

**ENGLEWOOD AREA
FIRE CONTROL DISTRICT
September 30, 2018
BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS
OF INDEPENDENT AUDITOR**

Table of Contents

	Page(s)
Introductory Section	i - iii
Report of Independent Auditor	1 - 3
Management's Discussion and Analysis (MD&A)	4 - 11
 Basic Financial Statements	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position.....	12
Statement of Activities.....	13
 <u>Fund Financial Statements</u>	
Governmental Funds:	
Balance Sheet.....	14
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities.....	17
Fiduciary Fund - Public Safety Pension Fund:	
Statement of Fiduciary Net Position.....	18
Statement of Changes in Fiduciary Net Position.....	19
 Notes to the Financial Statements	 20 - 63
 Required Supplementary Information Other Than MD&A	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Summary Statement.....	64
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Detailed Statement.....	65 - 66
 <u>Other Required Supplementary Information</u>	
Schedule of Investments- Firefighters' Plan.....	67
Schedule of Changes in Net Pension Liability and Related Ratios - Firefighters' Plan.....	68
Notes to the Required Supplementary Information.....	69
Schedule of Contributions - Firefighters' Plan.....	69
Schedule of District's Proportionate Share of the Net Pension Liability - Florida Retirement System (FRS) Pension Plan.....	70
Schedule of District Contributions - Florida Retirement System (FRS) Pension Plan.....	70
Schedule of District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy (HIS) Pension Plan.....	71
Schedule of District Contributions - Health Insurance Subsidy (HIS) Pension Plan.....	71
Notes to the Required Supplementary Information.....	72 - 73

Table of Contents - Continued

	<u>Page(s)</u>
Required Supplementary Information Other Than MD&A (continued)	
Schedule of Changes in Total OPEB Liability and Related Ratios.....	74
Additional Reports	
Independent Auditor's Report on Internal Control Over Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	75 - 76
Independent Accountant's Examination Report.....	77
Management Letter.....	78 - 79

Englewood Area Fire Control District

BOARD OF FIRE COMMISSIONERS

Ronald Davison, Chairman

Ronald Benedetti
Vice Chairman

Charles Bray
Secretary/Treasurer

Billy Kimberlin
Fire Commissioner

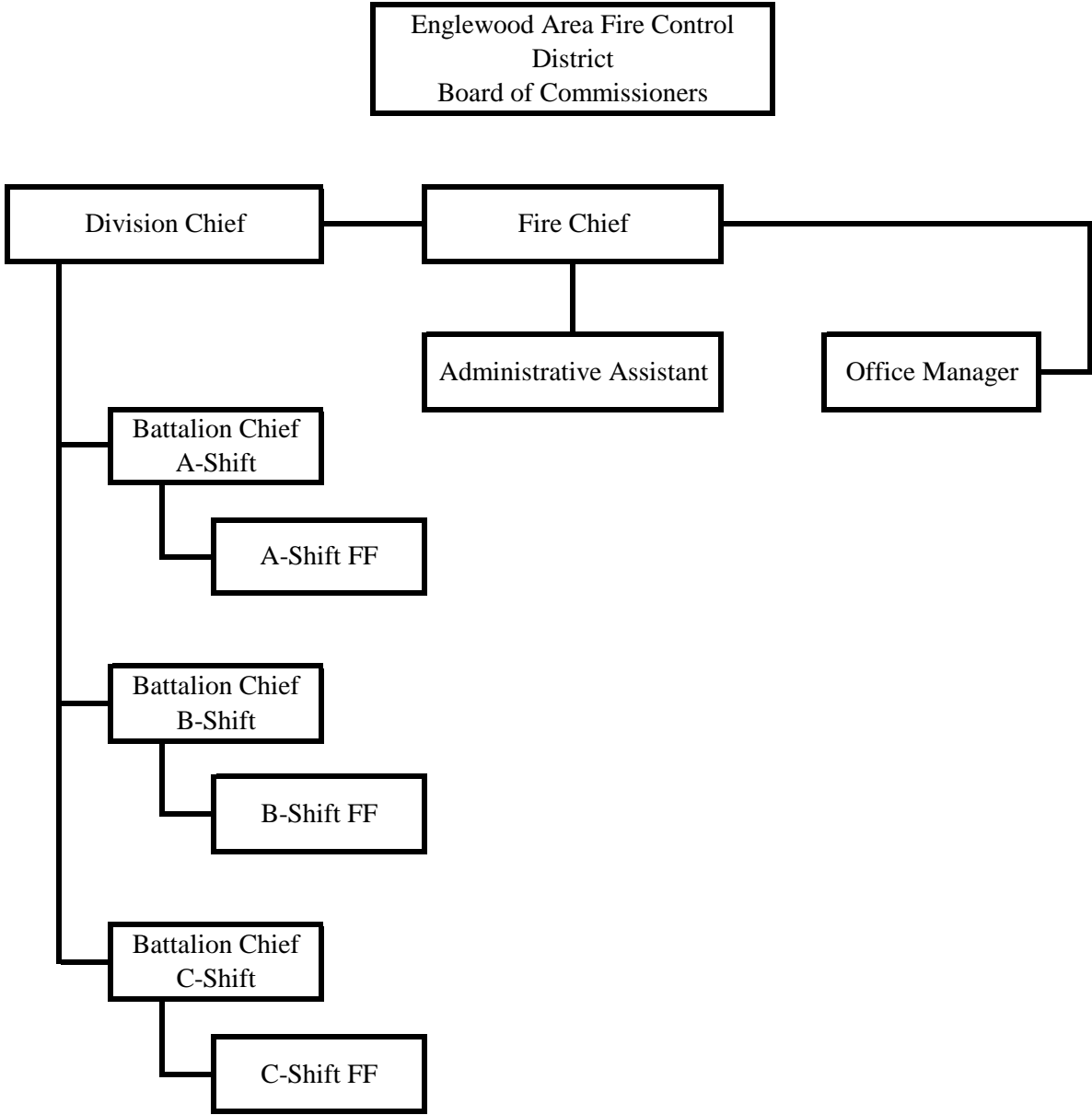
Eldon Loisell
Fire Commissioner

Fire Chief
Scott Lane

Office Manager
Jolanda DeWaard

Englewood Area Fire Control District

September 30, 2017



Englewood Area Fire Control District

Listing of District Officials

Elected Officials

Commissioner
Commissioner
Commissioner
Commissioner
Commissioner

Ronald Davison
Billy Kimberlin
Charles Bray
Ronald Benedetti
Eldon Loisell

Appointed Officials

Fire Chief
Attorney

Scott Lane
Lori Wellbaum Emery

Division Chief

John Stubbs

Report of Independent Auditor

Board of Commissioners
Englewood Area Fire Control District
Englewood, FL

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Englewood Area Fire Control District, (the "District") as of and for the fiscal year ended September 30, 2018, 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 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.

Auditor's Responsibility, continued

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of September 30, 2018, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note Q to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during the year ended September 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information other than Management Discussion & Analysis, as provided 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2019, 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, and grant agreements and other matters included under the heading 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.

Other Reporting Required by Government Auditing Standards, continued

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.

Ashley, Brown & Co.

Punta Gorda, Florida

June 19, 2019

Management Discussion and Analysis

ENGLEWOOD AREA FIRE CONTROL DISTRICT
Management's Discussion and Analysis (unaudited)
September 30, 2018

As management of the Englewood Area Fire Control District (the "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, 2018.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District were exceeded by its liabilities and deferred inflows of resources at the close of the 2018 fiscal year by \$3,557,002 (net deficit).
- The District's total net position increased by \$1,658,490.
- As of the close of the 2018 fiscal year, the District's governmental funds (general fund, special revenue fund, and capital projects fund) reported an ending fund balance of \$1,956,290 an increase of \$763,753 in comparison with the prior year. Approximately \$692,141 is available for spending at the District's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide 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 required supplementary information in addition to the basic financial statements themselves.

The government-wide financial statements 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).

ENGLEWOOD AREA FIRE CONTROL DISTRICT
Management's Discussion and Analysis (unaudited)
September 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED

Government-wide Financial Statements, continued

The government-wide financial statements should distinguish functions of the Englewood Area Fire Control 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 their costs through user fees and charges (business-type activities). All of the District's activities are governmental. The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The fund financial statements provide more information about the District's general fund, capital projects fund, and training facilities 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 financial-related legal requirements. The District's funds consist of governmental and fiduciary fund categories.

Governmental Funds

Governmental funds are funds used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows 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 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 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 three governmental funds: 1) the general fund; 2) the capital projects fund ; and 3) training facility fund. These funds are presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and in the changes in fund balance.

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 14 and 16 of this report.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
Management's Discussion and Analysis (unaudited)
September 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the district's own programs. Accounting used for fiduciary funds is much like that used for the government-wide financial statements. The fiduciary fund financial statements for the Firefighters' Pension Plan can be found on pages 18 and 19 of this report.

Notes to The Financial Statements

The notes to the financial statements 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 beginning on pages 20 through 63 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the District's progress in funding its obligation to provide pension benefits to its firefighters. Required supplementary information can be found on pages 64 through 73 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

For the year ended September 30, 2018, the District's assets and deferred outflows are exceeded by its liabilities and deferred inflows by \$3,557,002 creating a net deficit. This is primarily due to the implementation of the Governmental Accounting Standards Board (GASB) Statement Number 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 (GASB 68) and GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits other than Pensions (OPEB), which requires reporting the net pension liability, total OPEB liability and related deferred inflows/outflows of resources pertaining to pension and OPEB items.

The District's capital assets represent investments in land, buildings and improvements, and equipment. The District uses these capital assets to provide services to its citizens and property owners, consequently, these assets are not available for future spending.

The unrestricted category of net position has a deficit of \$5,208,484 at year-end.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
Management's Discussion and Analysis (unaudited)
September 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

Summary of Net Position
September 30, 2018 and 2017

	2018	2017
Assets:		
Cash and cash equivalents	\$ 2,174,244	\$ 1,480,185
Receivables, net of allowance for uncollectibles	261,810	175,246
Capital assets, net	3,896,556	2,524,185
Total Assets	6,332,610	4,179,616
Deferred outflows of resources	2,379,208	3,153,261
Liabilities		
Current liabilities	786,872	672,583
Long term liabilities	9,562,125	11,244,293 *
Total Liabilities	10,348,997	11,916,876
Deferred inflows of resources	1,919,823	631,493
Net position		
Investment in capital assets, net of related debt	1,574,173	1,473,665
Restricted	77,309	67,680
Unrestricted (deficit)	(5,208,484)	(6,756,837)
Total net position	\$ (3,557,002)	\$ (5,215,492) *

**as restated*

The District's capital assets increased by \$1,372,371 during the current fiscal year primarily from the acquisition of fire trucks.

Governmental Activities

As the District has no business-type activities, governmental activities were responsible for increasing the District's net position. For the year ended September 30, 2018, revenue increased approximately \$433,891 as compared to the previous year. This is primarily due to an increase in assessment revenues, impact fee revenue, and grant revenue.

For the year ended September 30, 2018, expenses decreased when compared to the previous year by approximately \$509,081. This is due primarily to the effects of a reduction in personal services.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
Management's Discussion and Analysis (unaudited)
September 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

For the year ended September 30, 2018, beginning net position was restated in order to account for the implementation of GASB 75 and the recording of the total OPEB liability.

