

LEALMAN SPECIAL FIRE CONTROL DISTRICT

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE FISCAL
YEAR ENDED SEPTEMBER 30, 2019

HURD, HAWKINS, MEYERS & RADOSEVICH, PA
Certified Public Accountants

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF
LEALMAN SPECIAL FIRE CONTROL DISTRICT
FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2019

INTRODUCTORY SECTION

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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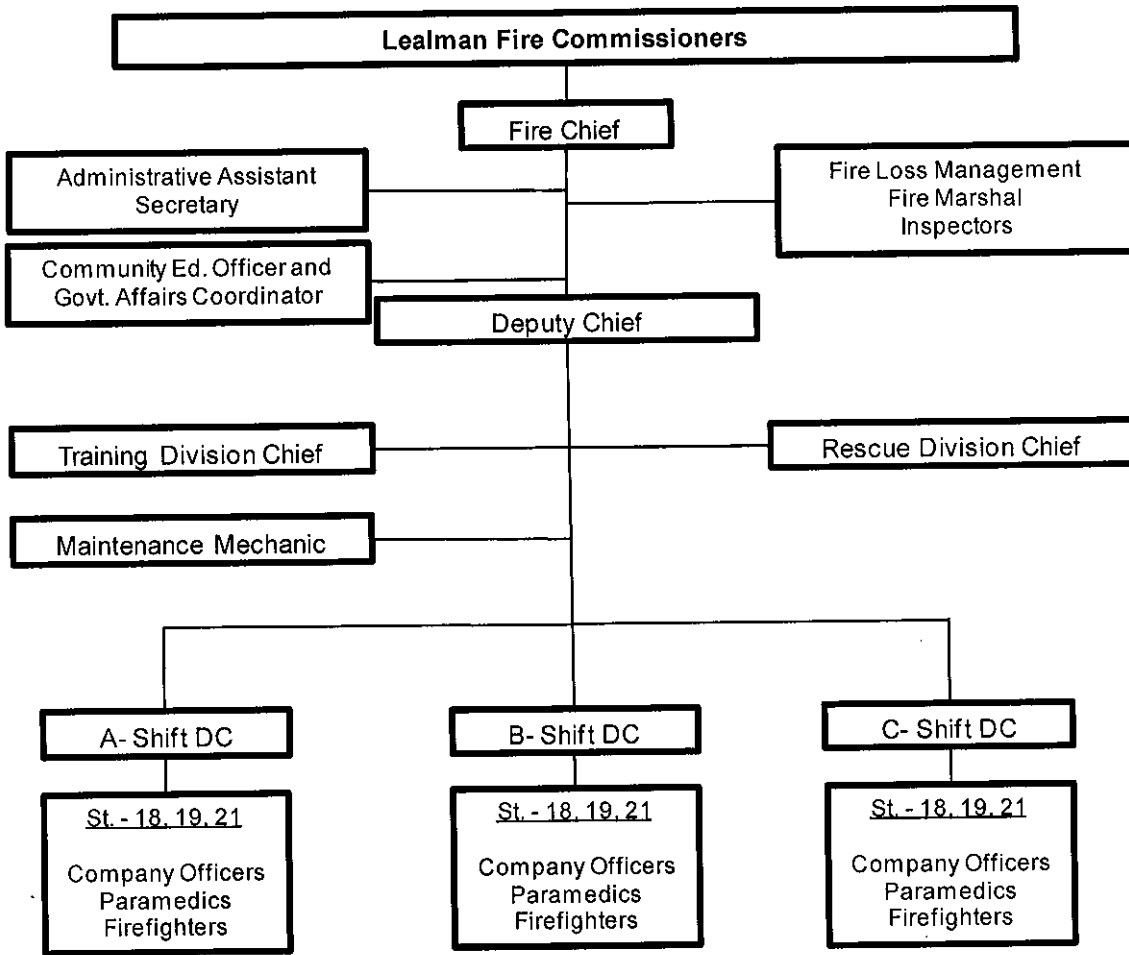
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**LEALMAN SPECIAL FIRE CONTROL DISTRICT
ORGANIZATIONAL INFRASTRUCTURE**



INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Lealman Special Fire Control District
St. Petersburg, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Lealman Special Fire Control District, (the "District"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Florida Retirement Systems Pension Plan (FRS) as of and for the year ended June 30, 2019. The District is required to record its proportionate share of the FRS liability in the District's government-wide financial statements as of September 30, 2019 and for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the District's government-wide financial statements is based on the report of the other auditors. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Lealman Special Fire Control District, as of September 30, 2019, and the respective changes in financial position, and the

Board of Fire Commissioners
Lealman Special Fire Control District

respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4-10, Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability -Health Insurance Subsidy Pension Plan (HIS), Schedule of District's Contributions - Health Insurance Subsidy Pension Plan (HIS), and Notes to Required Supplementary Information, as listed in the table of contents, 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, which 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 - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), and Notes to Required Supplementary Information, as listed in the table of contents, 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 required supplementary information management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability -Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), and Notes to Required Supplementary Information, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplemental schedules to the basic financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules to the basic financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules to the basic financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Board of Fire Commissioners
Lealman Special Fire Control District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Chapter 10.550, Rules of the Auditor General

In accordance with Section 218.415, *Florida Statutes*, we have also issued our report dated April 17, 2020 on our examination of compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering the District's compliance with Section 218.415, Florida Statutes.



HURD, HAWKINS, MEYERS & RADOSEVICH, PA
Certified Public Accountants
April 17, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

LEALMAN SPECIAL FIRE CONTROL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

As management of the Lealman Special Fire Control District (District), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended September 30, 2019.

FINANCIAL HIGHLIGHTS

- The net position of the District at the close of the 2019 fiscal year was \$1,418,541, a decrease of \$858,767 from the prior year.
- As of the close of the 2019 fiscal year, the District's governmental funds (general fund) reported an ending fund balance of \$8,738,663, an increase in comparison with the prior year of \$1,711,568. Approximately \$7,791,676 is available for spending at the District's discretion.
- Total liabilities, which includes primarily pension liabilities and accrued compensated absences, at the end of fiscal year 2019 is \$16,807,225.
- Effective October 1, 2009, Lealman Fire Control District was awarded the contract for fire and emergency medical service protection for the Tierra Verde fire district and Fort Desoto Park.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* (statement of net position and statement of activities found on pages 11 and 12, respectively) are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to a private-sector business. These statements include all assets and liabilities on the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when the cash is received or paid.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. unused vacation leave).

The government-wide financial statements should distinguish functions of the Lealman Special Fire Control District (District) that are principally supported by the District's residents and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of these costs. All of the District's activities are governmental. The District is the *primary government* and has no component units.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The fund financial statements provide more information about the District's general fund – not the District as a whole.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds consist of the general fund.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains one governmental fund, its general fund. This fund is presented in the governmental fund balance sheets and in the governmental fund statement of revenues, expenditures and changes in fund balances.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

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. The notes to the financial statements can be found on pages 18 through 36 of this report.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the District's case, net position was \$1,418,541 at the fiscal year ended on September 30, 2019.

The District's capital assets represent investments in land, buildings and improvements, equipment, vehicle deposits and construction in progress. Approximately \$4,682,941 of the total net position is capital assets. 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 *unrestricted* category of net position, with a (deficit) balance of \$(3,264,400) at year end, may be used to meet the District's ongoing obligations to citizens and creditors and is shown in the following schedule:

	2019
Cash	\$ 8,038,632
Other current assets	263,147
Capital assets, net	4,682,941
Other assets	755,747
Total Assets	13,740,467
Deferred Outflows of Resources	5,490,155
Long-term liabilities	16,488,362
Other liabilities	318,863
Total Liabilities	16,807,225
Deferred Inflows of Resources	1,004,856
Net Position:	
Capital assets net of related debt	4,682,941
Unrestricted (deficit)	(3,264,400)
Net Position	\$ 1,418,541

The unrestricted net position (deficit) balance of \$(3,264,400) decreased by \$366,837 due to changes in capital assets, GASB No. 68 and the current year changes in net position. The unrestricted net position (deficit) balance represents resources available for spending.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Governmental activities. As the District has no business-type activities, governmental activities were responsible for decreasing the District's net position. The decrease is primarily attributed to the change in net pension liabilities associated with GASB 68.

Lealman Special Fire Control District's Change in Net Position

	<u>2019</u>	<u>2018</u>
Revenues		
Program Revenues		
Federal & State Grants	\$ 440	\$ 13,995
Charges for service	<u>4,869,906</u>	<u>4,646,977</u>
Total Program Revenues	<u>4,870,346</u>	<u>4,660,972</u>
General Revenues		
Property assessments	6,394,842	5,897,767
County Capital Reimbursement	62,014	468,342
County – EMS 1%	31,953	30,427
Investment earnings	109,794	39,720
Other	<u>93,491</u>	<u>206,403</u>
Total General Revenues	<u>6,692,094</u>	<u>6,642,659</u>
Expenses		
Public Safety – Fire	8,471,393	7,158,541
Public Safety – EMS	<u>4,001,767</u>	<u>3,536,284</u>
Total Expenses	<u>12,473,160</u>	<u>10,694,825</u>
Other Financing Sources		
Gain (Loss) on Disposal of Fixed Asset	<u>51,953</u>	<u>-</u>
Total Other Financing Sources	<u>51,953</u>	<u>-</u>
Increase (Decrease) in Net Position	(858,767)	608,806
Net Position, beginning of year	<u>2,277,308</u>	<u>1,668,502</u>
Net Position, end of year	<u>\$ 1,418,541</u>	<u>\$ 2,277,308</u>

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

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, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,121,676 while total fund balance was \$8,738,663. As a measure of the general fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. Total fund balance represents 88% of those same expenditures.

