

**MYAKKA CITY  
FIRE CONTROL DISTRICT  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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MYAKKA CITY FIRE CONTROL DISTRICT  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENTS' DISCUSSION AND ANALYSIS	3- 8
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION	9
STATEMENT OF ACTIVITIES	10
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET - GOVERNMENTAL FUNDS	11
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	13
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	14
NOTES TO FINANCIAL STATEMENTS	15 - 28
REQUIRED SUPPLEMENTAL INFORMATION:	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL	29
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - FRS	30
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - HIS	31
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - FRS	32
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - HIS	33
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	34

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MYAKKA CITY FIRE CONTROL DISTRICT  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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TABLE OF CONTENTS - CONTINUED

	<u>PAGE</u>
OTHER AUDITOR'S REPORTS	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	35 - 36
MANAGEMENT LETTER	37 - 38
INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE	39



## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Myakka City Fire Control District  
Manatee County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Myakka City Fire Control District (the District), as of and for the year ended September 30, 2017, 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.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Myakka City Fire Control District, as of September 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 8, budgetary comparison information on page 29 and the Schedules of the District's Proportionate Share of Net Position Liability, District's Contributions, and Notes to Required Supplementary Information on pages 30 – 34, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*  
CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

February 9, 2018  
Bradenton, Florida



# Myakka City Fire District

26636 S.R. 70 • Myakka City, FL 34251 • Office: 941-322-6525 • Fax: 941-322-6526

## Management's Discussion and Analysis

As management of Myakka City Fire Control District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2017.

### Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,024,751 (*net position*).
- The District's total net position decreased by \$237,856.
- As of the close of the current fiscal year, the District's governmental funds reported ending fund balances of \$887,611, a decrease of \$8,675 in comparison with the prior year. Of this total amount, \$867,856, is *available for spending* at the District's discretion (*unassigned fund balance*).

### Overview of the Financial Statements

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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., uncollected revenues and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by fire assessments, impact fees 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*). The District is engaged in only governmental activities.

The government-wide financial statements can be found on pages 9 and 10 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District utilizes only a governmental fund.

**Governmental funds.** Governmental funds focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual method of accounting and the current financial resources focus. As a result, long-term assets and liabilities are not included. The District uses a General fund. The General Fund is the general operating fund. All general tax and other revenues are accounted for in this fund. From this fund all general operating expenditures, budgeted capital expenditures and debt service costs are paid. Impact fees are also accounted for in the General fund. Impact fees can only be used for the acquisition, construction or purchase of new assets and related debt service required to provide fire protection and emergency services for new users of the District.

A reconciliation to facilitate the comparison between the governmental fund financial statements and the government-wide financial statements is presented.

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

The basic governmental fund financial statements can be found on pages 11 to 14 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 15 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Myakka City Fire Control District, assets exceeded liabilities by \$1,024,751 at the close of the most recent fiscal year.

One portion of the District's net position, \$1,034,164, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide fire protection and emergency services to citizens within the boundaries of the District; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The District also had significant assets in cash and investments at year-end. Investments are held in the Manatee County Investment Pool, as allowed by Florida statutes.



The following table presents a condensed statement of net position as of September 30, 2017, with comparable totals as of September 30, 2016:

### Net Position

	<b>Governmental Activities</b>	<b>Governmental Activities</b>
	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 968,009	\$ 960,751
Capital assets	1,034,164	1,142,766
Total assets	2,002,173	2,103,517
Deferred outflows of pension resources	602,017	761,197
Long-term liabilities outstanding	1,383,692	1,304,832
Other liabilities	80,398	64,465
Total liabilities	1,464,090	1,369,297
Deferred inflows of pension earnings	115,349	232,810
Net position:		
Net investment in capital assets	1,034,164	1,142,766
Restricted	19,755	72,616
Unrestricted	(29,168)	47,225
Total net position	<b>\$ 1,024,751</b>	<b>\$ 1,262,607</b>

An additional portion of the District's net position \$19,755, represents resources from impact fees that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, may be used to meet the District's ongoing obligations to citizens and creditors.

The District's net position decreased by \$237,856 during the current fiscal year.