The following schedule reports the revenues, expenses, and changes in net position for the District for fiscal years 2018 and 2017:

The District's Change in Net Position
Years ended September 30, 2018 and 2017

	2018	2017
Revenues:		
Program Revenues:		
Tuition	\$ 132,095	\$ 166,285
Federal grant revenue	387,550	285,799
Total Program Revenues	519,645	452,084
General Revenues:		
Property assessments	7,306,042	7,055,772
Impact fees	145,336	118,161
Interest income	23,714	17,199
Other	422,061	339,692
Total General Revenues	7,897,154	7,530,824
Total Revenues	8,416,799	7,982,908
Expenses:		
Public safety - Fire and Rescue Services	6,758,308	7,267,389
Change in net position - increase (decrease)	1,658,490	715,519
Net position - beginning of the year	(4,361,133)	(5,076,652)
Restatement	(854,359)	-
Net position - beginning of the year, as restated	(5,215,492)	(5,076,652)
Net position - end of the year, as restated	\$ (3,557,002)	\$ (4,361,133)

Financial Analysis of the District's Funds

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

Governmental Funds

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

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
Management's Discussion and Analysis (unaudited)
September 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

Governmental Funds, continued

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$692,141 while total fund balance was \$1,810,958. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8% of total general fund expenditures.

The \$741,805 increase to the General Fund balance is primarily attributable to a combination of higher than anticipated assessment, impact fee, and grant revenues, proceeds from financing debt, and the decrease in personal services expenditures.

General Fund Budgetary Highlights

An annual budget is legally adopted for the general fund. Expenditures were over budget by approximately \$1,621,188 and revenues over budget by approximately \$291,271. The District received proceeds from financing and capital outlay expense which hadn't been budgeted for. Additionally, property assessments and impact fees continue to rise.

Budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 64-66.

Fiscal Year 2018 Budget - General Fund

	Budget	Actual	Variance
Total revenue	\$ 7,637,373	\$ 7,928,647	\$ 291,274
Total expenditures	7,249,242	8,870,430	(1,621,188)
Total other financing sources	-	1,683,587	1,683,587
Net change in fund balance	<u>\$ 388,131</u>	<u>\$ 741,805</u>	<u>\$ 353,674</u>

Fiscal Year 2017 Budget - General Fund

	Budget	Actual	Variance
Total revenue	\$ 7,156,551	\$ 7,582,340	\$ 425,789
Total expenditures	7,008,951	7,360,939	(351,988)
Total other financing sources	(10,000)	243,592	253,592
Net change in fund balance	<u>\$ 137,600</u>	<u>\$ 464,993</u>	<u>\$ 327,393</u>

ENGLEWOOD AREA FIRE CONTROL DISTRICT
Management's Discussion and Analysis (unaudited)
September 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

Capital Assets

The following is a schedule of the District's capital assets as of September 30, 2018 and 2017:

Capital Assets		2018	2017
September 30, 2018 and 2017		<u>2018</u>	<u>2017</u>
Capital Assets			
Capital Assets, not being depreciated			
Land		\$ 471,100	\$ 471,100
Total Capital assets, not being depreciated		<u>471,100</u>	<u>471,100</u>
Capital Assets, being depreciated			
Buildings and improvements		3,403,554	3,380,272
Vehicles		3,441,939	-
Equipment		944,346	2,953,829
Total capital assets being depreciated		<u>7,789,839</u>	<u>6,334,101</u>
Accumulated Depreciation			
Buildings and improvements		(2,008,976)	(2,158,438)
Vehicles		(1,856,434)	-
Equipment		(498,973)	(2,122,578)
Total accumulated depreciation		<u>(4,364,383)</u>	<u>(4,281,016)</u>
Capital assets, net		<u><u>\$ 3,896,556</u></u>	<u><u>\$ 2,524,185</u></u>

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

Long-Term Debt

The District had a total of \$9,869,233 of outstanding debt and is comprised of capital leases of \$1,192,191, promissory notes of \$1,130,192 compensated absences of \$573,525, a Total OPEB (other post-employment benefit) Liability of \$825,289, and net pension liability of \$6,148,036. The following is a schedule of the District's outstanding debt at September 30, 2018 and 2017:

	2018	2017	Net Increase/ (Decrease)
	<u>2018</u>	<u>2017</u>	<u>(Decrease)</u>
Capital Lease	\$ 1,192,191	\$ -	\$ 1,192,191
Promissory Notes	1,130,192	1,050,520	79,672
Compensated Absences	573,525	598,723	(25,198)
Net Pension Liabilities	6,148,036	8,942,551	(2,794,515)
Total OPEB Liability, as restated for 2017	825,289	854,359	(29,070)
TOTAL LONG-TERM DEBT	<u><u>\$ 9,869,233</u></u>	<u><u>\$ 11,446,153</u></u>	<u><u>\$ (1,576,920)</u></u>

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
Management's Discussion and Analysis (unaudited)
September 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

Long-Term Debt, Continued

Compensated absences decreased by \$25,198 or 4% in comparison to the prior year. This liability represents the total amount the District has due at the termination of all employees' employment as of September 30, 2018. The District entered into a new promissory note and capital lease arrangement in fiscal year 2018 for the purchase of fire trucks and radios. Net pension liability of \$8,942,551 decreased by \$2,794,515 or 31% in comparison to the prior year. The Total OPEB Liability was added as a prior period restatement and decreased by \$29,070 or 3% between years.

Additional information on the District's long-term debt can be found in Note F.

ECONOMIC FACTORS

The District's board of commissioners approved a \$7,249,240 budget for the fiscal year, an increase of \$240,289 over the prior year's budget.

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:

Deputy Chief John Stubbs
Fire Chief's Office
516 Paul Morris Dr.
Englewood, Florida 34223

BASIC FINANCIAL STATEMENTS

ENGLEWOOD AREA FIRE CONTROL DISTRICT
STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
September 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,174,244
Receivables, net of allowance for uncollectibles	260,926
Prepaid Items	884
Total current assets	<u>2,436,054</u>
Noncurrent assets:	
Capital assets:	
Land	471,100
Depreciable Buildings, Improvements, and Equipment (Net of \$4,281,016 Accumulated Depreciation)	<u>3,425,456</u>
Total noncurrent assets	<u>3,896,556</u>
TOTAL ASSETS	<u>6,332,610</u>
DEFERRED OUTFLOW OF RESOURCES - PENSIONS	<u>2,379,208</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>8,711,818</u>
LIABILITIES	
Current liabilities:	
Accounts payable	406,776
Accrued salaries and benefits payable	72,988
Current portion of long-term obligations	<u>307,108</u>
Total current liabilities	<u>786,872</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>9,562,125</u>
TOTAL LIABILITIES	<u>10,348,997</u>
DEFERRED INFLOW OF RESOURCES - PENSIONS	<u>1,919,823</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>12,268,820</u>
NET POSITION	
Investment in capital assets, net of related debt	1,574,173
Restricted for capital projects	77,309
Unrestricted (deficit)	<u>(5,208,484)</u>
TOTAL NET POSITION	<u>\$ (3,557,002)</u>

The accompanying notes are an integral part of this statement

ENGLEWOOD AREA FIRE CONTROL DISTRICT
STATEMENT OF ACTIVITIES
September 30, 2018

	<u>Governmental Activities</u>
PROGRAM EXPENSES	
Governmental Activities	
Public Safety - Fire Protection	
Personal services	\$ 5,541,872
Operating expenses	775,089
Interest and fiscal charges	65,992
Depreciation	<u>375,355</u>
TOTAL PROGRAM EXPENSES	<u>6,758,308</u>
PROGRAM REVENUES	
Tuition	132,095
Federal grant revenue	<u>387,550</u>
TOTAL PROGRAM REVENUES	<u>519,645</u>
NET PROGRAM EXPENSES	<u>6,238,663</u>
GENERAL REVENUES	
Property assessments	7,306,042
Impact Fees	145,336
Firefighter supplemental	16,180
Interest income	23,714
Rental income	104,774
Miscellaneous	161,551
Instructors' reimbursement	45,558
Gain on sale of surplus equipment	<u>93,998</u>
TOTAL GENERAL REVENUES	<u>7,897,154</u>
INCREASE (DECREASE) IN NET POSITION	1,658,490
NET POSITION - OCTOBER 1, 2017	(4,361,133)
Restatement	<u>(854,359)</u>
NET POSITION - OCTOBER 1, 2017, AS RESTATED	<u>(5,215,492)</u>
NET POSITION - SEPTEMBER 30, 2018	<u><u>\$ (3,557,002)</u></u>

The accompanying notes are an integral part of this statement

ENGLEWOOD AREA FIRE CONTROL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2018

	<u>Non-Major Governmental</u>			Total Governmental Funds
	General Fund	Capital Projects Fund	Training Facility Fund	
ASSETS				
Cash and Cash Equivalents	\$ 2,042,469	\$ 77,309	\$ 54,466	\$ 2,174,244
Receivables, net	245,616	-	15,310	260,926
Prepaid items	884	-	-	884
TOTAL ASSETS	<u>\$ 2,288,969</u>	<u>\$ 77,309</u>	<u>\$ 69,776</u>	<u>\$ 2,436,054</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 405,023	\$ -	\$ 1,753	\$ 406,776
Accrued expenses	72,988	-	-	72,988
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	<u>478,011</u>	<u>-</u>	<u>1,753</u>	<u>479,764</u>
FUND BALANCES				
Restricted	-	77,309	-	77,309
Committed	1,118,817	-	-	1,118,817
Assigned	-	-	68,023	68,023
Unassigned	692,141	-	-	692,141
TOTAL FUND BALANCES	<u>1,810,958</u>	<u>77,309</u>	<u>68,023</u>	<u>1,956,290</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,288,969</u>	<u>\$ 77,309</u>	<u>\$ 69,776</u>	<u>\$ 2,436,054</u>

The accompanying notes are an integral part of this statement

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2018**

Total fund balances for governmental funds \$ 1,956,290

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Land	\$ 471,100	
Building and improvements	3,403,554	
Vehicles	3,441,939	
Equipment	944,346	
Less: accumulated depreciation	<u>(4,364,383)</u>	3,896,556

Deferred outflows and deferred inflows of resources related to pensions are applied to future periods and, therefore, are not reported in the governmental funds:

Deferred outflows of resources related to pensions	2,379,208	
Deferred inflows of resources related to pensions	<u>(1,919,823)</u>	459,385

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Less: promissory notes	(2,322,383)	
Less: compensated absences	(573,525)	
Less: net pension liability - (Firefighters')	(6,025,962)	
Less: net pension liability - FRS	(77,438)	
Less: net pension liability - HIS	(44,636)	
Less: net OPEB obligation	<u>(825,289)</u>	(9,869,233)

Total net position of governmental activities \$ (3,557,002)

The accompanying notes are an integral part of this statement

ENGLEWOOD AREA FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
Year Ended September 30, 2018

	Non-Major Governmental			Total Governmental Funds
	General Fund	Capital Projects Fund	Training Facility Fund	
REVENUES				
Property assessments	\$ 7,306,042	\$ -	\$ -	\$ 7,306,042
Impact fees	-	145,336	-	145,336
Intergovernmental				
Firefighter supplemental	16,180	-	-	16,180
Federal grant revenue	387,550	-	-	387,550
Interest income	22,680	668	366	23,714
Rental income	93,231	-	11,543	104,774
Miscellaneous	57,406	-	7,634	65,040
Instructors' reimbursements	45,558	-	-	45,558
Tuition	-	-	132,095	132,095
TOTAL REVENUES	<u>7,928,647</u>	<u>146,004</u>	<u>151,638</u>	<u>8,226,289</u>
EXPENDITURES				
Public safety:				
Personal services	6,275,775	-	60,327	6,336,102
Operating expenditures	666,083	33,167	77,592	776,842
Capital outlay	1,631,980	15,931	1,400	1,649,311
Debt service:				
Principal reduction	230,600	-	-	230,600
Interest and fiscal charges	65,992	-	-	65,992
TOTAL EXPENDITURES	<u>8,870,430</u>	<u>49,098</u>	<u>139,319</u>	<u>9,058,847</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(941,782)</u>	<u>96,906</u>	<u>12,319</u>	<u>(832,557)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from financing	1,502,313	-	-	1,502,313
Proceeds from sale of capital assets	93,997	-	-	93,997
Transfer from/(to) other funds	87,277	(87,277)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,683,587</u>	<u>(87,277)</u>	<u>-</u>	<u>1,596,310</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>741,805</u>	<u>9,629</u>	<u>12,319</u>	<u>763,753</u>
FUND BALANCE, OCTOBER 1, 2017	1,069,153	67,680	55,704	1,192,537
FUND BALANCES - September 30, 2018	<u>\$ 1,810,958</u>	<u>\$ 77,309</u>	<u>\$ 68,023</u>	<u>\$ 1,956,290</u>

The accompanying notes are an integral part of this statement

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
Year Ended September 30, 2018**

Net change (expenditures in excess of revenues and other financing sources) in fund balances - total governmental funds \$ 763,753

The increase (change) in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Additionally, dispositions of capital assets resulted in an increase to net assets. The total sale proceeds provides current financial resources and reduces expenses in the governmental funds.