The fund balance for the general fund increased \$1,711,568 during the current fiscal year. Key factors in this net increase are as follows:

- Ad valorem revenues higher due to increase in property values
- Improved operational efficiencies
- Efficient investment return
- Best practices to contain costs
- Increased personnel productivity
- Postponement of capital purchase

General Fund Budgetary Highlights

An annual budget is legally adopted for the general fund. Expenditures were under budget by \$892,483. Revenue was over budget by \$416,656; consequently, and together with proceeds from asset sales, the total budget variance for the year was \$1,368,816 favorable. Property assessments for the Lealman taxing District represented \$6,394,842 of the District's revenue. Property assessments increased by \$497,075 during the current year.

Fiscal Year 2019 Budget – General Fund

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property assessments (net of reserves)	\$ 6,276,182	\$ 6,394,842	\$ 118,660
Other	<u>4,869,602</u>	<u>5,167,598</u>	<u>297,996</u>
Total Revenues	11,145,784	11,562,440	416,656
Expenditures	10,803,032	9,910,549	892,483
Proceeds from Asset Sales	<u>-</u>	<u>59,677</u>	<u>59,677</u>
Net Change in Fund Balance	<u>\$ 342,752</u>	<u>\$ 1,711,568</u>	<u>\$ 1,368,816</u>

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Capital Assets

At the end of 2019, the District's investment in capital assets for its governmental activities was \$4,682,941 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and equipment.

Change in Capital Assets – Governmental Activities

	Years Ended September 30		Change
	2019	2018	
Land	\$ 319,497	\$ 319,497	\$ -
Buildings and improvements	3,886,242	3,886,242	-
Equipment	1,231,876	1,212,131	19,745
Vehicles & Trucks	<u>3,959,754</u>	<u>4,296,446</u>	<u>(336,692)</u>
Total capital assets	\$ 9,397,369	\$ 9,714,316	\$ (316,947)
Less accumulated depreciation	<u>(4,714,428)</u>	<u>(4,539,445)</u>	<u>(174,983)</u>
Capital assets, net	<u>\$ 4,682,941</u>	<u>\$ 5,174,871</u>	<u>\$ (491,930)</u>

Additional information on the District's capital assets can be found in note 7 on page 28 of this report.

LONG-TERM DEBT

At September 30, 2019, the District had \$16,498,962 of outstanding debt. The following is a detailed schedule of the District's outstanding debt as of September 30, 2019 and 2018:

	Years Ended September 30		Change
	2019	2018	
Net Pension Liability - FRS	\$ 13,333,736	\$ 11,671,645	\$ 1,662,091
Net Pension Liability - HIS	1,873,244	1,750,077	123,167
Accrued Leave	<u>1,291,982</u>	<u>1,245,321</u>	<u>46,661</u>
Total Outstanding Debt	\$ 16,498,962	\$ 14,667,043	\$ 1,831,919
Less current portion	10,600	10,600	
Noncurrent portion	<u>\$ 16,488,362</u>	<u>\$ 14,656,443</u>	

Net pension liability reflects the District's proportionate share of its FRS and HIS liability.

More detailed information about the District's long-term debt can be found in notes 6, 8 & 11 of this report.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

ECONOMIC FACTORS

The District's Board of Commissioners approved a \$12,544,537 budget for the 2020 fiscal year. This is a 7.27% increase.

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: Chief Richard E. Graham, 4360 55th Avenue North, St. Petersburg, FL 33714.

BASIC FINANCIAL STATEMENTS

This section contains the following subsections:

Government-Wide Financial Statements

Statement of Net Position
Statement of Activities

Fund Financial Statements

Government Fund Financial statements

Balance Sheet – Governmental Fund
Reconciliation of the Balance Sheet to the Statement of
Net Position – Governmental Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Governmental Fund
Reconciliation of the Combined Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund to the
Statement of Activities-Governmental Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Budget and Actual: General Fund

Notes to Financial Statements

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

ASSETS

Cash		\$ 8,038,632
Receivables		71,907
Prepaid Expenses		191,240
Capital Assets:		
Land	\$ 319,497	
Buildings and Improvements	3,886,242	
Equipment	1,231,876	
Vehicles and Trucks	3,959,754	
Accumulated Depreciation	<u>(4,714,428)</u>	
 TOTAL CAPITAL ASSETS, NET		 4,682,941
Truck Deposit		<u>755,747</u>
 TOTAL ASSETS		 13,740,467
 DEFERRED OUTFLOWS OF RESOURCES - PENSIONS		 5,490,155

LIABILITIES

Accounts Payable		\$ 84,475
Salaries and Benefits Payable		223,788
Compensated Absences		
Expected to be Paid Within One Year		10,600
Expected to be Paid After One Year		1,281,382
Pension Liability - FRS		13,333,736
Pension Liability - HIS		<u>1,873,244</u>
 TOTAL LIABILITIES		 16,807,225
 DEFERRED INFLOWS OF RESOURCES - PENSIONS		 1,004,856

NET POSITION

Invested in Capital Assets, Net of Related Debt		4,682,941
Unrestricted (Deficit)		<u>(3,264,400)</u>
 TOTAL NET POSITION		 <u>\$ 1,418,541</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

EXPENSES

Public Safety - Fire Protection	
Personal Services	\$ 6,906,969
Materials and Services	1,191,133
Depreciation	373,291
Interest	<u> -</u>
Total Public Safety - Fire Protection	<u>8,471,393</u>
Public Safety - EMS:	
Personal Services	3,724,046
Materials and Services	147,060
Reasonable & Customary Cost Exceptions	-
Depreciation	130,661
Interest	<u> -</u>
Total Public Safety - EMS	4,001,767
TOTAL PROGRAM EXPENSES	12,473,160
PROGRAM REVENUES:	
Federal & State Grants	440
Charges for Services	<u>4,869,906</u>
TOTAL PROGRAM REVENUES	<u>4,870,346</u>
Net Program Expenses	7,602,814
GENERAL REVENUES:	
Assessments	6,394,842
County Capital Reimbursement	62,014
County - EMS -1%	31,953
Investment Earnings	109,794
Other	93,491
Gain (Loss) on Asset Disposal	<u>51,953</u>
TOTAL GENERAL REVENUES	<u>6,744,047</u>
INCREASE (DECREASE) IN NET POSITION	(858,767)
NET POSITION, BEGINNING OF YEAR	<u>2,277,308</u>
NET POSITION, END OF YEAR	<u><u>\$ 1,418,541</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2019**

ASSETS

	<u>GENERAL FUND</u>
Cash	\$ 8,038,632
Receivables (net of allowance for Uncollectibles):	
Intergovernmental:	
State & Federal	9,527
County	62,380
Prepaid Expenses	191,240
Truck Deposit	755,747
TOTAL ASSETS	\$ 9,057,526

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	\$ 84,475
Accrued Compensated Absences	10,600
Accrued Salaries and Benefits Payable	223,788
TOTAL LIABILITIES	318,863
Fund Balance	
Nonspendable Fund Balance	946,987
Restricted Fund Balance	-
Assigned Fund Balance	6,670,000
Unassigned Fund Balance	1,121,676
TOTAL FUND BALANCE	8,738,663
TOTAL LIABILITIES AND FUND BALANCE	\$ 9,057,526

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUND
SEPTEMBER 30, 2019**

Fund Balance-Total Governmental Fund		\$ 8,738,663
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Governmental Fund.		
Governmental Capital Assets	\$ 9,397,369	
Less Accumulated Depreciation	<u>(4,714,428)</u>	
		4,682,941
Deferred outflows and deferred inflows related to pensions are applied to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows related to pensions	5,490,155	
Deferred inflows related to pensions	<u>(1,004,856)</u>	
		4,485,299
Long-term liabilities are not Due and Payable in the current Period and Therefore are not reported in the Governmental Fund.		
Net pension liability - pension (FRS)	(13,333,736)	
Net pension liability - (HIS)	(1,873,244)	
Accrued Compensated Absences	(1,281,382)	
Lease Obligations	<u>-</u>	
		<u>(16,488,362)</u>
Net Position of Governmental Activities		<u>\$ 1,418,541</u>

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 OF THE GOVERNMENTAL FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019
 (with comparative totals for fiscal year ended September 30, 2018)**

