>
<td>573,164</td>
<td>(573,164)</td>
</tr>
<tr>
<td>Total materials and supplies</td>
<td>1,789,620</td>
<td>1,789,620</td>
<td>2,610,124</td>
<td></td>
<td></td>
<td>2,540,509 (825,889)</td>
</tr>
<tr>
<td>DEPRECIATION</td>
<td>-</td>
<td>-</td>
<td>487,630</td>
<td>(487,630)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LONG-TERM LIABILITIES</td>
<td>-</td>
<td>-</td>
<td>10,468</td>
<td>87,349</td>
<td>97,817</td>
<td>(97,817)</td>
</tr>
<tr>
<td>CAPITAL OUTLAY</td>
<td>14,506,371</td>
<td>14,506,371</td>
<td></td>
<td>1,984,281</td>
<td>1,984,281</td>
<td>12,522,090</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>25,130,751</td>
<td>25,130,751</td>
<td>12,547,295</td>
<td>1,250,735</td>
<td>13,728,415</td>
<td>11,327,336</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over expenditures</td>
<td>(2,783,605)</td>
<td>(2,783,605)</td>
<td>3,893,178</td>
<td>6,755,985</td>
<td>10,718,778</td>
<td>13,427,383</td>
</tr>
<tr>
<td>Fund balance - October 1, 2005</td>
<td>(426,408)</td>
<td>(419,149)</td>
<td>5,587,086</td>
<td>(1,998,807)</td>
<td>3,588,279</td>
<td>4,007,428</td>
</tr>
<tr>
<td>Fund balance - September 30, 2006</td>
<td>$ (3,210,013)</td>
<td>$ (3,202,754)</td>
<td>$ 9,480,264</td>
<td>$ 4,757,178</td>
<td>$ 14,307,057</td>
<td>$ 17,434,811</td>
</tr>
</tbody>
</table>

Read Independent Auditor's Report. The accompanying note is an integral part of this schedule.
NOTE 1 - BUDGETARY PROCESS AND REPORTING

The District prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the District’s method (budget basis) in the Budgetary Comparison Schedule - General Fund to provide a meaningful comparison of actual results with the budget.

A budget has been adopted by the District for its general fund. Estimated beginning fund balance is considered in the budgetary process, but is not included in the financial statements as budgeted revenue. Differences between estimated beginning fund balance and actual fund balance, if material, are submitted to the Commissioners as budget amendments.

The annual budget serves as the legal authorization for expenditures. Expenditures cannot legally exceed the amount budgeted in the general fund’s budget. All budget amendments which change the legally adopted total appropriation for the general fund are approved by the Commissioners.

If, during the fiscal year, additional revenues become available for appropriation in excess of those estimated in the budget, the District, by resolution, may make supplemental appropriations for the year up to the amount of such excess. In the current year no additional revenues became available for appropriation in excess of those estimated in the budget.
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

Board of Commissioners
Lehigh Acres Fire Control and Rescue District
Lehigh Acres, Florida

We have audited the financial statements of Lehigh Acres Fire Control and Rescue District as of and for the year ended September 30, 2006, and have issued our report thereon dated November 15, 2006. 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 Lehigh Acres Fire Control and Rescue District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lehigh Acres Fire Control and Rescue 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 the Board of Commissioners, management, and the Auditor General, and is not intended to be, and should not be, used by anyone other than these specified parties.

November 15, 2006

MYERS, BRETHHOLTZ & COMPANY, PA
BOARD OF COMMISSIONERS
Lehigh Acres Fire Control and Rescue District
Lehigh Acres, Florida

In planning and performing our audit of the financial statements of Lehigh Acres Fire Control and Rescue District, as of and for the year ended September 30, 2006, (on which we have issued a report dated November 15, 2006), we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on the internal control structure. In connection therewith, we have issued our report on internal control over financial reporting and on compliance and other matters dated November 15, 2006.

Our comments and recommendations, including the status of prior year comments and recommendations, and the reporting requirements of the Auditor General, State of Florida, are presented under the following main captions:

- Status of Prior Year Comments
- Current Year Comments
- State Reporting Requirements

STATUS OF PRIOR YEAR COMMENTS

There were no comments in the prior year.

CURRENT YEAR COMMENTS

There are no comments in the current year.

STATE REPORTING REQUIREMENTS

The rules of the Auditor General, State of Florida, require that this report be filed with the Auditor General together with the audited financial statements.

In connection with our audit of the financial statements of Lehigh Acres Fire Control and Rescue District, pursuant to Chapter 10.550, the Rules of the Auditor General, State of Florida-Local Government Entity Audits, we report the following:

- Lehigh Acres Fire Control and Rescue District did not have any comments in the prior year for which corrective action was required.
Board of Commissioners  
Lehigh Acres Fire Control and Rescue District  
Page 2  

- Nothing came to our attention to cause us to believe that Lehigh Acres Fire Control and Rescue District is, or during the year ended September 30, 2006, was, in a state of financial emergency (as defined) due to the occurrence of any of the conditions described in Section 218.503(1), Florida Statutes.  

- The financial report of Lehigh Acres Fire Control and Rescue District filed with the Florida Department of Financial Services, pursuant to Section 218.32(1)(1a), Florida Statutes, is in agreement with the financial statements for the year ended September 30, 2006.  

- The Lehigh Acres Fire Control and Rescue District is a local governmental unit created by the Florida State Legislature under Chapter 63-1546 Laws of Florida to provide fire protection and rescue services to a certain prescribed area in Lehigh Acres, Florida.  

- Lehigh Acres Fire Control and Rescue District complied with Section 218.415, Florida Statutes, regarding the investment of public funds.  

- The scope of the audit of the Lehigh Acres Fire Control and Rescue District included the use of financial condition assessment procedures to detect deteriorating financial conditions pursuant to Section 218.503(1), Florida Statutes and Rule 10.566(7) of the Auditor General.  

- During the course of our audit, other than matters that are clearly inconsequential considering both quantitative and qualitative factors, nothing came to our attention that caused us to believe that the District:  
  
a. Was in violation of any laws, rules or regulations and contractual provisions or abuse that have occurred, or were likely to have occurred, or were discovered within the scope of the audit.  
b. Made any illegal or improper expenditures that were discovered within the scope of the audit that may materially affect the financial statements.  
c. Had deficiencies in internal control that are reportable conditions including but not limited to:  
   (1) Improper or inadequate accounting procedures, except as reported in the accompanying schedule of findings.  
   (2) Failures to properly record financial transactions  
   (3) Other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that came to the attention of, the auditor.  

This management letter is intended solely for the information and use of the Board of Commissioners, management, and the Auditor General, and is not intended to be, and should not be, used by anyone other than these specified parties.  

November 15, 2006  

MYERS, BRETHHOLTZ & COMPANY, PA