Plus: expenditures for capital assets	\$ 1,649,311	
Less: current year depreciation expense	(375,355)	
Plus: donations of capital assets	98,265	
Plus: gain on disposition of capital assets		
		1,372,221

The issuance of debt is reported as a financing source in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Issuance of Debt	(1,502,313)	
Repayments of principal	230,600	
		(1,271,713)

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 funds.

Increase (decrease) in total OPEB liability	36,900	
Increase (decrease) in total compensated absences	25,198	
(Increase) decrease in net pension liability - (Firefighters')	2,799,929	
(Increase) decrease in net pension liability - pension (FRS)	(4,510)	
(Increase) decrease in net pension liability - HIS	(904)	
(Increase) decrease in deferred inflows	(1,288,330)	
Increase (decrease) in deferred outflows	(774,053)	
		794,230

Increase in net position of governmental activities \$ 1,658,490

The accompanying notes are an integral part of this statement

ENGLEWOOD AREA FIRE CONTROL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUND
September 30, 2018

	<u>Public Safety Pension Fund</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 865,843</u>
Receivables:	
Employer	433,227
Plan members	7,220
Intergovernmental:	
State	368,398
Investment Income	46,899
Total Receivables	<u>855,744</u>
Investments at Fair Value:	
Fixed Income:	
U.S. Government Obligations	2,585,174
Mortgage/Asset Backed Securities	439,507
Corporate Bonds	2,172,734
Mutual Funds - Fixed Income	1,016,432
Equities:	
Common Stock	3,899,385
Foreign Stock	80,953
Mutual Funds - Balanced	1,407,500
Mutual Funds - Equity	15,829,538
Unit Investment Trusts	183,200
Pooled/common/comingled funds:	
Real estate	<u>3,336,376</u>
Total investments	<u>30,950,799</u>
TOTAL ASSETS	<u>32,672,386</u>
LIABILITIES	
Accounts payable	15,740
Prepaid contributions	<u>-</u>
TOTAL LIABILITIES	<u>15,740</u>
NET POSITION	
Held in trust for pension benefits	<u>32,656,646</u>
TOTAL NET POSITION	<u>\$ 32,656,646</u>

The accompanying notes are an integral part of this statement

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
Year Ended September 30, 2018**

	<u>Public Safety Pension Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,558,227
Plan members	260,018
State	376,216
Total contributions	<u>2,194,461</u>
Investment income (loss):	
Net appreciation in fair value of investments	2,878,424
Investment income	890,312
Less: investment expense	<u>(102,698)</u>
Investment income, net	<u>3,666,038</u>
TOTAL ADDITIONS	<u><u>5,860,499</u></u>
DEDUCTIONS	
Distributions	2,000,992
Administrative Expenses	<u>60,227</u>
TOTAL DEDUCTIONS	<u><u>2,061,219</u></u>
CHANGE IN NET POSITION	3,799,280
NET POSITION - October 1, 2017, as restated	<u>28,857,366</u>
NET POSITION - September 30, 2018	<u><u>\$ 32,656,646</u></u>

The accompanying notes are an integral part of this statement

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

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

Organization

The Englewood Area Fire Control District (the "District") is a political subdivision of the State of Florida, located in Charlotte and Sarasota Counties in the southwest portion of the State. The District was incorporated in 1982 under the provisions of the Laws of Florida, Chapter 82-381 under a Board of Commissioners (the "Board") structure. In 2001, the Charter was codified, reenacted and amended to, among other items, provide for the redefinition of the boundaries of the District. The District is approximately eighty-three square miles in area. The District is governed by a five-member (5) elected Board of Commissioners. Commissioners serve on a staggered four (4) year term basis.

The District was organized to prevent and control damage, destruction or injury to people or property by fire, disaster, or other emergencies.

Summary of Significant Accounting Policies

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

Reporting Entity

Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity" (GASB 14), as amended, requires the financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB 14, as amended, there are no component units included and/or required to be included in the District's financial statements.

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District and do not emphasize fund types. These governmental activities comprise the primary government. General governmental and intergovernmental revenues support the governmental activities. The purpose of the government-wide financial statements is to allow the user to be able to determine if the District is in a better or worse financial position than the prior year. The effect of all interfund activity between governmental funds has been removed from the government-wide financial statements.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement Number 33, "Accounting and Financial Reporting for Nonexchange Transactions" (GASB 33).

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

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

Summary of Significant Accounting Policies, Continued

Government-wide Financial Statements, Continued

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability in the government-wide financial statements, rather than as expenditures.

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

Program revenues are considered to be revenues generated by services performed and/or by fees charged, such as inspection and ambulance fees, as well as operating and capital grants.

Fund Financial Statements

The District adheres to GASB Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54).

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the District's governmental and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in aggregate for governmental funds. The fiduciary statements include information for the Englewood Area Fire Control District Firefighters' Pension Trust Fund (the "Plan"). The fiduciary fund represents assets held by the District in a custodial capacity for the benefit of other individuals. This fund is properly not reflected as part of the government-wide financial statements as the net assets of this fund are held in trust and are not available to support the District's operations.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

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

Summary of Significant Accounting Policies, Continued

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

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

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

Fiduciary Fund

A Fiduciary Fund accounts for assets held by the government in a trustee capacity or as an agent on behalf of others. Specifically, a trust fund accounts for assets held by the government under the terms of a formal trust agreement. The District has one fiduciary fund: a pension trust fund—(Public Safety Trust Fund) the Englewood Area Fire Control District Firefighters' Pension Trust Fund.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

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

Summary of Significant Accounting Policies, Continued

Measurement Focus and Basis of Accounting, Continued

Revenues susceptible to accrual are ad valorem taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds are recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met. Inspection fees are not susceptible to accrual because generally they are not measurable until received in cash.

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

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

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

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

Major Funds

The District reports the following major governmental funds:

General Fund

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, including any impact fees collected.

Non-major Governmental Funds

The District reports the following non-major governmental funds:

Capital Projects Fund

The *Capital Projects Fund* consists of impact fee revenues collected under Florida Statute, Section 191.009(4). The fees are restricted and can only be used for certain capital expenditures associated with growth within the District.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

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

Summary of Significant Accounting Policies, Continued

Non-major Governmental Funds, continued

Training Facility Fund

The *Training Facility Fund* is a special revenue fund which accounts for the tuition revenues and expenses incurred in the operation of the District's new firefighters' training facility.

Fiduciary Funds

Fiduciary funds are excluded in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The only type of fiduciary fund the District maintains is the public safety pension plan, which accumulates resources for pension benefit payments to qualified public safety employees.

Budgetary Information

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

Deposits and Investments

The District adheres to the requirements of GASB Statement Number 72, "*Fair Value Measurement and Application*".

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.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

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

Summary of Significant Accounting Policies, Continued

Deposits and Investments, continued

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. Investments held by the District's pension trust funds are reported at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

Prepaid Items

Certain payments to vendors and 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 therefore equally offset by a fund balance reserve, which indicates the assets are unavailable for appropriation even though they are a component of reported assets.

Property Assessments

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 the County Tax Collector.

The special assessment levy (the "assessment") of the District is established by the Board of Commissioners on or after February 1 of each year and the Sarasota and Charlotte County Property Appraisers incorporate the District's assessment into the total tax levy. The District may change the rate of assessment from that assessed in the prior year as provided by Chapter 191, Florida Statutes. The 2018 rates of assessment by the District were as follows: Residential Property \$164.65 per unit, Non-residential Property \$0.24 per square foot, Church Property \$0.16 per square foot, Vacant Lot Property \$54.47 per lot.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

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

Summary of Significant Accounting Policies, Continued

Property Assessments, Continued

An assessment roll showing the assessment rate is prepared and completed by the Board of Commissioners on or before September 30 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 Collectors of Sarasota and Charlotte Counties, 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 18% 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 at 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 Sarasota and Charlotte County Tax Collectors' Offices 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 two years. 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 donation.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

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

Summary of Significant Accounting Policies, Continued

Capital Assets, continued

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 - 55
Equipment	5 - 15

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay, personal and compensatory time benefits, as follows:

Vacation Leave: All full-time and part-time employees do not accrue vacation time. Vacation leave is not paid out upon termination of employment.

Personal Time: Personal time is earned at the rate of eight (8) hours per year by all full-time (forty-hour per week) employees - unused personal time may be accumulated and is payable at the rate of pay in effect at termination.

Compensatory (Comp) Time: Compensatory time at the rate equal to that of overtime may be requested in lieu of overtime. Unused Comp time up to ninety-six (96) hours will be paid at the rate of pay in effect at termination.

Sick leave: It is the District's policy that all full-time (forty hours per week) employees earn eight (8) hours of sick leave for each full month of employment beginning with an employee's first pay period. All full-time (fifty-six hours per week) employees earn twelve (12) hours of sick leave for each full month of employment after six months of employment. Sick leave may be accumulated up to a maximum of one hundred and sixty (160) hours for all fifty-six (56) hour per week employees. Unused sick leave is payable to the employee's beneficiary at an amount equal to his accrued sick leave, up to a maximum of four hundred and eighty (480) hours in the event of death in the line of duty or death on account of injuries sustained in the line of duty.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

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

Summary of Significant Accounting Policies, Continued

Compensated Absences, Continued

Sick leave is paid out upon termination in accordance with the following schedule:

<u>Years of Service</u>	<u>Vesting %</u>
0 year through 5 years	0%
5 years through 10 years	30%
10 years through retirement	100%

Vested or accumulated sick leave, personal or comp time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated sick leave, personal or comp time 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.

All sick pay, personal and comp time is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and/or retirements.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period, which will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category, which is deferred costs pertaining to the District's pension plans. These amounts will be amortized and recognized in future years.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

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

Summary of Significant Accounting Policies, Continued

Deferred Outflows/Inflows of Resources, continued

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This represents an addition to net position that applies to a future period, which will not be recognized as an inflow of resources (revenue) until then. The District has one item that qualifies for reporting in this category, which is deferred inflows resulting from the District's pension plans. These amounts will be amortized and recognized in future years.

Pensions

For purposes of measuring the net pension (asset)/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Safety Pension Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post Employment Benefits (OPEB)

The District implemented GASB Statement Number 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" in the fiscal year ending September 30, 2018.

Net Position

Government-wide statements utilize an economic resources measurement focus and categorize net position among the following components:

Invested in Capital Assets, Net of Related Debt: The portion of net position which represents the District's equity in capital assets, less the amount of related debt.

Restricted Net Position: The portion of net position which is segregated due to external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: The portion of net position which is available for general operations.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

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

Summary of Significant Accounting Policies, Continued

Fund Balance

In the fund financial statements, governmental funds report fund 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. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned.