	<u>General Fund</u>	<u>Totals 2018</u>
REVENUES:		
Assessments	\$ 6,394,842	\$ 5,897,767
Intergovernmental	4,869,906	4,646,977
County Capital Reimbursement	62,014	468,342
County - EMS -1%	31,953	30,427
Federal and State Grants	440	13,995
Investment Income	109,794	39,720
Miscellaneous	93,491	206,403
	<hr/>	<hr/>
TOTAL REVENUES	11,562,440	11,303,631
EXPENDITURES:		
Public Safety - Fire:		
Personal Services	5,482,133	5,152,763
Operating	1,191,133	993,930
Capital Outlay	19,746	97,321
Debt Services	-	-
	<hr/>	<hr/>
Total Public Safety - Fire	6,693,012	6,244,014
Public Safety - EMS		
Personal Services	3,070,478	2,929,816
Operating	147,059	151,103
Reasonable & Customary Cost Exceptions	-	-
Capital Outlay	-	392,798
Debt Services	-	-
	<hr/>	<hr/>
Total Public Safety - EMS	3,217,537	3,473,717
	<hr/>	<hr/>
TOTAL EXPENDITURES	9,910,549	9,717,731
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	1,651,891	1,585,900
OTHER FINANCING SOURCES		
Proceeds from Asset Sales	59,677	-
	<hr/>	<hr/>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	1,711,568	1,585,900
FUND BALANCE, OCTOBER 1	7,027,095	5,441,195
	<hr/>	<hr/>
FUND BALANCE, SEPTEMBER 30	\$ 8,738,663	\$ 7,027,095
	<hr/>	<hr/>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
RECONCILIATION OF THE COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Net Change in Fund Balance – Total Governmental Fund \$ 1,711,568

Amounts Reported for Governmental Activities in the Statement of
Activities are Different Because:

Governmental Funds report capital outlays as expenditures.

However, in the Statement of Activities, the cost of those assets
is depreciated over their estimated useful lives

Capital Outlays	\$ 19,746
Less Current Year Depreciation Expense	<u>(503,952)</u>

(484,206)

In the statement of activities, only the gain or loss on the sale of
capital assets is reported whereas in the governmental funds,
the proceeds from the sale increase financial resources. Thus
the change in net position differs from the change in fund balance
by the net cost of the assets retired.

(7,724)

Some expenses reported in the Statement of Activities do not
require the use of current financial resources and therefore are
not reported as Expenditures in the Governmental Fund:

(Increase) decrease in net pension liability - pension (FRS)	(1,662,091)
(Increase) decrease in net pension liability - HIS	(123,167)
Increase (decrease) in deferred outflow	(755,559)
(Increase) decrease in deferred inflow	509,073
Change in Compensated Absences	<u>(46,661)</u>

(2,078,405)

Change in Net Position of Governmental Activities

\$ (858,767)

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Assessments	\$ 6,276,182	\$ 6,394,842	\$ 118,660
Intergovernmental	4,869,602	4,869,906	304
County Capital Reimbursement	-	62,014	62,014
County - EMS -1%	-	31,953	31,953
Federal and State Grants	-	440	440
Investment Income	-	109,794	109,794
Miscellaneous	-	93,491	93,491
	<u>11,145,784</u>	<u>11,562,440</u>	<u>416,656</u>
TOTAL REVENUES			
EXPENDITURES:			
Public Safety			
Personal Services	9,228,800	8,552,611	676,189
Operating	953,594	1,338,192	(384,598)
Reasonable & Customary Cost Exceptions	34,638	-	34,638
Capital Outlay	586,000	19,746	566,254
Debt Services	-	-	-
	<u>10,803,032</u>	<u>9,910,549</u>	<u>892,483</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER EXPENDITURES	342,752	1,651,891	1,309,139
OTHER FINANCING SOURCES			
Proceeds from Asset Sales	-	59,677	59,677
	<u>342,752</u>	<u>1,711,568</u>	<u>1,368,816</u>
NET CHANGE IN FUND BALANCE			
FUND BALANCE, OCTOBER 1	7,027,095	7,027,095	-
	<u>7,027,095</u>	<u>7,027,095</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	\$ 7,369,847	\$ 8,738,663	\$ 1,368,816
	<u>\$ 7,369,847</u>	<u>\$ 8,738,663</u>	<u>\$ 1,368,816</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies

The Lealman Special Fire Control District (District) maintains its accounting records in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

Reporting Entity – The District is a political subdivision of the State of Florida, located in Pinellas County in the southwest portion of the State. The District was incorporated in 1948 under the provisions of the Laws of Florida, as a non-profit corporation. On June 5, 2000, in accordance with the Florida House of Representatives Bill 1549, the Lealman Special Fire Control District was established. The District is approximately eleven square miles in area. The District was organized to prevent and control damage, destruction or injury to people or property by fire, disaster, or other emergencies and to provide Emergency Medical Services (EMS) to citizens in need in the District. The EMS contract contracts are renewable annually.

On October 1, 2009 the District entered into an agreement with the Pinellas County Board of County Commissioners to provide first responder services on behalf of the Tierra Verde Fire District, a municipal service taxing unit.

In evaluating how to define the Lealman Special Fire Control District, (the primary government) for financial reporting purposes, management has considered all potential component units by applying the criteria set forth in GASB Statement Number 14. This governmental accounting standard requires that this financial statement present the District (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. No component units have been presented in the District's reporting entity as blended component units because of the significance of their operational or financial relationships with the District.

Government-wide and Fund Financial Statements – The District has adopted the provisions of GASB Statement Number 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." The government-wide financial statements required under this statement (the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which are supported by taxes and intergovernmental revenues, continue to be reported separately from fiduciary funds.

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

Fire/Emergency Medical Services – Expenses and expenditures are directly allocated to either Public Safety – Fire Protection or Public Safety – EMS.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

The District has implemented the provisions of GASB Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Fund balances for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Constraints include the non-spendable fund balance which includes amounts that cannot be spent because they either are not in spendable form or legally or contractually required to be maintained intact. Restricted fund balances include constraints placed on the use of resources either by externally imposed creditors, grantors, contributors, or laws. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority are reported as committed fund balances. Assigned fund balances are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The unassigned fund balance represents funds that have not been restricted, committed, or assigned to specific purposes within the general fund.

The District has the following constraints on their fund balance:

Non-spendable fund balances include amounts for prepaid expenses. Restricted balances are committed to future lease payments. Assigned fund balances include amounts intended for a specific purpose. The District has a policy of spending unassigned funds unless the Board of Fire commissions designates assigned funds and expenditures have occurred for purposes for which the funds are constrained.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of related cash flows. Property assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The only revenue that is susceptible to accrual is interest revenue. EMS revenues collected and held by Pinellas County, Florida at year end on behalf of the District also are recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all property assessments.

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.

Investment Policy - The District's investment policy is to maintain funds in investments which yield the highest possible efficiency and return within the limitations established by Florida Statutes, Chapter 166.261. Provisions of those statutes authorize the District to invest in:

- A) Florida State Board of Administration Local Government Pooled Investment Fund.
- B) Bonds, notes or other obligations of the United States or for which the credit of the United States is pledged for the payment thereof.
- C) Interest-bearing time deposits, savings accounts or collective investment funds in banks or savings and loan associations organized under the laws of the United States.
- D) Obligations of the Federal Farm Credit Banks and the Federal Home Loan Mortgage Corporation.
- E) Obligations of the Federal National Mortgage Association and the Government National Mortgage Association.

Investments in fixed income securities are stated at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Cash and Cash Equivalents – For purposes of these statements, cash is expressed in terms of "cash and cash equivalents." Cash equivalents include short-term, highly liquid investments such as bank and money market accounts.

Receivables – All accounts and intergovernmental receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible accounts.

Prepaid Items – Certain payments to vendors for insurance premiums reflect costs applicable to future accounting periods and are recorded as prepaid items. The costs of governmental fund-type prepaid items are recorded as expenditures using the purchase method. Under this method, prepaid items are recorded as expenditures when purchased. Prepaid items reported in the general fund are constrained and are included in the non-spendable fund balance, which indicates the assets are unavailable for appropriation even though they are a component of reported assets.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (Continued)

Property Assessment – Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The special assessment levy (assessment) of the District is established by the Board of Commissioners on or after February 1 of each year and the Pinellas County Property Appraiser incorporates the District's assessment into the total tax levy, which includes the Pinellas County District School Board tax requirements. The District may change the rate of assessment from that assessed in the prior year only if approved by referendum. The 2018 assessment by the District was 5.7500. An assessment roll showing the assessment rate is prepared and completed by the Board of Commissioners by September 10 of each year.

The Board of Commissioners, upon the adoption of the resolution fixing the rate of assessment, shall prepare an assessment and collection roll setting forth a description of each lot or parcel of land subject to taxation in the district together with the amount of assessment against the lot or parcel of land and attach thereto a certified copy of the resolution fixing the rate of assessment, and it shall, before September 15 each year, deliver the roll to the County Tax Collector of Pinellas County, for collection of the assessments. All assessments shall be made against the land subject to assessment, and the roll shall set forth the names of the owners of such land.