The following table presents the change in net position for the year ended September 30, 2017 with comparable totals for the year ended September 30, 2016:

### Changes in Net Position

	<b>Governmental Activities</b>	<b>Governmental Activities</b>
	<b>2017</b>	<b>2016</b>
Revenues:		
Program Revenues:		
Charges for services	\$ 4,163	\$ 4,304
Capital grants	1,746	1,064
General revenues:		
Fire assessments	1,218,600	1,223,270
Impact fees	23,880	21,000
Other	27,171	28,014
Total revenues	1,275,560	1,277,652



	<u>Governmental Activities</u> <u>2017</u>	<u>Governmental Activities</u> <u>2016</u>
Expenses:		
Fire protection services	1,403,405	1,379,569
Depreciation	110,011	128,327
Interest on long-term debt	<u>0</u>	<u>3,332</u>
Total expenses	<u>1,513,416</u>	<u>1,511,228</u>
Decrease in Net Position	(237,856)	(233,576)
Net Position - Beginning	<u>1,262,607</u>	<u>1,496,183</u>
Net Position - Ending	<u>\$ 1,024,751</u>	<u>\$ 1,496,183</u>

- Revenues decreased \$2,092 from 2016.
- Expenses increased \$2,188 in 2017.

### **Financial Analysis of the Government's Funds**

The District utilizes only Governmental Funds, which includes a General Fund.

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

As of the end of the current fiscal year, the District's governmental fund, which is the general fund, reported ending fund balance of \$887,611, a decrease of \$8,675 in comparison with the prior year. Of this total \$867,856 is *unassigned fund balance*, which is available for spending at the District's discretion. \$19,755 of fund balance is *restricted* from impact fee revenues to be spent only on the acquisition, construction or purchase of new assets and related debt service required to provide fire protection and emergency services to new users of the District.

The fund balance of the District's general fund decreased by \$8,675 during the current fiscal year.

- Fire assessments decreased revenues by \$4,670.
- Impact fees increased revenues \$2,880.
- Expenditures decreased by \$151,209 due mainly to a decrease in debt service costs as the District paid off all debt in 2016. Personnel service costs increased \$41,932, operating costs decreased \$20,006, and capital outlay increased \$3,648.

The restricted fund balance of the general fund is \$19,755, all of which is restricted for the acquisition, construction or purchase of assets and related debt service required to provide fire protection and emergency services.

### **General Fund Budgetary Highlights**

During the year, the General Fund budget was not amended. Original and final budgeted revenues were \$1,220,257. Original and final budgeted expenditures were \$1,315,161. For the current fiscal year, actual revenues exceeded budgeted revenue by \$55,303 due mainly to additional tax assessments and impact fees. Actual expenditures were less than budget by \$30,926.

The General Fund budget is presented as required supplementary information on page 29.

### **Capital Asset**

The District's investment in capital assets for the year ended September 30, 2017 amounts to \$1,034,164 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The District's investment in capital assets decreased by \$108,602 in the current year, which was comprised of \$110,011 of depreciation expense, \$4,450 of additions and \$3,041 of loss on disposal of assets.

#### **Capital Assets**

	<b><u>Governmental Activities</u></b>	<b><u>Governmental Activities</u></b>
	<b><u>2017</u></b>	<b><u>2016</u></b>
Land	\$ 158,924	\$ 158,924
Building and Improvements	540,139	560,766
Machinery and equipment	335,101	423,076
Total (net of depreciation)	<b><u>\$ 1,034,164</u></b>	<b><u>\$ 1,142,766</u></b>

See note B of this report for additional information on the District's capital assets.

### **Long-Term Liabilities**

Long-term liabilities include the District's portion of the net pension liability of the Florida Retirement System as calculated by the retirement plan's activity. The total amount included as part of the Government Wide Financial Statements is \$1,304,992.

The District also accrues for vacation and sick time pursuant to its policy. That liability at year end is \$78,700.

### **Economic Factors and Next Year's Budgets**

The 2017-2018 budget includes budgeted revenues of \$1,267,972. Budgeted expenditures total \$1,353,487. No significant capital outlay purchases are anticipated in the budget.

All of these factors were considered in the preparation of the 2017-2018 budget.