The components of Fund Balance are:

Nonspendable Fund Balances: Include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The District considers prepaid items as part of this category, as well as long-term receivables from which proceeds are not restricted, committed or assigned.

Spendable Fund Balances: Spendable fund balances are further classified as restricted, committed, assigned or unassigned, based on the extent to which there are external or internal constraints on the spending of these fund balances.

Restricted Fund Balance: Amounts that are restricted to specific purposes, and are restricted through enabling legislation and are legally enforceable. The legislation that creates the revenue stream must also stipulate the purposes for which that revenue can be used.

Committed Fund Balance: Amounts that are committed for specific purposes by formal action of the governments' highest level of decision making authority. These amounts are not subject to legal enforceability as in restricted, however those amounts cannot be used for any other purpose unless the government removes or changes the limitation by taking the same form of action it employed to previously impose the limitation.

Assigned Fund Balance: Amounts that are intended by the government to be used for specific purposes but are neither restricted nor limited. Intent should be expressed by (a) the governing body itself, or (b) a subordinate high-level body or official possessing the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance: The residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, limited or assigned to specific purposes within the general fund.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

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

Summary of Significant Accounting Policies, Continued

Fund Balance, Continued

Spending Order of Fund Balances - the District requires restricted amounts to be spent first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

Budgets

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to the requirements of the Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Expenditures should not exceed total appropriations. The District prepares a budget for the General Fund only.

On or before June 1 of each year, the department heads of each of the District's divisions submit requests for 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 July 1. The Board holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Fire Chief and the Division head or the revenue estimates must be changed by an affirmative vote of a majority of the Board.

Use of Estimates

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

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE B - CASH & CASH EQUIVALENTS

At year-end, the carrying amount of the District's deposits was \$2,176,194 and the bank balance was \$2,242,117. 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 for Public Deposits Act (the "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 in default.

NOTE C - INVESTMENTS

Cash and cash equivalents and investments of the Pension Plan totaled \$865,843 and \$30,950,799 respectively, at September 30, 2018. Such investments are controlled by the Pension Plan's Board policy.

Pension Plan Investment Authorization

The Pension Plan's investment policy is determined by its Board of Trustees. The policy provides for the use of investment managers to oversee the investments of the Fund in a manner so that the assets will provide benefits to the participants and preserve capital while maximizing the rate of return.

The policy establishes certain investment objectives and asset class targets. The Pension Plan is expected to earn a return over time exceeding the target rate of 7.5%. In addition, the Pension Plan should earn a return greater than inflation, as measured by the Consumer Price Index, by 3% per year, as of September 11, 2017.

The Board of Trustees adopted the following asset class targets, based on market value:

<u>Asset Class</u>	<u>% Target</u>	<u>% Range</u>	<u>Benchmark Index</u>
Domestic Equity			
Large Cap Core Equity	35.0%	25-60%	Russell 1000
Small Cap Value Equity	10.0%	5-20%	Russell 2000 Value
Small Cap Growth Equity	10.0%	5-20%	Russell 2000 Growth
International Equity	10.0%	5-15%	MSCI-ACW ex. US
Broad Market Fixed Income	15.0%	10-30%	Bloomberg Barclays Aggregate
Global Fixed Income	5.0%	0-10%	Citigroup World Govt. Bond
Real Estate	15.0%	0-15%	NCREIF ODCE
	<u>100.0%</u>		

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE C - INVESTMENTS, CONTINUED

Pension Plan Investment Authorization, continued

The following table indicates the Pension Plan's investments as of September 30, 2018:

Asset Class	Fair Value	% of Portfolio	% Target
Equity	\$ 21,400,576	69.14%	65.0%
Fixed Income	6,213,847	20.08%	20.0%
Real Estate	3,336,376	10.78%	15.0%
	<u>\$ 30,950,799</u>	<u>100.00%</u>	<u>100.0%</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. Through its investment policies, the pension trust fund manages its exposure to fair value losses arising from increasing interest rates. The fund limits the effective duration of its investment portfolio through the adoption of nationally accepted risk measure benchmarks.

Information about the sensitivity of the fair values of the Pension Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Pension Plan's investments by maturity at September 30, 2018, using the segmented time distribution method:

Investment Type	0 - 5 years	5 - 10 years	Total
US Government Obligations	\$ 405,508	\$ 2,179,666	\$ 2,585,174
Mortgage/Asset Backed Securities	-	439,507	439,507
Corporate Bonds	1,632,380	540,354	2,172,734
	<u>\$ 2,037,888</u>	<u>\$ 3,159,527</u>	<u>\$ 5,197,415</u>

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Pension Plan's investment policy utilizes portfolio diversification in order to control this risk. Consistent with state law, it is the Pension Plan's policy to limit its debt investments to the A rating or higher issued by nationally recognized statistical rating organizations.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE C - INVESTMENTS, CONTINUED

Credit Risk, continued

The following table discloses credit rating by fixed income investment type at September 30, 2018, if applicable:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Mortgage Backed		
Securities	\$ 439,407	AAA
Corporate Bonds	115,350	Aa2
Corporate Bonds	175,294	Aa1
Corporate Bonds	566,113	A1
Corporate Bonds	935,656	A2
Corporate Bonds	380,320	A3
US Government		
Obligations	149,990	AAA
US Government		
Obligations	<u>2,435,184</u>	A
	<u>\$ 5,197,314</u>	

Custodial Credit Risk

Custodial credit risk is defined as the risk that the Plan may not recover cash and investments held by another party in the event of a financial failure. The Pension Plan requires all securities to be held by a third party custodian in the name of the Pension Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

The investments in mutual funds and investment partnerships are considered unclassified pursuant to the custodial credit risk categories of GASB Statement No.3, because they are not evidenced by securities that exist in physical or book-entry form.

Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in the currency exchange rate may affect transactions conducted in currencies other than US Dollars and the carrying value of foreign investments. The Pension Plan's exposure to foreign currency risk derives mainly from its investments in international equity funds.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE C - INVESTMENTS, CONTINUED

Concentration of Credit Risk

The investment policy of the Pension Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. Not more than 5% of the Pension Plan's assets shall be invested in the stock of one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company. The value of bonds issued by any single corporation shall not exceed 3% of the total fund. Investments in real estate shall not exceed 10% of the market value of the total Pension Plan at the time of purchase.

Pension Plan Fair Value Measurements

The framework for measuring fair value provided a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at September 30, 2018.

- Equity Securities: Valued at the closing price reported on the New York Stock Exchange.
- Mutual and Money Funds: These investments are valued at the daily closing price as reported by the fund. Mutual funds are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE C - INVESTMENTS, CONTINUED

Pension Plan Fair Value Measurements, continued

- US government securities: Valued at the closing price reported in the active market in which the individual security is traded.
- Corporate Bonds: Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.
- Mortgage Backed Securities: The fair value of asset backed securities is estimated based on models that consider the estimated cash flows of each tranche of the entity, establishes a benchmark yield, and develops an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche.
- Real Estate: Valued on the basis of a discounted cash flow approach, which includes the future rental receipts, expenses, and residual values as the highest and best use of the real estate from a market participant view as rental property.

The following table sets forth by level, within the fair value hierarchy, the Pension Plan's assets at fair value at September 30, 2018:

Asset Type	Level 1	Level 2	Level 3	Total
Equity				
Common Stock	\$ 3,899,385	\$ -	\$ -	\$ 3,899,385
Foreign Stock	80,953	-	-	80,953
Mutual Funds- Balanced	1,407,500	-	-	1,407,500
Mutual Funds- Equity	15,829,538	-	-	15,829,538
Unit Investment Trusts	183,200	-	-	183,200
Fixed Income				-
US Government Obligations	2,585,174	-	-	2,585,174
Mortgage/Asset Backed Securities	439,507	-	-	439,507
Corporate Bonds	2,172,734	-	-	2,172,734
Mutual Funds- Fixed Income	1,016,432	-	-	1,016,432
Real Estate	-	3,336,376	-	3,336,376
	<u>\$ 27,614,423</u>	<u>\$ 3,336,376</u>	<u>\$ -</u>	<u>\$ 30,950,799</u>

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE D - RECEIVABLES

Receivables as of September 30, 2018, consisted of the following:

Receivables:	<u>General Fund</u>
Accounts	\$ 260,926
Intergovernmental	<u>-</u>
	260,926
Less: allowance for uncollectibles	<u>-</u>
Net receivables	<u><u>\$ 260,926</u></u>

Remaining of this page is intentionally left blank

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE E - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2018:

<i>Governmental Activities</i>	Beginning Balance 10/01/2017	Increases	Decreases	Adjustments	Ending Balance 9/30/2018
Capital Assets - non-depreciable:					
Land	\$ 471,100	\$ -	\$ -	\$ -	\$ 471,100
Total Capital Assets - non-depreciable	<u>471,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>471,100</u>
Capital Assets - depreciable:					
Building and improvements	3,380,272	23,282	-	-	3,403,554
Vehicles	-	1,378,941	(291,988)	2,354,986	3,441,939
Equipment	2,953,829	281,451	-	(2,290,934)	944,346
Total Capital Assets - depreciable	<u>6,334,101</u>	<u>1,683,674</u>	<u>(291,988)</u>	<u>64,052</u>	<u>7,789,839</u>
Less Accumulated Depreciation:					
Building and improvements	(2,158,438)	(60,768)	-	210,230	(2,008,976)
Vehicles	-	(280,730)	291,988	(1,867,692)	(1,856,434)
Equipment	(2,122,578)	(71,999)	-	1,695,604	(498,973)
Total Accumulated Depreciation	<u>(4,281,016)</u>	<u>(413,497)</u>	<u>291,988</u>	<u>38,142</u>	<u>(4,364,383)</u>
Total Capital Assets - depreciable, net	<u>2,053,085</u>	<u>1,270,177</u>	<u>-</u>	<u>102,194</u>	<u>3,425,456</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 2,524,185</u>	<u>\$ 1,270,177</u>	<u>\$ -</u>	<u>\$ 102,194</u>	<u>\$ 3,896,556</u>

Depreciation expense of \$413,497 was charged to the governmental activities during the year ended September 30, 2018.