All assessments are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid assessments become delinquent on April 1 following the year in which they are assessed. Delinquent assessments bear interest at 3% per year.

On or prior to June 1 following the tax year, certificates are sold for all delinquent assessments. After sale, tax certificates bear interest at 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years.

Because of the Pinellas County Tax Collector's office efficient system for selling tax certificates and remitting the proceeds to the District, any delinquent or uncollected assessments at year end are immaterial. The District's assessment calendar is as follows:

Valuation Date:	January 1
Levy Date:	November 1
Due Date:	March 31, succeeding year
Lien Date:	April 1, succeeding year

Capital Assets – capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of conation. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, if any, during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the District, is depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 30
Equipment	5 - 15
Vehicles and Trucks	5 - 20

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (Continued)

Compensated Absences – It is the District's policy to permit employees to accumulate earned but unused vacation, holiday and sick pay benefits.

Annual Leave:

All full-time employees shall accrue vacation time from their first six months of employment with the District so as to enjoy the following vacation leave upon completion of each level of service.

<u>Service Years Completed</u>	<u>Annual Leave</u>
Start	204 hrs
2 Years of Completed Service	228 hrs
5 Years of Completed Service	252 hrs
8 Years of Completed Service	276 hrs
10 Years of Completed Service	300 hrs
15 Years of Completed Service	324 hrs
20 Years or More of Completed Service	348 hrs

For all employees hired after October 1, 2014, full-time employees shall accrue vacation time from their first six months of employment with the District so as to enjoy the following vacation leave upon completion of each level of service.

<u>Service Years Completed</u>	<u>Annual Leave</u>
Start	144 hrs
3 Years of Completed Service	180 hrs
5 Years of Completed Service	216 hrs
10 Years of Completed Service	240 hrs
15 Years of Completed Service	264 hrs
20 Years of Completed Service	288 hrs
25 Years or More of Completed Service	336 hrs

In addition to the above annual leave hours an additional twenty-four hours are accrued when an employee reaches the twentieth, twenty-fifth, thirtieth, thirty-fifth, fortieth, forty-fifth, and fiftieth anniversary date.

For firefighters, the maximum number of annual leave hours, which may be accrued shall not exceed twice the employee's annual rate. For staff employees, the maximum number of annual leave hours is 850. At termination employees are paid for any accumulated vacation leave that is available at that time.

Extended Leave:

It is the District's policy that all full-time employees earn fourteen (14) hours of extended leave for each full month of employment. The maximum cash liability for extended leave may be accumulated up to a maximum of five hundred hours per employee and vests in accordance with the following table:

<u>Years of Service</u>	<u>% Vestiture</u>
3	15% (up to 500 hours)
5	25% (up to 500 hours)
10	50% (up to 500 hours)
15	75% (up to 500 hours)
20	100% (up to 500 hours)
25	100% (up to 750 hours)

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (Continued)

Compensated Absences – (continued)

Extended leave incentive shall be given to those Employees who use little or no unplanned leave during a one (1) year period. Eligibility for the incentive award is to be based on the Employee's anniversary date of employment and is awarded as follows:

<u>Unplanned leave used</u>	<u>Hours awarded</u>
0-24 hours used	48 hours
25-48 hours used	36 hours
49-72 hours used	24 hours

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

Accrued Leave: Permanent, full-time employees earn vacation and sick leave beginning with an employee's first pay period and accruing according to the number of regularly scheduled hours an employee works and the length of service.

Holiday Leave: Union employees working a normal schedule receive an additional twelve hours of holiday compensation. Earned holiday pay can be accrued and used later, but if not used by the last full pay period in September it is paid to the employee.

Long-Term Obligations – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement.

Comparative Data/Reclassifications – Comparative total data for the prior year have been presented only for general funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year presentation.

Non-current Government Assets/Liabilities - GASB 34 requires non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as notes payable and capital leases to be reported in the governmental activities column in the government-wide Statement of Net Position.

Budgetary Information – The District has elected to report budgetary comparison of major funds as supplementary information.

Net Position – Net position of the government-wide fund is categorized as invested in capital assets net of related debt or unrestricted. The first category represents net position related to capital assets.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (Continued)

Pensions – The District participates in the FRS defined benefit pension plan and the HIS defined benefit plan administered by the Florida Department of Management Services, Division of Retirement. In the government-wide statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments, (including refunds of employee's contributions) are recognized when due and payable in accordance with the benefit terms.

Effective September 30, 2015, the District adopted the provisions of Government Accounting Standards Board Statement No. 68 "Accounting and Financial Reporting for Pensions" (Statement No. 68). The implementation required the District to report its proportionate share of the actuarially determined net pension liability of defined benefit plans in the statement of net position, in the District's financial statements.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. This includes the deferred amount on pension reported in the government-wide statement of net position. The deferred outflows of resources related to pensions are discussed in a subsequent note.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. This includes the deferred amount on pension reported only in the government-wide statement of net position. A deferred amount on pension results from the difference in the expected and actual amounts of experience, earnings, and contributions. This amount is deferred and amortized over the service life of all employees that are provided with pensions through the pension plan except earnings which are amortized over five to seven years.

Subsequent Events – The District has evaluated subsequent events through April 17, 2020, the date through which the financial statements were available to be issued.

Note 2 – Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. The detail of this \$7,320,122 difference is as follows:

Capital Assets	\$ 4,682,941
Deferred inflows/outflows related to pensions	4,485,299
Net pension liabilities	(15,206,980)
Compensated Absences	<u>(1,281,382)</u>
Net adjustment to reduce <i>fund balance – total Governmental funds</i> to arrive at Net Position-Governmental activities	<u>\$ (7,320,122)</u>

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 2 – Reconciliation of Government-wide and Fund Financial Statements (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities. Following is a description of each of the fundamentally three components of the reconciliation:

One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$	19,746
Depreciation expense		<u>(503,952)</u>
Net adjustment to increase (decrease) <i>net changes for</i> capital outlays and depreciation expense	\$	<u>(484,206)</u>

An element of that reconciliation states that, "in the statement of activities, only the gain or loss on the sale of capital assets is reported whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the net cost of the assets retired." The details of this difference are as follows:

Cost of assets disposed of	\$	336,692
Accumulated depreciation associated with dispositions		<u>(328,968)</u>
Net adjustment for capital assets disposed of	\$	<u>7,724</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference are as follows:

(Increase) decrease in net pension liability - pension (FRS)	\$	(1,662,091)
(Increase) decrease in net pension liability - HIS		(123,167)
Increase (decrease) in deferred outflow		(755,559)
(Increase) decrease in deferred inflow		509,073
Change in compensated absences		<u>(46,661)</u>
Net adjustment for items not requiring current financial resources	\$	<u>(2,078,405)</u>

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 3 – Stewardship, Compliance and Accountability

Budgets – On or before June 1 of each year, the department heads of each of the District’s divisions submit requests for the appropriation to the Fire Chief so that a budget may be prepared. The budget is prepared by fund, function and activity (divisions), and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the Board of Commissioners (Board) for review by the tentative budget hearing. The Board holds public hearings and may add to, subtract from, or change appropriations. Any changes in the budget are presented at the final budget hearing.

Finance-Related Legal and Contractual Provisions – The District is not in violation of any finance-related legal and contractual provisions.

Establishment / Elimination of Funds – During the fiscal year ended September 30, 2019, the District did not establish or eliminate any funds.

Note 4 – Cash, Deposits and Investments

Cash and Deposits

At year-end carrying amount of the District’s deposits was \$8,038,632. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the state of Florida’s Security of Public Deposits Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the state Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository default.

Investments

The District’s investments are categorized as either (1) insured or registered for which the securities are held by the District or its agent in the District’s name, (2) uninsured and unregistered for which the securities are held by the counterparts (Bank’s) trust department or agent in the District’s name or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by their Bank’s trust department or agent but not in the District’s name.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. All investments held by the District at September 30, 2019 were categorized as Level 1 investments.

As of September 30, 2019, the District’s invested funds are summarized as follows:

	Fair Value
Investments Held by District: Certificates of Deposit - Level 2	\$ -
Total investments	\$ -

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 5 – Receivables

Receivables at September 30, 2019, consist of the following:

	General Fund
Receivables:	
Grants Receivable	\$ 3,597
Intergovernmental	68,310
Gross Receivables	71,907
Less: Allowance for uncollectibles	-
Net total receivables	\$ 71,907

The receivables in the General Fund are due from County government and State agencies.

Note 6 – Long-Term Debt

During the fiscal year ended September 30, 2019, the following changes occurred in liabilities reported in the general long-term debt account group.