### **Requests for Information**

This financial report is designed to provide a general overview of the Myakka City Fire Control District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District at, Myakka City Fire Control District, 26636 S.R. 70, Myakka City, Florida 34251.

MYAKKA CITY FIRE CONTROL DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 36,673
Investments	910,621
Restricted assets:	
Temporarily restricted:	
Cash	498
Investments	19,257
Accounts receivable	960
Capital assets	
Land	158,924
Other capital assets, net of depreciation	875,240
Total assets	2,002,173
Deferred outflows of pension resources	602,017
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	80,398
Noncurrent liabilities:	
Due within one year	-
Due in more than one year	1,383,692
Total liabilities	1,464,090
Deferred inflows of pension earnings	115,349
<b>NET POSITION</b>	
Net investment in capital assets	1,034,164
Restricted for:	
Capital projects and debt service	19,755
Unrestricted	(29,168)
Total net position	\$ 1,024,751

The accompanying notes are an integral part of these financial statements.

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MYAKKA CITY FIRE CONTROL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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	<b>Governmental Activities</b>
Public safety–fire protection	
Personal services	\$ 1,132,790
Operating expenses	270,615
Depreciation	110,011
Total program expenses	1,513,416
Program revenues:	
Charges for services	4,163
Capital grants	1,746
Net program expenses	1,507,507
General revenues:	
Fire assessments	1,218,600
Impact fees	23,880
Investment earnings	10,771
Miscellaneous	16,400
Total general revenues	1,269,651
Decrease in net position	(237,856)
Net Position – beginning	1,262,607
Net Position – ending	\$ 1,024,751

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The accompanying notes are an integral part of these financial statements.

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**MYAKKA CITY FIRE CONTROL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

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	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 36,673
Investments	910,621
Accounts receivable	960
Restricted Assets	
Cash and cash equivalents	498
Investments	<u>19,257</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 968,009</u></b>
<b>LIABILITIES AND FUND BALANCES</b>	
Accounts payable	\$ 38,992
Accrued expenses	<u>41,406</u>
Total liabilities	<u>80,398</u>
Fund Balances:	
Spendable	
Restricted	19,755
Unassigned	<u>867,856</u>
Total fund balances	<u>887,611</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 968,009</u></b>

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The accompanying notes are an integral part of these financial statements.

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**MYAKKA CITY FIRE CONTROL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS-  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017**

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Amounts reported for governmental activities in the statement of Net Position are different because:

Fund Balance-Total Governmental Funds	\$ 887,611
Capital assets used in governmental activities are not financial resources and , therefore, are not reported in the funds.	1,034,164
Deferred outflows of pension resources are not recognized in the governmental funds, however, they are recorded in the statement of net position under full accrual accounting.	602,017
Deferred inflows of pension earnings are not recognized in the governmental funds, however, they are recorded in the statement of net position under full accrual accounting.	(115,349)
Long-term liabilities, including net pension liability and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,383,692)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,024,751</u></b>

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The accompanying notes are an integral part of these financial statements.



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**MYAKKA CITY FIRE CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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	<u>General Fund</u>
<b>REVENUES</b>	
Fire assessments	\$ 1,218,600
Impact fees	23,880
Grants	1,746
Charges for services	4,163
Investment earnings	10,771
Miscellaneous	16,400
Total revenues	<u>1,275,560</u>
<b>EXPENDITURES</b>	
Current:	
Personal services	1,012,211
Operating	256,288
Capital outlay	<u>15,736</u>
Total expenditures	<u>1,284,235</u>
Net change in fund balances	(8,675)
FUND BALANCES – Beginning	<u>896,286</u>
FUND BALANCES – Ending	<u><u>\$ 887,611</u></u>

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The accompanying notes are an integral part of these financial statements.

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**MYAKKA CITY FIRE CONTROL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

Net changes in fund balances – total governmental funds	\$ (8,675)
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. This is the amount by which depreciation expense exceeds capital additions in the current period.	(108,602)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the change in:	
Compensated absences	(24,227)
Net pension liability	(54,633)
Deferred outflows of pension resources	(159,180)
Deferred inflows of pension earnings	<u>117,461</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ (237,856)</u></u></b>

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The accompanying notes are an integral part of these financial statements.