NOTE F - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2018:

Description	Beginning Balance 10/01/2017	Increases	Decreases	Ending Balance 9/30/2018	Amounts Due Within One Year
Promissory Notes and Capital Leases	\$ 1,050,520	\$ 1,502,313	\$ (230,450)	\$ 2,322,383	\$ 219,894
Compensated Absences	598,723	98,019	(123,217)	573,525	87,214
Net Pension Liability - (Firefighters')	8,825,891	3,681,102	(6,481,031)	6,025,962	-
Net Pension Liability - (FRS)	72,928	19,163	(14,653)	77,438	-
Net Pension Liability - (HIS)	43,732	6,182	(5,278)	44,636	-
Net OPEB Liability, as restated	862,189	55,170	(92,070)	825,289	-
	<u>\$11,453,983</u>	<u>\$ 5,361,949</u>	<u>\$ (6,946,699)</u>	<u>\$ 9,869,233</u>	<u>\$ 307,108</u>

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE F - LONG-TERM LIABILITIES, CONTINUED

Long-term liabilities is comprised of the following at September 30, 2018:

Capital Lease Payable

\$1,281,735 capital lease collateralized by two Sutphen vehicles ((1) SP-70 Platform and (1) G-2 Pumper) dated June 15, 2017, with a maturity date of June 15, 2029, with interest at 3.24%. Principal and interest payable are due in annual installments of \$130,622. The first payment is due June 15, 2018. \$ 1,192,191

Promissory Notes

\$74,000 promissory note collateralized by three Chevy vehicles dated December 29, 2016, with a maturity date of December 16, 2023, with interest at 2.58%. Principal and interest payable are due in monthly installments of \$965. \$ 56,736

\$220,578 promissory note collateralized by the Motorola radios dated July 24, 2018, with a maturity date of July 24, 2023, with interest of 3.80%. Principal and interest payable are due in monthly installments of \$4,048. 213,749

\$438,611 refinanced promissory note collateralized by the land and building at 516 Paul Morris Drive dated December 6, 2016 (original promissory note dated September 6, 2012 for \$562,500), with a maturity of September 6, 2027, with interest at 2.58%. Principal and interest payable are due in monthly installments of \$3,905. 370,790

\$805,000 promissory note collateralized by the training facility dated March 3, 2008, with a maturity date of September 3, 2029, with interest of 3.25%. Principal and interest payable are due in monthly installments of \$4,168. 488,917

Total Promissory Notes 1,130,192

Compensated Absences

Employees of the District are entitled to paid sick time, personal and comp time based on length of service and job classification. 573,525

Net Pension Liability - Firefighters' Plan

This amount is actuarially determined through calculation based upon the audited financial statements of the Firefighters' Pension Plan and the District. 6,025,962

Net Pension Liability - FRS Pension Plan

This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan. 77,438

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE F - LONG-TERM LIABILITIES, CONTINUED

Net Pension Liability - HIS Pension Plan

This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan. 44,636

Total OPEB Liability

This amount is actuarially determined. 825,289

TOTAL LONG-TERM LIABILITIES \$ 9,869,233

The annual debt service requirements at September 30, 2018, were as follows:

Year Ending September 30,	Principal	Interest	Total
2019	\$ 219,894	\$ 67,766	\$ 287,660
2020	226,633	61,026	287,659
2021	233,641	54,018	287,659
2022	240,845	46,815	287,660
2023	240,028	39,535	279,563
2024-2028	981,756	107,230	1,088,986
2029-2033	179,586	4,580	184,166
Total Promissory Notes and Capital Leases	<u>2,322,383</u>	<u>\$ 380,970</u>	<u>\$ 2,703,353</u>
Compensated Absences	573,525		
Net Pension Liability - Firefighters'	6,025,962		
Net Pension Liability - FRS	77,438		
Net Pension Liability - HIS	44,636		
Net OPEB Liability	<u>825,289</u>		
Total long-term liabilities	<u><u>\$ 9,869,233</u></u>		

NOTE G - SHORT TERM DEBT, REVOLVING LINE OF CREDIT

The District uses a revolving line of credit to finance operations and a variety of projects.

	Beginning Balance	Draws	Repayments	Ending Balance
Line of Credit	\$ 750,000	\$ -	\$ -	\$ 750,000

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

NOTE H - RISK MANAGEMENT

The District did not receive sufficient federal grant funds during the year ended September 30, 2018 and is not, therefore, subject to the program compliance audit by the grantee under Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

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 coverages from commercial insurance carriers.

The District also carries commercial insurance for all other risks of loss including 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 I - RESERVED FUND BALANCES

Pension Trust Fund

Fund balances in the *Pension Trust Fund* are reserved to indicate fund equity restricted for future benefits to members of the District's pension plan as follows:

Firefighters' Pension Trust Fund \$ 32,656,646

NOTE J - DEFICIT UNRESTRICTED NET POSITION

During the year ended September 30, 2018, the District's unrestricted net position balance was again a deficit and totaled \$(3,557,002), due substantially to recording the current year actuarially determined total OPEB liability of \$825,289.

NOTE K - DETAILS OF CONSTRAINTS ON FUND BALANCES OF GOVERNMENTAL FUNDS

Fund balance is classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used.

The District has established the following committed fund balance reserves in the General Fund:

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE K - DETAILS OF CONSTRAINTS ON FUND BALANCES OF GOVERNMENTAL FUNDS, CONTINUED

Station Construction Projects Reserve

The *Station Construction Projects Reserve* fund balance is committed by the Commission as set forth in the annual budget (and any amendments thereto) to ensure the adequacy of funds for station projects as they arise in future years.

Fleet Service Reserve

The *Fleet Service Reserve* fund balance is committed by the Commission in order to fund the replacement of fleet assets as well as maintenance of infrastructure at a level consistent with a depreciation based methodology or as recommended by an independent condition assessment. Funding shall be designated to maintain the condition of assets at a desirable service level without shifting the cost disproportionately to future rate (tax) payers.

General Operating Reserve

The General Operating Reserve fund balance is committed by the Commission to operate the District in the event of a natural disaster or emergency. The reserve is also used for beginning of the year general operating expenditures so that the District is not required to borrow from the line of credit.

Details of fund balances of the governmental funds are as follows:

Fund Balances:	General Fund	Capital Projects Fund	Training Facility Fund
Restricted to:			
Infrastructure	\$ -	\$ 77,309	\$ -
Committed to:			
Station construction projects	732,804	-	-
Fleet Service reserve	168,962	-	-
Operating reserve	217,051		
Total committed fund balance	<u>1,118,817</u>	<u>-</u>	<u>-</u>
Assigned to:			
Training facility	<u>-</u>	<u>-</u>	<u>68,023</u>
Total Fund Balances	<u>\$ 1,118,817</u>	<u>\$ 77,309</u>	<u>\$ 68,023</u>

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE L - FIREFIGHTERS' PENSION PLAN

The District maintains a single employer, defined benefit pension plan (Englewood Area Fire Control District Firefighters' Pension Trust Fund, the "Plan") which covers all of its firefighters.

Plan Description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan Agreement for a more complete description of the Plan's provisions.

The Plan is a single employer defined benefit pension plan covering all full-time firefighters of the District. Participation in the Plan is required as a condition of employment. Originally established by District Resolution in 1995, and amended through 2017, the Plan provides for pension, death and disability benefits. The Plan is subject to provisions of Chapter 175 of the State of Florida Statutes.

The Plan, in accordance with the above statute, is governed by a five member pension board. Two firefighters who are elected by a majority of the members of the Plan, two are legal residents of the District and are appointed by the District and a fifth member elected by the other four members constitute the pension board. The District and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The District is authorized to establish benefit levels and the Board of Trustees approves the actuarial assumptions used in the determination of contribution levels.

Current membership in the Plan is summarized as follows:

Plan Members	GASB 67 Measurement Date October 1, 2017	GASB 68 Reporting Date October 1, 2016
Inactive Plan Members or Beneficiaries		
Currently Receiving Benefits	22	22
Inactive Plan Members Entitled But Not Yet Receiving Benefits	1	-
Active plan members	50	47
Total Plan Members	73	69

Basis of Accounting

The Plan follows the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE L - FIREFIGHTERS' PENSION PLAN, CONTINUED

Asset Valuation

Investments in common stock and bonds traded on a national securities exchange are valued at the last reported sales price on the last business day of the year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the past reported bid and asked prices; investments in securities not having an established market value are valued at fair value as determined by the Board of Trustees. The fair value of an investment is the amount that the Plan could reasonably expect to receive for it in a current sale between a willing buyer and a willing seller, other than in a forced or liquidation sale. Purchases and sales of investments are recorded on a trade date basis.

Investment income is recognized on the accrual basis as earned. Unrealized appreciation in fair value of investments includes the difference between cost and fair value of investments held. The net realized and unrealized investment appreciation or depreciation for the year is reflected in the Statement of Changes in Plan Net Position.

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Accrued Benefit

The sum of the following:

- a) 3.50% of average final compensation (using the highest two-year average of pensionable earnings prior to January 6, 2012) for each year of credited service prior to January 6, 2012, plus
- b) 3.25% of average final compensation (using the highest five-year average of pensionable earnings earned after January 5, 2012) for each year of credited service earned after January 5, 2012.
- c) Members hired after September 30, 2017 accrue benefits at 3.00% for each year of credit service, subject to an 80% of average final compensation maximum, but not less than 2.75% for each year of credited service.

Normal Retirement

Date: Earlier of age 55 and 10 years of credited service, or 20 years (25 years for members hired after September 30, 2017) of credited service, regardless of age.

Early Retirement

Eligibility: Age 50 with 10 years of credited service.

Benefit: Accrued Benefit, reduced 3% per year.

Cost of Living Adjustment

Each October 1, after one full year of retirement, normal and early retirees receive a 1.7% (1.0% for members hired after September 30, 2017) increase in their monthly benefit.

Vesting

Schedule: 100% after 10 years of credited service.

Benefit: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise normal retirement date.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE L - FIREFIGHTERS' PENSION PLAN, CONTINUED

Benefits Provided, Continued

Disability

Service Incurred: Covered from date of employment.

Non-Service Incurred: 10 years of credited service.

Benefit accrued to date of disability but not less than 42% of average final compensation (service incurred).

Pre-Retirement Death Benefits

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

Contributions

Member contributions: According to the following schedule:

<u>Period</u>	<u>Rate</u>
Current through 9/30/2018	8.0%
10/1/2018 - 9/30/2019	9.0%
10/1/2019 and later	10.0%

Members hired after September 30, 2017 have a 10.0% member contribution rate.

District Contributions: Remaining amount necessary to pay current costs and amortize past service cost, if any, over a period of up to 30 years. Minimum contribution by District is 16.6% of total salary of the members.

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	55%
International Equity	10%
Broad Market Fixed Income	15%
Global Bond	5%
Real Estate	15%
	<u>100%</u>

Concentration:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2018, the annual money-weighted rate of return on Pension Plan investments, net Pension Plan investment expense, was 12.99 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

NOTE L - FIREFIGHTERS' PENSION PLAN, CONTINUED

Deferred Retirement Option Program (DROP)

Eligibility: Satisfaction of normal retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: You may elect to either have your account credited with interest at the rate of 2.65% per annum or credited or debited with an investment return or loss equal to the net investment return realized by the system of that quarter. One change in election is permitted.

The DROP balance as of September 30, 2018 was \$704,164.

NOTE M - FLORIDA RETIREMENT SYSTEM

All of the District's general employees participate in the Florida Retirement System ("FRS"), a non-contributory cost-sharing, multiple-employer public employee retirement system.

The District contributes to the FRS which is administered by the Florida Department of Management Services, Division of Retirement. FRS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 121 of the Florida Statutes which may be amended by the Florida Legislature, assigns the authority to establish and amend benefit provision to the Department of Management Services through the Division of Retirement. The FRS issues a publicly available financial report that includes financial statements and required supplementary information for FRS. The report may be obtained by writing to:

State of Florida
Division of Retirement
3639-C North Monroe Street
Tallahassee, FL 32399-1560

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentage of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. Future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, future actuarial gains and losses are amortized on a rolling 10% basis as a level dollar amount.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE M - FLORIDA RETIREMENT SYSTEM, CONTINUED

Contributions

Required contributions on covered payroll are as follows:

Membership Category	Member Contribution	District Contribution	
		7/1/16-6/30/17	7/1/17-6/30/18
Regular	3.00%	7.92%	8.26%
Senior Management	3.00%	22.71%	24.06%
Special Risk	3.00%	23.27%	24.50%
DROP	0.00%	13.26%	14.03%

The District's contributions include 1.66% for a post-retirement health insurance subsidy. Also, employer rates, other than DROP participants, include .06 percent for administrative costs for the FRS & HIS Pension Plans.

For the year ended September 30, 2018, the District's contributions to the Pension Plan totaled \$6,643 and \$2,278 to the HIS Plan.

Benefits

Employees enrolled prior to July 1, 2011, who retire with 6 years of creditable service, at or after age 62, 6 years of senior management service and age 62, 6 years pf special risk service and age 55, or 30 years of service (25 years for special risk) regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.60% to 3.00% per year of creditable service, depending on the class of employee (regular, special risk, etc.) based on average final compensation of the five highest fiscal years' compensation. The annual benefit cannot exceed 100% of average final compensation.