	Balance October 1	Net Increase/ (Decrease)	Balance September 30
Net Pension Liability - FRS	\$ 11,671,645	\$ 1,662,091	\$ 13,333,736
Net Pension Liability - HIS	1,750,077	123,167	1,873,244
Accrued Leave	1,234,722	46,660	1,281,382
Total Long-Term Liabilities	\$ 14,656,444	\$ 1,831,918	\$ 16,488,362

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 7 – Capital Assets

Capital asset activity for the year ended September 30, 2019 was as follows:

	Balance September 30, 2018	Increases	Decreases	Balance September 30, 2019
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities				
Capital Assets Not Being Depreciated:				
Land	\$ 319,497	\$ -	\$ -	\$ 319,497
Total Capital Assets, Not Being Depreciated	319,497	-	-	319,497
Capital Assets, Being Depreciated:				
Building and Improvements	3,886,242	-	-	3,886,242
Equipment	1,212,131	19,745	-	1,231,876
Vehicles & Trucks	4,296,446	-	(336,692)	3,959,754
Total Capital Assets, Being Depreciated	<u>9,394,819</u>	<u>19,745</u>	<u>(336,692)</u>	<u>9,077,872</u>
Less Accumulated Depreciation for:				
Building and Improvements	(1,493,614)	(146,101)	-	(1,639,715)
Equipment	(998,963)	(65,494)	-	(1,064,457)
Vehicles & Trucks	(2,046,867)	(292,357)	328,968	(2,010,256)
Total Accumulated Depreciation	<u>(4,539,444)</u>	<u>(503,952)</u>	<u>328,968</u>	<u>(4,714,428)</u>
Total Capital Assets, Being Depreciated, Net	<u>4,855,375</u>	<u>(484,207)</u>	<u>(7,724)</u>	<u>4,363,444</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 5,174,872</u>	<u>\$ (484,207)</u>	<u>\$ (7,724)</u>	<u>\$ 4,682,941</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Government Activities:	
Public Safety – Fire Protection	\$ 373,291
Public Safety – EMS	<u>130,661</u>
Total Depreciation Expenses-Governmental Activities	<u>\$ 503,952</u>

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 8 – Accrued Leave

Accrued leave consists of the following at September 30, 2019:

Accrued Vacation	Accrued Sick	Total Accrued Leave
\$ 687,712	\$ 604,270	\$ 1,291,982

Accrued leave costs will not normally be liquidated with expendable available financing resources early in the 2020 accounting period and is therefore considered to be long-term debt, except for \$10,600. Specific due dates for the future payment of these costs cannot be forecast as of the date of these financial statements.

Note 9 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases all of its insurance coverage from commercial insurance carriers.

The District also carries commercial insurance for all other risks of loss including health and employee accident insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The District has not had any significant coverage reductions under these policies from the prior year.

Note 10 – Constraints on Fund Balance

The nature of the constraints on governmental funds at September 30, 2019 and 2018 is as follows:

	2019 General Fund	2018 General Fund
Fund Balances		
Non-spendable:		
Prepaid Expenses	\$ 191,240	\$ 205,012
Prepaid Expenses	755,747	-0-
Restricted to:		
Future Lease Payments	-0-	-0-
Assigned to:		
Vacation, Sick & Holiday Pay	1,130,000	1,130,000
Equipment	390,000	390,000
Building & Land	1,900,000	920,000
Vehicles	1,700,000	1,700,000
Communication	50,000	50,000
Future Operating Costs	1,500,000	1,500,000
Unassigned:	1,121,676	1,132,083
Total Fund Balance	\$ 8,738,663	\$ 7,027,095

Assigned fund balances include amounts constrained for the intent to be used for a specific purpose by the Fire Chief. The District has a policy of spending unassigned funds unless the Board of Fire Commissioners designates assigned funds.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 11 - Employee Retirement System

Firefighters and general employees participate in the Florida Retirement System (FRS) and the Florida Retiree Health Insurance Subsidy Program (HIS). The Florida Department of Management Services, Division of Retirement, (Division) is part of the primary government of the state of Florida and is responsible for administering the FRS and HIS. The System's Comprehensive Annual Financial Report and actuarial reports dated June 30, 2019 are available by contacting the Division of Retirement at:

Department of Management Services
Division of Retirement
Research and Education Section
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737
http://www.dms.myflorida.com/workforce_operations/retirement/publications

Florida Retirement System

Plan Description

The District contributes to the FRS which is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options.

Funding Policy

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates are established by the Florida Legislature. Employees are required to contribute 3% of compensation to the Plan. Retirement benefits and the District's contribution rates are summarized as follows:

Membership Category	Retirement Benefit	Vesting	District Contribution Rate Actuarially Determined	
			Employer Contribution Rates Through 30-Jun-19	Employer Contribution Rates Beginning 1-Jul-19
Regular	1.6% times years of Service times avg. comp. (5 highest yrs) Hired Before 7/1/11, Age 62 & 30 yrs, After 7/1/11, Age 65 & 33 yrs	6 years 8 years	8.26% of covered payroll	8.47% of covered payroll
Special Risk	3.0% times years of Service times avg. comp. (5 highest yrs) Hired Before 7/1/11, Age 55 & 25 yrs, After 7/1/11, Age 60 & 30 yrs	6 years 8 years	24.50% of covered payroll	25.48% of covered payroll

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 11 - Employee Retirement System-continued

Deferred Retirement Option Program

The FRS Deferred Retirement Option Program (DROP) is available to a member when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to 60 months. During DROP participation, the member's retirement benefits (increased by a cost-of-living adjustment each July) accumulate in the FRS Trust Fund and earn monthly interest equivalent to an annual rate of 1.3%. The member must cease employment after a maximum of 60 months, must satisfy the termination requirements for retirement, and is subject to reemployment restrictions thereafter. The member's DROP accumulation may be paid out as a lump sum payment, a rollover, or a combination partial lump sum payment and rollover. Employers must pay contributions at a rate of 14.60% of salary for all DROP participants. FRS also provides disability and survivors' benefits.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension Plan

At September 30, 2019, the District reported a net pension liability of \$13,333,736, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the District's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At September 30, 2019, the District's proportionate share was .038717408 percent, which was an increase of .000032407 percent from its proportionate share measure as of September 30, 2018.

For the year ended September 30, 2019, the District recognized FRS pension expense of \$3,180,351. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources at September 30, 2019:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 790,862	\$ 8,275
Change of assumptions	3,424,677	-
Net differences between projected and actual investment earnings	-	737,692
Changes in proportion and differences between District contributions and proportionate share of contributions	492,827	88,958
District contributions subsequent to the measurement date	348,790	-
Total	\$ 5,057,156	\$ 834,925

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 11 - Employee Retirement System-continued

The deferred outflows (inflows) of resources related to the pension totaling \$5,509 resulted from the District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the year ended September 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense over the remaining service periods of 5.4 years as follows:

<u>Fiscal Years Ending September 30</u>	<u>Amount</u>
2020	\$ 1,020
2021	1,020
2022	1,020
2023	1,020
2024	1,020
Thereafter	<u>409</u>
Total	<u>\$ 5,509</u>

Actuarial Assumptions

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2019
Measurement Date	June 30, 2019
Inflation	2.60%
Real Payroll Growth	0.65%
Salary Increases including inflation	3.25% average, including inflation
Investment Rate of Return	6.90% net of pension plan investment expense, including inflation
Mortality	Mortality rates were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report.
Actuarial Cost Method	Individual entry age

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 11 - Employee Retirement System-continued

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.3%	3.3%	1.2%
Fixed income	18%	4.1%	4.1%	3.5%
Global equity	54%	8.0%	6.8%	16.5%
Real estate (property)	10%	6.7%	6.1%	11.7%
Private equity	11%	11.2%	8.4%	25.8%
Strategic investments	<u>6%</u>	5.9%	5.7%	6.7%
Total	<u>100%</u>			
Assumed inflation - Mean			2.60%	1.70%

(1) As outlined in the Plan's investment policy

Discount Rate

The discount rate used to measure the total pension liability was 6.9 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Payables to the Pension Plan

At September 30, 2019, the District reported a payable of \$-0- for the outstanding amount of contributions in the pension plan required for the year ended September 30, 2019.

HIS Plan

Plan Description

The HIS Plan ("HIS Plan") is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided

For the year ended September 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 11 - Employee Retirement System-continued

HIS Plan - continued

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the year ended September 30, 2019, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Plan

At September 30, 2019, the District reported a HIS net pension liability of \$1,873,244 for its proportionate share of the Net HIS Plan's net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability was used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net HIS liability was based on the District's 2018-19 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At September 30, 2019, the District's proportionate share was .016741840 percent, which was an increase of .000206893 percent from its proportionate share measured as of September 30, 2018.

For the fiscal year ended September 30, 2019, the District recognized HIS expense of \$172,923. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,753	\$ 2,294
Change of assumptions	216,904	153,104
Net differences between projected and actual investment earnings	1,209	-
Changes in proportion and differences between District contributions and proportionate share of contributions	166,339	14,533
District contributions subsequent to the measurement date	25,794	-
Total	\$ 432,999	\$ 169,931

The deferred outflows of resources totaling \$18,485 was related to HIS, resulting from District contributions subsequent to the measurement date, will be recognized as a deduction on the net pension liability in the year ended September 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense of the remaining service period of 6.2 years as follows:

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 11 - Employee Retirement System-continued

Fiscal Years Ending September 30	Amount
2020	\$ 2,981
2021	2,981
2022	2,981
2023	2,981
2024	2,981
Thereafter	3,580
Total	<u>\$ 18,485</u>

Actuarial Assumptions

The total pension liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2019
Measurement Date	June 30, 2019
Inflation	2.60 percent
Real Payroll Growth	0.65 percent
Salary Increases	3.25 percent, average, including inflation
Discount Rate	3.50 percent
Mortality	Mortality rates were based on the Generational RP-2000 with Projection Scale BB.
Actuarial Cost Method	Individual entry age

Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for this plan.