Employees enrolled on or after to July 1, 2011, who retire with 8 years of creditable service, at or after age 65, 8 years of senior management service and age 65, 8 years of special risk service and age 60, or 33 years of service (30 years for special risk) regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.60% to 3.00% per year of creditable service, depending on the class of employee (regular, special risk, etc.) based on average final compensation of the eight highest fiscal years' compensation. The annual benefit cannot exceed 100% of average final compensation.

Vesting

Benefits vest after six years of credited service for those employees enrolled prior to July 1, 2011 and after 8 years of credited service for those enrolled on or after July 1, 2011. Vested employees may retire anytime after vesting and incur a 5% benefit reduction for each year prior to normal retirement.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

NOTE M - FLORIDA 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 6.50%. 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 14.03% of salary for all DROP participants. FRS also provides disability and survivors' benefits.

NOTE N - NET PENSION LIABILITY

Firefighters' Plan

The measurement date is September 30, 2017. The measurement period for the pension expense was October 1, 2016 to September 30, 2017. The reporting period is October 1, 2017 through September 30, 2018. The Sponsor's net pension liability was measured as of September 30, 2017. The total pension liability used to calculate the net pension liability was determined as of that date.

Actuarial Assumptions

The total pension liability for the firefighters' defined benefits plan was determined by an actuarial valuation as of October 1, 2015, updated to September 30, 2016 using the following actuarial assumptions applied to all measurement periods:

• Inflation	2.50%
• Salary increases	Service Based
• Discount rate	7.45%
• Investment rate of return	7.45%

Mortality Rate Healthy Lives:

- Female: RP2000 Generational, 100% annuitant white collar, scale BB.
- Male: RP2000 Generational, 10% annuitant white collar/90% annuitant blue collar, scale BB.

Mortality Rate Disabled Lives:

- Female: 60% RP2000 disabled female set forward two years / 40% annuitant white collar with no setback, no projection scale.
- Male: 60% RP2000 disabled male setback four years / 40% annuitant white collar with no setback, no projection scale.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE N - NET PENSION LIABILITY, CONTINUED

Firefighters' Plan, Continued

Actuarial Assumptions, continued

The most recent actuarial experience study used to review the other significant assumptions was dated September 22, 2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2017, the inflation rate assumption of the investment rate advisor was 2.50%. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	55.00%	7.50%
International Equity	10.00%	8.50%
Broad market Fixed Income	15.00%	2.50%
Global Fixed Income	5.00%	3.50%
Real Estate (Property)	15.00%	4.50%
	<u>100.00%</u>	

- The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE N - NET PENSION LIABILITY, CONTINUED

Firefighters' Plan, Continued

The following table summarizes the changes in the District's change in net pension liability:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at September 30, 2017	\$ 34,084,829	\$ 25,258,938	\$ 8,825,891
Changes during the year:			
Service cost	924,574	-	924,574
Interest	2,527,569	-	2,527,569
Change in excess state money	(357,863)	-	(357,863)
Share plan allocation	178,931	-	178,931
Differences between expected and actual experience	(392,858)	-	(392,858)
Changes of assumptions	(129,288)	-	(129,288)
Changes of benefit terms	2,287	-	2,287
Contributions - employer	-	1,439,455	(1,439,455)
Contributions - state	-	421,396	(421,396)
Contributions - employees	-	229,766	(229,766)
Net investment income	-	3,510,405	(3,510,405)
Benefit payments	(1,954,853)	(1,954,853)	-
Administrative expenses	-	(47,741)	47,741
Net changes	798,499	3,598,428	(2,799,929)
Balance at September 30, 2018	\$ 34,883,328	\$ 28,857,366	\$ 6,025,962

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the District, as it pertains to this Plan, calculated using the discount rate of 7.45%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
District's net pension liability	\$ 10,464,077	\$ 6,025,962	\$ 2,390,174

General Employees' Plan (FRS)

At September 30, 2018, the District reported a liability of \$77,438 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was 0.0002571%, which was an increase of 0.0000105% from its proportionate share measured as of June 30, 2017.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE N - NET PENSION LIABILITY, CONTINUED

General Employees' Plan (FRS), continued

Actuarial Assumptions

The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 2.60%
- Salary increases 3.25%
- Discount rate 7.00%
- Investment rate of return, net of investment expense 7.00%
- Mortality rates were based on the Generational RP-2000 with Projection Scale BB.
- The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.
- 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:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual Geometric Return
Cash	1.00%	2.90%	2.90%
Fixed Income	18.00%	4.40%	4.30%
Global Equity	54.00%	7.60%	6.30%
Real Estate (Property)	11.00%	6.60%	6.00%
Private Equity	10.00%	10.70%	7.80%
Strategic Investments	6.00%	6.00%	5.70%
	100.00%		
Assumed inflation - mean	2.60%		1.90%

- The discount rate used to measure the total pension liability was 7.00 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.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE N - NET PENSION LIABILITY, CONTINUED

General Employees' Plan (FRS), continued

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the District, as it pertains to this Plan, calculated using the discount rate of 7.00%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability/(asset)	\$ 141,328	\$ 77,438	\$ 24,374

Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

General Employees' Plan (HIS)

At September 30, 2018, the District reported a liability of \$44,636 for its proportionate share of the net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within one year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was 0.000422%, which was an increase of 0.0000013% from its proportionate share measured as of June 30, 2017.

Actuarial Assumptions

The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 2.60%
- Salary increases 3.25%
- Municipal bond rate 3.87%
- Mortality rates were based on the Generational RP-2000 with Projection Scale BB.
- The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE N - NET PENSION LIABILITY, CONTINUED

General Employees' Plan (HIS), continued

- The discount rate used to measure the total HIS pension liability was increased from 3.58 to 3.87 percent. In general, the discount rate for calculating the total pension 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 HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the District, as it pertains to this Plan, calculated using the discount rate of 3.87%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate:

	1% Decrease (2.87%)	Current Rate (3.87%)	1% Increase (4.87%)
	<u> </u>	<u> </u>	<u> </u>
District's net pension liability	\$ 50,838	\$ 44,636	\$ 39,466
	<u> </u>	<u> </u>	<u> </u>

Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Pension Expense

For the year ended September 30, 2018, the District recognized pension expense (benefit) as follows:

<u>Plan</u>	<u>Amount</u>
Firefighters'	\$ (740,450)
General employees' (FRS)	5,948
General employees' (HIS)	2,370
	<u>\$ (732,132)</u>

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

NOTE N - NET PENSION LIABILITY, CONTINUED

Deferred Inflows and Outflows of Resources Related to Pensions

The District reported deferred inflows and outflows of resources related to pensions from the following sources:

Firefighters' Plan

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 816,505
Change of assumptions	622,320	110,820
Net difference between projected and actual earnings on pension plan investments	-	966,364
Employer and State Contributions subsequent to the measurement date	<u>1,701,358</u>	<u>-</u>
Total	<u><u>\$ 2,323,678</u></u>	<u><u>\$ 1,893,689</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension for this Plan will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ (234,850)
2020	(104,933)
2021	(435,558)
2022	(346,842)
2023	(74,593)
Thereafter	<u>(74,593)</u>
	<u><u>\$ (1,271,369)</u></u>

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE N - NET PENSION LIABILITY, CONTINUED

Deferred Inflows and Outflows of Resources Related to Pensions, continued

General Employees' Plan (FRS)

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 6,560	\$ 238
Change of assumptions	25,303	-
Net difference between projected and actual earnings on FRS pension plan investments	-	5,983
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	8,980	12,392
FRS contributions subsequent to the measurement date	1,926	-
Total	<u>\$ 42,769</u>	<u>\$ 18,613</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension for this Plan will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 9,968
2020	3,908
2021	(531)
2022	4,826
2023	3,495
Thereafter	564
	<u>\$ 22,230</u>

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE N - NET PENSION LIABILITY, CONTINUED

Deferred Inflows and Outflows of Resources Related to Pensions, continued

General Employees' (HIS)	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Description</u>	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ 683	\$ 76
Change of assumptions	4,964	4,719
Net difference between projected and actual earnings on HIS pension plan investments	27	-
Changes in proportion and differences between District HIS contributions and proportionate share of contributions	6,520	2,726
HIS contributions subsequent to the measurement date	567	-
Total	<u>\$ 12,761</u>	<u>\$ 7,521</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension for this Plan will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	1,939
2020	1,937
2021	451
2022	414
2023	(79)
Thereafter	11
	<u>\$ 4,673</u>

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE N - NET PENSION LIABILITY, CONTINUED

Combined totals of net pension liability, deferred outflows of resources and deferred inflows of resources pertain to pensions for the District as a whole are as follows:

<u>Net Pension Liability</u>	<u>Amount</u>
Firefighters'	\$ 6,025,962
General employees' (FRS)	77,438
General employees' (HIS)	44,636
Total Net Pension Liability	<u>\$ 6,148,036</u>
<u>Deferred Outflows of Resources</u>	
Firefighters'	\$ 2,323,678
General employees' (FRS)	42,769
General employees' (HIS)	12,761
Total Deferred Outflows of Resources	<u>\$ 2,379,208</u>
<u>Deferred Inflows of Resources</u>	
Firefighters'	\$ 1,893,689
General employees' (FRS)	18,613
General employees' (HIS)	7,521
Total Deferred Inflows of Resources	<u>\$ 1,919,823</u>

NOTE O - FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Board employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected District Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. Employer contributions to the investment member's accounts during for fiscal year beginning July 1, 2018, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class--3.30%, Special Risk Administrative Support class--4.95%, Special Risk class--11.00%, Senior Management Service class--4.67% and District Elected Officers class--8.34%. Members contribute an additional 3% of wages to the plan.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

NOTE O - FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN, CONTINUED

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Board.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension contributions totaled \$1,982 for the fiscal year ended September 30, 2018, excluding HIS and administrative expense.

NOTE P - DEFINED CONTRIBUTION PLAN FOR FIREFIGHTERS

The District provides pension benefits for its firefighters, as a supplement to the benefits provided under the Englewood Are Fire District- Firefighters' Pension Plan defined benefit pension plan, through the Chapter 175 Share Plan. Benefits from this plan depends solely on amounts contributed to the plan, plus investment earnings. Employer contributions to the plan are the proceeds of a tax on certain insurance companies collected by the State of Florida and distributed to qualified special districts, according to the Florida Statutes 175. The plan is administered by the Pension Board. The Chapter 175 Share Plan had a balance of \$229,267.

Chapter 175 Share Plan

Eligibility: Individual share accounts shall be established as of September 30, 2016 for all active members. Members who retired or entered DROP after September 30, 2015, and prior to September 30, 2015, are also entitled to an allocation of share monies.

Annual Crediting: In addition to the initial \$166,670.70 allocation as of September 30, 2016 (based on a mutual consent agreement between the District and Membership), 50% of state monies received by the District in excess of \$396,874.44 shall be allocated to participant accounts on a pro-rata basis (based on credited service).

Investment Earnings: Net-of-fees plan performance realized for the fiscal year.

Expenses: Administrative expenses associated with share plan are allocated to participant accounts on a pro-rata basis (based on the percentage of each share balance to total plan assets).

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE Q - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Plan Description

In accordance with Section 112.0801, Florida Statutes, because the District provides medical plans to employees of the District and their eligible dependents, the District is required to provide insurance (health insurance) benefits to its retired employees. The Englewood Area Fire District’s Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under the applicable retirement plan to continue medical and life insurance coverage as a participant in the District’s plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

Employees Covered by Benefit Terms

At September 30, 2018, the following employees were covered by the benefit terms:

Inactive plan members of beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	57
	63
	63

Benefits Provided

The benefits provided are the same as those provided for active employees. Dependents of eligible retirees are also eligible for medical coverage. All employees of the District are eligible to receive postemployment health care benefits. All retiree and dependent coverage is at the expense of the retiree.

Total OPEB Liability

The measurement date is September 30, 2018. The measurement period for the OPEB expense/(revenue) was October 1, 2017 to September 30, 2018. The reporting period is October 1, 2017 through September 30, 2018. The District’s Total OPEB Liability was measured as of September 30, 2018. The actuarial valuation was performed utilizing the Alternative Measurement Method for small plans as permitted under the Governmental Accounting Standards No. 75.

Note - The District’s Total OPEB Liability for the District’s ledger adjustment was measured as of September 30, 2017 using a discount rate of 3.64%.

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2018 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.18%
Initial Trend Rate	8.00%
Ultimate Trend Rate	4.00%
Year to Ultimate	54

For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the valuation date using Projection Scale AA.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE Q - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB), CONTINUED

Total OPEB Liability, continued

Discount Rate:

Given the District’s decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.18%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

OPEB Expense/(Revenue):

For the year ended September 30, 2018, the District will recognize OPEB expense/(revenue) of \$(36,900).

:Changes in Total OPEB Liability

	Increases/ (Decreases) in Total OPEB Liability
Reporting period ending September 30, 2017	\$ 862,189
Changes:	
Service Cost	23,532
Interest	31,638
Changes of Assumptions	(58,200)
Benefit Payments	(33,870)
Net Changes	(36,900)
Reporting period ending September 30, 2018	<u>\$ 825,289</u>

Changes of assumptions reflect a change in the discount rate from 3.64% for the fiscal year ending September 30, 2017 to 4.18% for the fiscal year ending September 30, 2018.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate:

The following presents the Total OPEB Liability of the District, as well as what the District’s Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 3.18%	Current Discount Rate 4.18%	1% Increase 5.18%
Total OPEB Liability	\$ 938,097	\$ 825,289	\$ 731,208

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE Q - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB), CONTINUED

Total OPEB Liability, continued

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates:

The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.00-7.00%	Healthcare Cost Trend Rates 4.00-8.00%	1% Increase 5.00-9.00%
Total OPEB Liability	\$ 732,777	\$ 825,289	\$ 935,241

NOTE R - RENTAL INCOME

The District has an agreement with Sarasota County to house its EMS units. For the year ended September 30, 2018, rental income under this agreement was \$52,413.

During the fiscal year ended September 30, 2010, the District entered into a 99 year lease with a communication company whereby the company established building space at one of the District's stations. The District also has an agreement to rent cell tower space at Station 2.

Rent income on the above lease agreements for the fiscal year ended September 30, 2018 was as follows:

	<u>Amount</u>
Sarasota County at Stations 1 and 3	\$ 52,413
Communication services company space rent	<u>40,818</u>
Total rental income	<u><u>\$ 93,231</u></u>

NOTE S - INTERLOCAL AGREEMENTS

Fire Station/Land Agreement

During August 2005, the District entered an interlocal agreement with Charlotte County to construct a fire station for western Charlotte County. The agreement required the County provide the land and construct the station and the District pay for the station's maintenance and operating costs. The construction of this station was completed and the station was opened in April 2008.

This agreement terminates in 2033 when, absent a new interlocal agreement, possession of the property including all fixtures and equipment will revert to Charlotte County.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE S - INTERLOCAL AGREEMENTS, CONTINUED

Training Facility/Land Lease

During the fiscal year ended September 30, 2006, the District entered a land lease agreement with the Englewood Water District. The District completed the construction of its Training Facility on this property during the fiscal year ended September 30, 2009. The agreement does not require rent payments from the District and expires on March 15, 2026.

Leased Space

During the fiscal year ended September 30, 2012, the District entered an agreement to lease space at Charlotte County's Fire Station No. 14 for \$833 per month. This agreement expired on September 30, 2015 and was automatically renewed for an additional two years. Lease expense under this lease for the fiscal year ended September 30, 2018 was \$10,000.

NOTE T - COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial. The District is involved in an ongoing dispute with a property owner contesting his assessment. Management believes the claim is without merit and intends to vigorously defend itself. Management does not believe an unfavorable outcome would have a material effect on the financial statements.

NOTE U - RESTATEMENTS

Change in accounting principle

The beginning net position of the District was decreased \$854,359 due to the adoption of GASB Pronouncements, Statement No. 75, *Accounting and Financial Reporting for Other Post Employment Benefits*. GASB Statement No. 75 requires the District to recognize its Other Post Employment Benefits liability.

A summary of the effects of the implementation of GASB 75 are as follows:

	Government- Wide
Net Position, as reported September 30, 2017	\$ (4,361,133)
Effect of GASB 75 implementation	(854,359)
Net Position, as restated September 30, 2017	<u>\$ (5,215,492)</u>
Net OPEB Obligation, as reported, September 30, 2017	\$ 7,830
Effect of GASB 75 implementation	854,359
Total OPEB Liability, as restated September 30, 2017	<u>\$ 862,189</u>

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE V - SUBSEQUENT EVENTS

Pursuant to the provisions set forth in GASB Statement No. 56, "Subsequent Events", management has considered subsequent events through June 19, 2019, which is the date that the financial statements were available to be issued.

NOTE W - EXPENDITURES IN EXCESS OF APPROPRIATIONS

As a result of the District not budgeting for interest related to debt service and proceeds from financing, the General fund had expenditures in excess of appropriations in the amount of \$1,621,188. The Fund did receive proceeds from financing, transfers in from other funds, and revenue from the sale of capital assets that resulted in the fund being within budget as a whole. In the future, the District will budget for all revenues, expenditures, and other financing sources and uses.

REQUIRED SUPPLEMENTARY
INFORMATION
OTHER THAN MD&A

ENGLEWOOD AREA FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - SUMMARY STATEMENT
For the Fiscal Year Ended September 30, 2018

	Budgets		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Assessments	\$ 7,133,331	\$ 7,133,331	\$ 7,306,042	\$ 172,711
Intergovernmental				
Firefighter supplemental	14,760	14,760	16,180	1,420
Federal grant revenue	346,796	346,796	387,550	40,754
Interest income	4,000	4,000	22,680	18,680
Rental income	92,486	92,486	93,231	745
Miscellaneous	6,000	6,000	57,406	51,406
Instructors' reimbursements	40,000	40,000	45,558	5,558
TOTAL REVENUES	<u>7,637,373</u>	<u>7,637,373</u>	<u>7,928,647</u>	<u>291,274</u>
EXPENDITURES				
Current				
Public safety				
Personnel services	6,317,025	6,317,025	6,275,775	41,250
Operating expenditures	639,308	639,310	666,083	(26,773)
Capital Outlay	5,000	5,000	1,631,980	(1,626,980)
Debt service				
Principal reduction	287,907	287,907	230,600	57,307
Interest and fiscal charges	-	-	65,992	(65,992)
TOTAL EXPENDITURES	<u>7,249,240</u>	<u>7,249,242</u>	<u>8,870,430</u>	<u>(1,621,188)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from financing	-	-	1,502,313	1,502,313
Sale of capital assets	-	-	93,997	93,997
Transfer (to) from capital projects fund	-	-	87,277	87,277
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>1,683,587</u>	<u>1,683,587</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>388,133</u>	<u>388,131</u>	<u>741,805</u>	<u>353,674</u>
FUND BALANCE, OCTOBER 1, 2017	664,283	664,283	1,069,153	404,870
FUND BALANCE, September 30, 2018	<u>\$ 1,052,416</u>	<u>\$ 1,052,414</u>	<u>\$ 1,810,958</u>	<u>\$ 758,544</u>

The accompanying notes are an integral part of this statement

ENGLEWOOD AREA FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - DETAIL STATEMENT
For the Fiscal Year Ended September 30, 2018

REVENUES	Budgets		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Assessments	\$ 7,133,331	\$ 7,133,331	\$ 7,306,042	\$ 172,711
Intergovernmental				
Firefighter supplemental	14,760	14,760	16,180	1,420
Federal grant revenue	346,796	346,796	387,550	40,754
Interest income	4,000	4,000	22,680	18,680
Rental income	92,486	92,486	93,231	745
Miscellaneous	6,000	6,000	57,406	51,406
Instructors' reimbursements	40,000	40,000	45,558	5,558
TOTAL REVENUES	7,637,373	7,637,373	7,928,647	291,274
EXPENDITURES				
Current				
Public Safety				
Personnel Services:				
Executive salaries	499,396	499,396	509,819	(10,423)
Regular salaries	3,359,286	3,359,286	3,388,043	(28,757)
Overtime	130,000	130,000	106,758	23,242
Special pay	54,760	54,760	52,461	2,299
Compensated annual leave	10,000	4,621	1,675	2,946
Compensated sick leave	88,000	93,379	93,379	0
FICA taxes	80,300	80,300	70,171	10,129
Retirement contributions	1,476,405	1,476,405	1,512,994	(36,589)
Life & health insurance	371,878	371,878	373,219	(1,341)
Workers' compensation	247,000	247,000	167,257	79,743
Total personnel services	6,317,025	6,317,025	6,275,775	41,250
Operating Expenditures:				
Professional services	52,550	52,550	53,832	(1,282)
Accounting and auditing	8,500	8,500	9,875	(1,375)
Court reporter services	500	500	175	325
Travel and per diem	3,000	3,000	635	2,365
Communication services	27,200	27,200	24,833	2,367
Freight and postage services	2,100	2,100	1,582	518
Utility services	51,700	51,700	47,826	3,874
Rental and leases	11,848	11,848	12,153	(305)
District insurance	59,760	59,760	49,403	10,357
Repairs and maintenance	147,000	147,000	141,851	5,149
Printing and reproduction	750	740	273	467
Advertising and public relations	1,000	1,011	1,501	(490)
Other current charges	112,500	112,688	116,563	(3,875)
Office supplies	9,000	9,000	6,313	2,687
Operating supplies	127,400	127,213	107,038	20,175
Books, publications, and memberships	7,000	7,000	7,558	(558)
Training and educational	17,500	17,500	84,673	(67,173)
Total operating expenditures	639,308	639,310	666,083	(26,773)

The accompanying notes are an integral part of this statement

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - DETAILED STATEMENT, CONTINUED
For the Fiscal Year Ended September 30, 2018

	Budgets		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
EXPENDITURES, CONTINUED				
Current, continued				
Capital outlay	5,000	5,000	1,631,980	(1,626,980)
Debt service				
Principal reduction	287,907	287,907	230,600	57,307
Interest and fiscal charges	-	-	65,992	(65,992)
Total debt service	287,907	287,907	296,591	(8,684)
TOTAL EXPENDITURES	<u>7,249,240</u>	<u>7,249,242</u>	<u>8,870,430</u>	<u>(1,621,188)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from financing	-	-	1,502,313	1,502,313
Proceeds from Sale of capital assets	-	-	93,997	93,997
Transfer (to) from capital projects fund	-	-	87,277	87,277
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>1,683,587</u>	<u>1,683,587</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>388,133</u>	<u>388,131</u>	<u>741,805</u>	<u>353,674</u>
FUND BALANCE, OCTOBER 1, 2017	664,283	664,283	1,069,153	404,870
FUND BALANCE, September 30, 2018	<u>\$ 1,052,416</u>	<u>\$ 1,052,414</u>	<u>\$ 1,810,958</u>	<u>\$ 758,544</u>

The accompanying notes are an integral part of this statement

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 SCHEDULE OF INVESTMENTS- FIREFIGHTERS' PLAN
 Last 5 Fiscal Years**

Amounts presented for each fiscal year were determined as of:

Reporting Period Ending	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement Date	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual Money-Weighted Return					
Net of Investment Expense	12.99%	14.23%	9.25%	-0.13%	11.24%