Discount Rate

The discount rate used to measure the total HIS liability was 3.50 percent. In general, the discount rate for calculating the total HIS liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond index was adopted as the applicable municipal bond index.

Payables to the Pension Plan

At September 30, 2019, the District reported a payable of \$-0- for the outstanding amount of contributions to the HIS plan required for the year ended September 30, 2019.

Note 12 – Contingent Liabilities/Contract Services

The District is monitoring the impact of the recent outbreak of the coronavirus (COVID-19), which could negatively impact the District's revenues in future years. The extent to which the District's operations will be impacted by the outbreak will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the outbreak and actions taken by government authorities to contain the outbreak or treat its impact, among other things.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 12 – Contingent Liabilities/Contract Services - continued

The District has not entered into any operating leases with scheduled rent increases as of September 30, 2019.

The District did not receive federal grant funds during the fiscal year ended September 30, 2019 which was subject to the group compliance audit by the grantee under the Office of Management and Budget Circular A-133.

The District entered into a ten year lease of a Fire Tanker on April 13, 2005 with Pinellas County, Florida. The lease requires an annual payment of \$1 and includes two successive additional terms of five years each unless either party terminates the lease by written notice to the other party, ninety days prior to the end of the applicable lease.

Tierra Verde Fire District – EMS and Fire Contract with Pinellas County, Florida

On October 1, 2009, the District entered into a five year contract which has been renewed for an additional five year period to provide first responder services for the Tierra Verde Fire District. Expenditures are segregated from the primary government and are subject to review for compliance by the County. Lealman Special Fire Control District receives a management fee from the Tierra Verde Fire District for managing their fire and EMS activities under the contract. As these financial statements include the revenues and expenditures of both Districts, the management fee of \$283,711 received by the Lealman Special Fire Control District and the corresponding expenses paid by the Tierra Verde Fire District for the same amount have been eliminated, as well as any corresponding inter-District receivables and payables. To the extent the Tierra Verde Fire District funding exceeds its allowable costs in any given year the excess is rolled forward and applied to a subsequent budget year. Consequently, budgeted revenues for a given year may be less than budgeted expenditures. The following table summarizes the Tierra Verde Fire Districts allowable costs and funding for the year ending September 30, 2019:

	EMS	Fire
County Funding	\$ 466,042	\$ 1,674,593
Allowable Costs	477,213	1,686,665
Excess (Deficit)	\$ (11,171)	\$ (12,072)

Lealman Special Fire Control District – EMS Contract with Pinellas County, Florida

The District provides emergency medical services to the unincorporated areas as well as certain incorporated areas of Pinellas County, Florida known as the Lealman Special Fire Control District under a contract with Pinellas County, Florida. Expenditures are segregated between fire and EMS activities and are subject to review for compliance by the County. To the extent EMS funding exceeds its allowable costs in any given year the excess is rolled forward and applied to a subsequent budget year. Consequently, budgeted revenues for a given year may be less than budgeted expenditures. The following table summarizes the Lealman Special Fire Control Districts allowable EMS costs and funding for the year ending September 30, 2019:

	EMS
County Funding	\$ 2,729,271
Allowable Costs	2,762,135
Excess (Deficit)	\$ (32,864)

REQUIRED SUPPLEMENTARY
INFORMATION OTHER THAN THE MD&A

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2019 and 2018**

ASSETS

	2019	2018
Cash	\$ 8,038,632	\$ 6,014,645
Investments - Certificates of Deposits	-	704,706
Receivables (net of allowance for Uncollectibles):		
Intergovernmental:		
State	9,527	163,338
County	62,380	251,069
Prepaid Expenses	191,240	205,012
Truck Deposit	755,747	-
 TOTAL ASSETS	 \$ 9,057,526	 \$ 7,338,770

LIABILITIES AND FUND BALANCE

Liabilities		
Accounts Payable	\$ 84,475	\$ 116,634
Accrued Compensated Absences	10,600	10,600
Accrued Salaries and Benefits Payable	223,788	184,441
 TOTAL LIABILITIES	 318,863	 311,675
 Fund Balance		
Nonspendable Fund Balance	946,987	205,012
Restricted Fund Balance	-	-
Assigned Fund Balance	6,670,000	5,690,000
Unassigned Fund Balance	1,121,676	1,132,083
 TOTAL FUND BALANCE	 8,738,663	 7,027,095
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 9,057,526	 \$ 7,338,770

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
LEALMAN SPECIAL FIRE CONTROL DISTRICT
YEAR ENDED SEPTEMBER 30, 2019 and 2018**

	2019			2018		
	<u>Budget</u>	<u>Totals Actual</u>	<u>Variance favorable (Unfavorable)</u>	<u>Budget</u>	<u>Totals Actual</u>	<u>Variance favorable (Unfavorable)</u>
Revenue						
County						
Fire	\$ 6,276,182	\$ 6,394,842	\$ 118,660	\$ 6,070,599	\$ 5,897,767	\$ (172,832)
EMS	2,729,267	2,729,271	4	2,590,269	2,590,269	-
EMS - 1%	-	27,293	27,293	-	25,903	25,903
County Capital Reimbursement	-	12,827	12,827	-	400,942	400,942
State						
Grant Income	-	440	440	-	13,995	13,995
Fire Fighter Incentive	-	26,870	26,870	-	13,880	13,880
FEMA Reimbursement	-	-	-	-	144,954	144,954
Other	-	66,612	66,612	-	47,569	47,569
Management Fee	-	283,711	283,711	-	254,309	254,309
Proceeds from Asset Sales	-	59,677	59,677	-	-	-
Investment Income	-	109,794	109,794	-	39,720	39,720
Total revenue	9,005,449	9,711,337	705,888	8,660,868	9,429,308	768,440
Expenditures						
Public Safety - Fire:						
Salaries and Benefits	4,684,460	4,141,488	542,972	4,642,600	3,855,232	787,368
Operating	685,970	1,044,999	(359,029)	657,950	849,492	(191,542)
Capital Outlay	563,000	19,746	543,254	733,049	95,873	637,176
Debt Services	-	-	-	-	-	-
Total Public Safety - Fire	5,933,430	5,206,233	727,197	6,033,599	4,800,597	1,233,002
Public Safety - EMS						
Salaries and Benefits	2,619,233	2,659,042	(39,809)	2,480,235	2,538,675	(58,440)
Operating	110,034	115,920	(5,886)	110,034	120,426 *	(10,392)
Reasonable & Customary Cost Exceptions	-	-	-	-	-	-
Capital Outlay	-	-	-	244,362	392,798 *	(148,436)
Debt Services	-	-	-	-	-	-
Total Public Safety - EMS	2,729,267	2,774,962	(45,695)	2,834,631	3,051,899	(217,268)
Total expenditures	8,662,697	7,981,195	681,502	8,868,230	7,852,496	1,015,734
Excess (Deficit) of revenue over expenditures	\$ 342,752	\$ 1,730,142	\$ 1,387,390	\$ (207,362)	\$ 1,576,812	\$ 1,784,174

* Includes reimbursed expenditures

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
TIERRA VERDE FIRE DISTRICT
YEAR ENDED SEPTEMBER 30, 2019 and 2018**

	2019			2018		
	<u>Budget</u>	<u>Totals Actual</u>	<u>Variance favorable (Unfavorable)</u>	<u>Budget</u>	<u>Totals Actual</u>	<u>Variance favorable (Unfavorable)</u>
Revenue						
County						
Fire	\$ 1,674,292	\$ 1,674,593	\$ 301	\$ 1,604,233	\$ 1,604,240	\$ 7
EMS	466,043	466,042	(1)	452,468	452,468	-
EMS - 1%	-	4,660	4,660	-	4,524	4,524
County Reimb Prior Yr Exp	-	-	-	-	37,605	37,605
County Capital Reimbursement	-	49,187	49,187	-	29,795	29,795
Other	-	9	9	-	-	-
Total revenue	<u>2,140,335</u>	<u>2,194,491</u>	<u>54,156</u>	<u>2,056,701</u>	<u>2,128,632</u>	<u>71,931</u>
Expenditures						
Public Safety - Fire:						
Salaries and Benefits	1,542,122	1,589,718	(47,596)	1,472,063	1,517,202	(45,139)
Operating	109,170	146,134 *	(36,964)	109,170	144,438 *	(35,268)
Capital Outlay	23,000	-	23,000	23,000	1,448	21,552
Total Public Safety - Fire	<u>1,674,292</u>	<u>1,735,852</u>	<u>(61,560)</u>	<u>1,604,233</u>	<u>1,663,088</u>	<u>(58,855)</u>
Public Safety - EMS						
Salaries and Benefits	382,985	411,436	(28,451)	373,016	391,141	(18,125)
Operating	48,420	31,139	17,281	44,814	30,677	14,137
Reasonable & Customary Cost Exceptions	34,638	34,638	-	34,638	34,638	-
Capital Outlay	-	-	-	-	-	-
Total Public Safety - EMS	<u>466,043</u>	<u>477,213</u>	<u>(11,170)</u>	<u>452,468</u>	<u>456,456</u>	<u>(3,988)</u>
Total expenditures	<u>2,140,335</u>	<u>2,213,065</u>	<u>(72,730)</u>	<u>2,056,701</u>	<u>2,119,544</u>	<u>(62,843)</u>
Excess (Deficit) of revenue over expenditures	<u>\$ -</u>	<u>\$ (18,574)</u>	<u>\$ (18,574)</u>	<u>\$ -</u>	<u>\$ 9,088</u>	<u>\$ 9,088</u>