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - FIREFIGHTERS' PLAN
Last 5 Fiscal Years**

Amounts presented for each fiscal year were determined as of:

	Reporting Period Ending Measurement Date	9/30/2019 9/30/2018	9/30/2018 9/30/2017	9/30/2017 9/30/2016	9/30/2016 9/30/2015	9/30/2015 9/30/2014
Total Pension Liability:						
Service Cost		\$ 982,723	\$ 924,574	\$ 812,539	\$ 830,190	\$ 907,603
Interest		2,599,311	2,527,569	2,360,906	2,206,787	2,048,033
Change in excess state money		24,522	(357,863)	54,059	91,911	37,771
Share plan allocation		-	178,931	-	-	-
Changes of benefit terms		-	2,287	-	-	-
Difference between expected and actual experience		(529,451)	(392,858)	(631,754)	(117,198)	-
Changes in assumptions		209,205	(129,288)	933,482	-	-
Benefit payments, including refunds of employee contributions		(2,000,992)	(1,954,853)	(779,795)	(914,610)	(608,388)
Net change in total pension liability		1,285,318	798,499	2,749,437	2,097,080	2,385,019
Total pension liability - beginning of year		34,883,328	34,084,829	31,335,392	29,238,312	26,853,293
Total pension liability - end of year (a)		<u>\$ 36,168,646</u>	<u>\$ 34,883,328</u>	<u>\$ 34,084,829</u>	<u>\$ 31,335,392</u>	<u>\$ 29,238,312</u>
Plan Fiduciary Net Position:						
Contributions - employer		1,325,142	1,439,455	1,315,488	1,098,040	1,022,327
Contributions - state		376,216	421,396	450,934	488,785	434,646
Contributions - employee		260,018	229,766	214,858	204,823	215,077
Net investment income		3,666,038	3,510,405	2,043,545	(27,879)	2,051,288
Benefit payments, including refunds of employee contributions		(2,000,992)	(1,954,853)	(779,795)	(914,610)	(608,388)
Administrative expenses		(60,227)	(47,741)	(40,861)	(51,582)	(30,621)
Net change in plan fiduciary net position		3,566,195	3,598,428	3,204,169	797,577	3,084,329
Plan fiduciary net position - beginning of year		28,857,366	25,258,938	22,054,769	21,257,192	18,172,863
Plan fiduciary net position - end of year (b)		<u>\$ 32,423,561</u>	<u>\$ 28,857,366</u>	<u>\$ 25,258,938</u>	<u>\$ 22,054,769</u>	<u>\$ 21,257,192</u>
Net Pension Liability (Asset) - End of Year (a) - (b)		<u>\$ 3,745,085</u>	<u>\$ 6,025,962</u>	<u>\$ 8,825,891</u>	<u>\$ 9,280,623</u>	<u>\$ 7,981,120</u>
Plan fiduciary net position as a percentage of the total pension liability		89.65%	82.73%	74.11%	70.38%	72.70%
Covered employee payroll**		\$ 3,235,813	\$ 3,283,434	\$ 3,068,303	\$ 3,689,554	\$ 3,072,530
Net pension liability as a percentage of covered employee payroll		115.74%	183.53%	287.65%	251.54%	259.76%

**The covered employee payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

The accompanying notes are an integral part of this statement

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - FIREFIGHTERS' PLAN - CONTINUED**

Notes to Schedule of Changes in Net Pension Liability and Related Ratios - Firefighters' Plan

Changes of Benefit Terms:

For measurement date 9/30/17, amounts reported as changes in benefit terms resulted from:

For members hired prior to 10/1/17, an increase in the member contribution rate, to be phased in through 10/1/19.

A change in the normal retirement date, benefit accrual rate, maximum benefit percentage, cost-of-living adjustment, and member contribution rate for members hired after 9/30/17.

Changes of Assumptions:

For measurement date 9/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.45% to 7.40%.

For measurement date 9/30/17, as a result of an Experience study dated September 22, 2017, the Board has adopted changes to the following assumptions in conjunction with the 10/1/17 valuation of the Plan: payroll growth, salary increases, investment return, mortality rates, normal and early retirement rates, withdrawal rates.

For measurement date 9/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed mortality rates were changed to the assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

**SCHEDULE OF CONTRIBUTIONS - FIREFIGHTERS' PLAN
Last 5 Fiscal Years**

Amounts presented for each fiscal year were determined as of:

	Reporting Period Ending	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
	Measurement Date	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contribution		\$ 1,934,443	\$ 1,823,234	\$ 1,671,305	\$ 1,494,914	\$ 1,419,201
Contributions in relations to the actuarially determined contributions		1,876,216	1,848,590	1,712,362	1,494,914	1,409,201
Contribution from excess state money reserve		58,227	(166,671)	-	-	-
Contribution deficiency (excess)		\$ -	\$ (192,027)	\$ (41,057)	\$ -	\$ -
Covered employee payroll**		\$ 3,235,813	\$ 3,283,434	\$ 3,068,303	\$ 3,689,554	\$ 3,072,530
Contributions as a percentage of covered employee payroll		57.98%	56.30%	55.81%	40.52%	46.19%

**The covered employee payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY- FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN
For the Last Five Fiscal Years Ended June 30**

Amounts presented for each fiscal year were determined as of June 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.00025709%	0.00024655%	0.00027742%	0.00027742%	0.00042978%
District's proportion share of the net pension liability	\$ 77,438	\$ 72,928	\$ 57,516	\$ 35,832	\$ 26,223
District's covered - employee payroll	\$ 102,900	\$ 95,562	\$ 123,172	\$ 110,469	\$ 95,848
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	75.26%	76.31%	46.70%	32.44%	27.36%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%

Note: Data was unavailable prior to 2014.

**SCHEDULE OF DISTRICT CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN
For the Last Five Fiscal Years Ended September 30**

Amounts presented for each fiscal year were determined as of September 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,643	\$ 5,771	\$ 5,555	\$ 6,764	\$ 9,414
Contributions in relation to the contractually required contribution	<u>(6,643)</u>	<u>(5,771)</u>	<u>(5,555)</u>	<u>(6,764)</u>	<u>(9,414)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	102,391	97,703	123,172	110,469	95,848
Contributions as a percentage of covered-employee payroll	6.49%	5.91%	4.51%	6.12%	9.82%

Note: Data was unavailable prior to 2014.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY - HEALTH INSURANCE SUBSIDY (HIS) PENSION PLAN
For the Last Five Fiscal Years Ended June 30**

Amounts presented for each fiscal year were determined as of June 30,

	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.00042172%	0.00040900%	0.00038332%	0.00038770%	0.00044975%
District's proportion share of the net pension liability	\$ 44,636	\$ 43,732	\$ 44,674	\$ 39,540	\$ 42,053
District's covered - employee payroll	\$ 137,740	\$ 130,359	\$ 123,172	\$ 110,469	\$ 95,848
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	32.41%	33.55%	36.27%	35.79%	43.87%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

Note: Data was unavailable prior to 2014.

**SCHEDULE OF DISTRICT CONTRIBUTIONS -
HEALTH INSURANCE SUBSIDY (HIS) PENSION PLAN
For the Last Five Fiscal Years Ended September 30**

Amounts presented for each fiscal year were determined as of September 30,

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,278	\$ 2,200	\$ 1,965	\$ 1,482	\$ 1,541
Contributions in relation to the contractually required contribution	(2,278)	(2,200)	(1,965)	(1,482)	(1,541)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	137,231	132,434	123,172	110,469	95,848
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.60%	1.34%	1.61%

Note: Data was unavailable prior to 2014.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2018**

NOTE AA - ACTUARIAL ASSUMPTIONS

Firefighters' Plan

Valuation Date 10/1/2016

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine contribution rates for the year September 30, 2018:

Funding Method Entry Age Normal Actuarial Cost Method

Mortality Healthy lives: Female- RP2000 Generational, 100% Annuitant White Collar, Scale BB; Male- RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB

Disabled Lives: Female- 60% RP2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection scale. Male- 60% RP2000 Disabled Male setback four years/40% Annuitant White Collar with no setback, no projection scale

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of the State of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2015 FRS actuarial valuation report. This assumption sufficiently accommodates future mortality improvements.

Interest Rate 7.45% per year compounded annually, net of investment-related expenses. This assumption is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Retirement Age Earlier age 55 and 10 years of service or 23 years of service, regardless of age. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.

Early retirement Commencing with eligibility for Early Retirement Age (Age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Cost-of-Living Adjustment 1.70% beginning one year after retirement, for Normal and Early Retirees.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2018**

NOTE AA - ACTUARIAL ASSUMPTIONS, CONTINUED

Firefighters' Plan, continued

Payroll Growth 3.41% per year. This assumption is limited by State Statute to not exceed the ten-year average payroll growth determined as of the valuation date.

Asset Smoothing Methodology The actuarial value of assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminimus bias that is above or below the Market Value of Assets.

Salary increases 6.00% per year until the assumed retirement age. This assumption is consistent with the Plan's long-term experience.

Termination and disability rate table 75% of Disability Retirements are assumed to be Line-of-Duty related. This assumption is consistent with rates utilized by other Florida Municipal Defined Benefit Plans for Firefighters.

Years of Age	% Terminating During the Year	% Becoming Disabled During the Year
20	6.00%	0.03%
30	5.00%	0.04%
40	2.60%	0.07%
50	0.80%	0.18%

ENGLEWOOD AREA FIRE CONTROL DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

For the Fiscal Year Ended September 30, 2018

For the Last Fiscal Year Ended September 30

Reporting Period Ending	9/30/2018
Measurement Date	9/30/2018
Total OPEB Liability	
Service Cost	23,532
Interest	31,638
Changes of Assumptions	(58,200)
Benefit Payments	<u>(33,870)</u>
Net Change in Total OPEB Liability	(36,900)
Total OPEB Liability - Beginning	<u>862,189</u>
Total OPEB Liability - Ending	<u><u>\$ 825,289</u></u>
Covered Employee Payroll*	\$ 3,640,333
Total OPEB Liability as a percentage of Covered Employee Payroll	22.67%

Notes to Schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Fiscal Year Ending September 30, 2018:	4.18%
Fiscal Year Ending September 30, 2017:	3.64%

**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***

Board of Commissioners
Englewood Area Fire Control District
Englewood, FL

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, each major fund, and the aggregate remaining fund information of the Bonita Springs Fire Control and Rescue District (the "District"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 19, 2019 for the purpose of compliance with Section 218.39(2), Florida Statutes, and Chapter 10.550, Rules of the Auditor General – Local Governmental Entity Audits

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Handwritten signature in blue ink that reads "Ashley, Brown & Co."

Punta Gorda, Florida

June 19, 2019

366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

**Report of Independent Accountant
on Compliance with Local Government Investment Policies**

Board of Commissioners
Englewood Area Fire Control District
Englewood, Florida

Report on Compliance

We have examined the Englewood Area Fire Control District's (the "District") compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. 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.

Scope

Our examination was conducted in accordance with AICPA Professional Standards, AT-C Section 315, promulgated by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

Opinion

In our opinion, the Englewood Area Fire Control District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

Ashley, Brown & Co.

Punta Gorda, Florida
June 19, 2019

Independent Auditor's Management Letter

Board of Commissioners
Englewood Area Fire Control District
Englewood, FL

Report on the Financial Statements

We have audited the financial statements of the Englewood Area Fire Control District, (the "District") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 19, 2019.

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 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 June 19, 2019, 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 annual financial audit report. There were no recommendations made 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 District discloses this information in the notes to the financial statements. The District had no component units as of September 30, 2018.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendation 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have 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, the and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Punta Gorda, Florida
June 19, 2019