* Includes reimbursed expenditures

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM (FRS)
FOR THE FISCAL YEARS ENDED SEPTEMBER 30***

	2019	2018	2017**	2016	2015	2014
District's proportion of the net pension liability	0.038717408%	0.038749815%	0.038277552%	0.036635506%	0.03189163%	0.030364545%
District's proportionate share of the net pension liability	\$ 13,333,736	\$ 11,671,645	\$ 11,326,129	\$ 9,250,494	\$ 4,119,232	\$ 1,852,684
District's covered-employee payroll	\$ 5,561,256	\$ 5,299,491	\$ 5,061,410	\$ 4,948,675	\$ 4,424,503	\$ 4,091,540
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	239.76%	220.24%	223.77%	186.93%	93.10%	45.28%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

* The amounts presented for each fiscal year were determined as of 6/30.

** NPL at 2017 has been increased by \$10,152,810 due to implementation of GASB 75.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM (FRS)
FOR THE FISCAL YEARS ENDED SEPTEMBER 30***

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,261,747	\$ 1,153,628	\$ 1,070,229	\$ 1,010,835	\$ 821,153	\$ 772,934
Contributions in relation to the contractually required contribution	<u>(1,261,747)</u>	<u>(1,153,628)</u>	<u>(1,070,229)</u>	<u>(1,010,835)</u>	<u>(821,153)</u>	<u>(772,934)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,561,256	\$ 5,299,491	\$ 5,061,410	\$ 4,948,675	\$ 4,424,503	\$ 4,094,540
Contributions as a percentage of covered-employee payroll	22.69%	21.77%	21.14%	20.43%	18.56%	18.89%

* The amounts presented for each fiscal year were determined as of 6/30.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
FOR THE FISCAL YEARS ENDED SEPTEMBER 30***

	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.016741840%	0.016534947%	0.015805106%	0.014900116%	0.014525562%	0.013665045%
District's proportionate share of the net pension liability	\$ 1,873,244	\$ 1,750,077	\$ 1,668,570	\$ 1,736,547	\$ 1,481,379	\$ 1,277,715
District's covered-employee payroll	\$ 5,561,256	\$ 5,299,491	\$ 5,061,410	\$ 4,948,675	\$ 4,424,503	\$ 4,091,540
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.68%	33.02%	32.97%	35.09%	33.48%	31.23%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of 6/30.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
FOR THE FISCAL YEARS ENDED SEPTEMBER 30***

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 92,317	\$ 87,972	\$ 84,019	\$ 82,148	\$ 59,660	\$ 49,675
Contributions in relation to the contractually required contribution	<u>(92,317)</u>	<u>(87,972)</u>	<u>(84,019)</u>	<u>(82,148)</u>	<u>(59,660)</u>	<u>(49,675)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$5,561,256	\$5,299,491	\$5,061,410	\$4,948,675	\$4,424,503	\$4,091,540
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%	1.35%	1.21%

* The amounts presented for each fiscal year were determined as of 6/30.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION
OF THE GOVERNMENTAL FUND
COMPARATIVE SCHEDULES BY SOURCE
SEPTEMBER 30, 2019 AND 2018**

	2019	2018
General fixed assets:		
Land	\$ 319,497	\$ 319,497
Buildings & Improvements	3,886,242	3,886,242
Equipment	1,231,876	1,212,131
Vehicles & Trucks	3,959,754	4,296,446
Total general fixed assets	\$ 9,397,369	\$ 9,714,316
Investment in general fixed assets from:		
General Fund	\$ 9,397,369	\$ 9,714,316
Total investments in general fixed assets	\$ 9,397,369	\$ 9,714,316

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION
OF THE GOVERNMENTAL FUND
COMPARATIVE SCHEDULES BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2019 AND 2018**

	2019			2018		
	<u>FIRE</u>	<u>EMS</u>	<u>TOTAL</u>	<u>FIRE</u>	<u>EMS</u>	<u>TOTAL</u>
Land	\$ 319,497	\$ -	\$ 319,497	\$ 319,497	\$ -	\$ 319,497
Buildings & Improvements	3,728,179	158,063	3,886,242	3,728,179	158,063	3,886,242
Equipment	1,174,158	57,718	1,231,876	1,154,413	57,718	1,212,131
Vehicles & Trucks	<u>2,605,350</u>	<u>1,354,404</u>	<u>3,959,754</u>	<u>2,811,636</u>	<u>1,484,810</u>	<u>4,296,446</u>
Total	<u>\$7,827,184</u>	<u>\$ 1,570,185</u>	<u>\$ 9,397,369</u>	<u>\$8,013,725</u>	<u>\$ 1,700,591</u>	<u>\$9,714,316</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
 CAPITAL ASSETS USED IN THE OPERATION
 OF THE GOVERNMENTAL FUND
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS-
 BY FUNCTION AND ACTIVITY
 FOR THE FISCAL YEAR END SEPTEMBER 30, 2019**

	General Fixed Assets October 1, 2018	Additions	Deductions	General Fixed Assets September 30, 2019
Public safety:				
EMS and Fire Protection	\$ 9,714,316	\$ 19,745	\$ (336,692)	\$ 9,397,369
Total public safety	<u>\$ 9,714,316</u>	<u>\$ 19,745</u>	<u>\$ (336,692)</u>	<u>\$ 9,397,369</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR END SEPTEMBER 30, 2019**

Actuarial Methods and Assumptions

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.9%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.50% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for the FRS Pension Plan were based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS Program were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2019:

- FRS: The long-term expected rate of return was decreased from 7.00% to 6.90%, and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.
- HIS: The municipal rate used to determine total pension liability was decreased from 3.87% to 3.50%.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR END SEPTEMBER 30, 2019**

Pension Expense and Deferred Outflows/Inflows of Resources

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).

Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).

Changes in proportion and difference between contributions and proportionate share of contributions – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).

Differences between expected and actual earnings on pension plan investments – amortized over five years.

Employer contributions to the pension plans from employers are not included in collective pension expenses, however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2019, was 6.4 years for FRS and 7.2 years for HIS.

STATISTICAL SECTION

Statistical schedules differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. These schedules reflect economic data and financial trends of the District

COMMENTS ON THE STATISTICAL SECTION

SEPTEMBER 30, 2019

The following statistical tables recommended by the national council on governmental accounting are not included for the reason stated below:

A table on the computation of legal debt margin has been omitted because the constitution of the state of Florida, Florida statutes 200.181 and the charter of the District set no legal debt margin.

Additional schedules which are felt to be useful to various users, principally investors, underwriters, and rating agencies, have been included in this section.

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST FOUR FISCAL YEARS**

<u>Fiscal Year</u>	<u>Public Fire Protection</u>	<u>Public Safety – EMS</u>	<u>Total</u>
2016	\$ 6,825,707	\$ 2,423,599	\$ 9,249,306
2017	\$ 6,985,592	\$ 2,989,484	\$ 9,975,076
2018	\$ 7,158,541	\$ 3,536,284	\$ 10,694,825
2019	\$ 8,471,393	\$ 4,001,767	\$ 12,473,160

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
GOVERNMENT-WIDE REVENUES
LAST FOUR FISCAL YEARS**

Fiscal Year	Program Revenues		General Revenues						Total
	Charges for Services	Grants	Property Assessments	County Capital Reimbursement	County EMS - 1%	Unrestricted Investment Earnings	Gain (Loss) on Sale of Capital Assets	Miscellaneous	
2016	\$3,520,066	\$10,041	\$ 3,955,694	\$ 10,007	\$ 20,892	\$ 24,171	\$ (32,103)	\$ 44,296	\$ 7,553,064
2017	\$4,015,012	\$15,000	\$ 4,251,558	\$ 244,362	\$ 24,243	\$ 24,806	\$ 69,643	\$ 60,788	\$ 8,705,412
2018	\$4,646,977	\$13,995	\$ 5,897,767	\$ 468,342	\$ 30,427	\$ 39,720	\$ -	\$ 206,403	\$11,303,631
2019	\$4,869,906	\$ 440	\$ 6,394,842	\$ 62,014	\$ 31,953	\$ 109,794	\$ 51,953	\$ 93,491	\$11,614,393

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST FOUR FISCAL YEARS**

Fiscal Year	Public Safety			Capital Outlay		
	EMS	Fire	Total	EMS	Fire	Total
2016	\$ 2,232,303	\$ 6,071,438	\$ 8,303,741	\$ 29,626	\$ 801,304	\$ 830,930
2017	\$ 2,543,074	\$ 6,137,981	\$ 8,681,055	\$ 244,362	\$ 301,421	\$ 545,783
2018	\$ 3,080,919	\$ 6,146,693	\$ 9,227,612	\$ 392,798	\$ 97,321	\$ 490,119
2019	\$ 3,217,537	\$ 6,673,266	\$ 9,890,803	\$ -	\$ 19,746	\$ 19,746

Fiscal Year	Debt Service		
	EMS	Fire	Total
2016	\$ -	\$ -	\$ -
2017	\$ -	\$ -	\$ -
2018	\$ -	\$ -	\$ -
2019	\$ -	\$ -	\$ -

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
GENERAL GOVERNMENTAL REVENUES
LAST FOUR FISCAL YEARS**

<u>Fiscal Year</u>	<u>Assessments</u>	<u>Intergovernmental</u>	<u>County Capital Reimbursement</u>	<u>Federal & State Grants</u>	<u>Investment Income</u>	<u>Miscellaneous</u>	<u>Total</u>
2016	\$ 3,955,694	\$3,540,958	\$ 10,007	\$ 10,041	\$ 24,171	\$ 44,296	\$ 7,585,167
2017	\$ 4,251,558	\$4,039,255	\$ 244,362	\$ 15,000	\$ 24,806	\$ 60,788	\$ 8,635,769
2018	\$ 5,897,767	\$4,677,404	\$ 468,342	\$ 13,995	\$ 39,720	\$ 206,403	\$11,303,631
2019	\$ 6,394,842	\$4,901,859	\$ 62,014	\$ 440	\$ 109,794	\$ 93,491	\$11,562,440

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
TAXABLE ASSESSED PROPERTY BY TYPE
LAST FIVE FISCAL YEARS**

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Vacant Residential	\$ 8,969,679	\$ 11,902,092	\$ 11,286,379	\$ 10,288,895	\$ 9,973,484
Single Family Residential	504,165,128	451,052,684	407,729,201	376,843,617	349,759,357
Mobile Homes	33,981,478	41,927,335	40,695,959	37,685,212	35,195,404
Multi-Family > 10 Units	35,447,218	30,940,028	26,776,426	21,150,717	19,741,513
Condominium	103,988,563	93,936,635	84,677,258	78,403,903	72,653,487
Ret. Homes & Misc Res.	1,198,616	1,114,789	1,038,458	1,236,252	1,156,667
Multi-Family < 10 Units	73,459,178	65,146,041	58,690,734	53,450,378	49,010,403
Vacant Commercial	9,192,688	8,409,793	7,706,212	7,506,708	7,383,190
Improved Commercial	263,928,102	238,356,888	227,831,718	216,223,800	207,586,254
Vacant Industrial	2,139,021	1,975,702	1,860,448	1,769,124	1,685,729
Improved Industrial	89,380,945	87,243,509	83,812,139	83,077,342	79,520,743
Agricultural	518,835	502,543	520,572	506,310	491,332
Institutional	33,078,329	39,398,483	31,571,869	31,106,292	26,907,890
Miscellaneous	4,459,794	4,081,968	4,095,203	4,098,321	3,942,847
Non-Agri. Acreage	<u>448,076</u>	<u>407,342</u>	<u>370,311</u>	<u>370,311</u>	<u>370,311</u>
Total Taxable	<u><u>\$ 1,164,355,650</u></u>	<u><u>\$ 1,076,395,832</u></u>	<u><u>\$ 988,662,887</u></u>	<u><u>\$ 923,717,182</u></u>	<u><u>\$ 865,378,611</u></u>

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
EMS TAX LEVIES AND CONTRACT COLLECTIONS
LAST FIVE FISCAL YEARS**

<u>Tax Year</u>	<u>Taxable Assessed Valuation</u>	<u>Millage Rate</u>	<u>Levy</u>	<u>Less Collection Fees Discounts and Plus County Reallocation</u>	<u>EMS Contract Collections</u>
2014-15	\$ 865,378,611	0.9158	\$ 792,514	\$ 851,424	\$ 1,643,938
2015-16	\$ 923,717,182	0.9158	\$ 845,940	\$ 825,123	\$ 1,671,063
2016-17	\$ 988,662,887	0.9158	\$ 905,417	\$ 1,093,870	\$ 1,999,287
2017-18	\$ 1,076,395,832	0.9158	\$ 985,763	\$ 1,604,506	\$ 2,590,269
2018-19	\$ 1,164,355,650	0.9158	\$1,066,317	\$ 1,662,954	\$ 2,729,271

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
TAXABLE VALUATIONS, ASSESSMENTS
LEVIED AND COLLECTED
LAST FIVE FISCAL YEARS**

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Taxable Valuation	<u>\$ 1,164,355,650</u>	<u>\$ 1,076,395,832</u>	<u>\$ 988,662,887</u>	<u>\$ 923,717,182</u>	<u>\$ 865,378,611</u>
Total Assessments Levied	6,695,045	6,189,276	4,431,978	4,140,839	3,879,319
Less: Adjustments and Discounts	<u>300,203</u>	<u>291,509</u>	<u>180,420</u>	<u>185,145</u>	<u>157,217</u>
Net Assessments Levied	<u>\$ 6,394,842</u>	<u>\$ 5,897,767</u>	<u>\$ 4,251,558</u>	<u>\$ 3,955,694</u>	<u>\$ 3,722,102</u>
Net Assessments Collected	<u>\$ 6,394,842</u>	<u>\$ 5,897,767</u>	<u>\$ 4,251,558</u>	<u>\$ 3,955,694</u>	<u>\$ 3,722,102</u>

**LEALMAN SPECIAL FIRE CONTROL DISTRICT
SCHEDULE OF INSURANCE IN FORCE
SEPTEMBER 30, 2019**

<u>Policy Number</u>	<u>Type of Coverage</u>	<u>Effective Date</u>	<u>Company</u>	<u>Limited of Liability</u>	<u>Premium</u>
WC2FL1-052490718-01	Worker's Compensation	10/01/18	Preferred Gov't Insurance Trust	\$ 1,000,000	\$ 367,756
VFIS-TR-2053639-12	Property Real Personal	5/30/19	American Alternative Insurance	6,209,193 641,434	19,802
	Crime	5/30/19		10,000	101
	Portable Equipment	5/30/19		Replacement Cost	4,408
	Auto	5/30/19		1,000,000	42,056
	General Liability	5/30/19		2,000,000	55,504
	Management Liability	5/30/19		2,000,000	12,039
	Umbrella	5/30/19		4,000,000	20,628
CFP-5510-0379E-2	Accidental Death & Sickness	5/30/19	National Union Fire Insurance Company	20,000	18,787
ADD N11086299	Blanket Accident	5/30/19	ACE American Insurance Company	69,802 - 194,470	1,466
VFP-4510-6641E-2	Volunteer Accident	5/30/19	National Union Fire Insurance Company	10,000	1,972

OTHER REPORTS

**INDEPENDENT AUDITOR'S 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**

The Board of Commissioners
Lealman Special Fire Control District
St. Petersburg, Florida

We have audited, in accordance with the 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, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Lealman Special Fire Control District as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Lealman Special Fire Control District's basic financial statements and have issued our report thereon dated April 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lealman Special Fire Control District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Lealman Special Fire Control District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lealman Special Fire Control District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lealman Special Fire Control District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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*.

The Board of Commissioners
Lealman Special Fire Control District
St. Petersburg, Florida

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HURD, HAWKINS, MEYERS & RADOSEVICH, P.A.
Certified Public Accountants

April 17, 2020

MANAGEMENT LETTER

The Board of Commissioners
Lealman Special Fire Control District
St. Petersburg, Florida

Report on the Financial Statements

We have audited the financial statements of the Lealman Special Fire Control District, (the "District") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated April 17, 2020.

Auditor's Responsibility

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; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 17, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no recommendations in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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. The Lealman Special Fire Control District was established by the Florida House of Representatives Bill 1549. The District has no component units.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

The Board of Commissioners
Lealman Special Fire Control District
St. Petersburg, Florida

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Pinellas County, Florida Board of Commissioners, the District's Board of Fire Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



HURD, HAWKINS, MEYERS & RADOSEVICH, P.A.
Certified Public Accountants

April 17, 2020

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
FLORIDA STATUTE SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

The Board of Commissioners
Lealman Special Fire Control District
St. Petersburg, Florida

We have examined Lealman Special Fire Control District's (the District's) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the fiscal year ended September 30, 2019. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accounts. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, Lealman Special Fire Control District complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2019.

This report is intended solely for the information and use of the Florida Auditor General, the District's Board of Fire Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



HURD, HAWKINS, MEYERS & RADOSEVICH, P.A.
Certified Public Accountants

April 17, 2020