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**MYAKKA CITY FIRE CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies followed by the Myakka City Fire Control District, Manatee County, Florida:

- (a) Reporting Entity – Myakka City Fire Control District is a political subdivision of Manatee County, Florida, created pursuant to Chapter 86-381, Laws of Florida, and is now pursuant to Section 19 of Chapter 92-130, Laws of Florida and by Manatee County Ordinance 92-61, October 1, 1992. The District is a dependent special district of Manatee County.

The District is governed by the Board of Fire Commissioners (“Board”), which is composed of five members. The Commissioners are elected by the Board of County Commissioners of Manatee County. The Board of the District exercises all powers granted to the District pursuant to Florida statutes.

The Board has the responsibility for:

1. Assessing and levying taxes, assessments and fees.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Authority to employ qualified personnel.
6. Financing improvements.

The financial statements were prepared in accordance with the Governmental Accounting Standards Board (GASB). Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Commissioners is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

Revenue is provided by special assessments against taxable real estate lying within the territorial bounds of the District as defined by the State of Florida. Disbursements are made for maintenance and upkeep of the fire stations, purchase of firefighting and rescue equipment, payment of wages, employee benefits, and administrative expenses.

The State of Florida passed legislation, which took effect June 1985, and provides for the District to collect impact fees to defray the cost of improvements required to provide fire and emergency service to the new users of the District. The impact fees collected are to be used exclusively for the acquisition, purchase or construction of new facilities and equipment and related debt service required to provide these services to the new users in the District.

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MYAKKA CITY FIRE CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

- (b) Basis of Presentation – The District’s financial statements include Government-wide (which reports the District as a whole) and Fund financial statements (which report only on the General Fund). The financial statements present only governmental activities, as the District conducts no business type activities.

Basis of Accounting: Financial Statements – Government Wide Statements– The Government-Wide Financial Statements (Statement of Net Position and Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. For the most part, interfund activity has been removed from these statements. Government-wide financial statements include a Statement of Net Position and a Statement of Activities. The Statement of Net Position reports all financial and capital resources of the District’s governmental activities. It is presented in a net position format (assets plus deferred outflows less liabilities plus deferred inflows equal net position) and shown with three components: net investment in capital assets, restricted net position and unrestricted net position. The statement of activities reports direct expenses of the program offset by program revenues. Program revenues include charges for services and grants used for operating or capital acquisitions, as applicable. Taxes and other items not properly included in program revenues are reported as general revenues.

Financial Statements – Fund Financial Statements – The District’s accounts are organized on the basis of funds, which are a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures. The District utilizes Governmental funds, which are reported using the current financial resources method and the modified accrual basis of accounting. Under this method, revenues are recorded when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a fund liability is incurred. The District reports the following governmental fund, which is considered a major fund:

Governmental Fund

- (1) General Fund – The General Fund is the general operating fund of the District. All general tax revenues are accounted for in this Fund. From the Fund are paid personal service and operating costs, as well as budgeted capital outlay and debt service expenditures.
- (c) Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and 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.

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**MYAKKA CITY FIRE CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

- (d) Budgets and Budgetary Accounting – The District prepares an annual operating budget for the fiscal year commencing October 1. Prior to September 1 of each year, the Secretary/Treasurer of the District's Board of Commissioners prepares a proposed budget for the upcoming fiscal year. The budget is based on an analysis of prior year actual revenues and expenditures along with anticipated spending and revenue sources, and presented on a basis consistent with U.S generally accepted accounting principles. Once the proposed budget is compiled, it is brought before the Board of Commissioners for approval. On or before September 1 of each year, the approved operating budget is sent to the County Clerk's office.

Expenditures should not exceed the total appropriations. Appropriations lapse at the end of the year.

- (e) Property Taxes – Property taxes become due and payable on November 1 of each year. The county tax collector remits the District's portion as such revenues are received. The District collects nearly all of its tax revenues during the period November 1 through April 1, at which time the taxes become delinquent. The maximum rates of tax are set by the Legislature of the State of Florida. Actual assessment amounts are based on the square footage of a structure and type of occupancy and is determined by the Board of Commissioners of the District and adopted by County ordinance.

The key dates in the property tax cycle are as follows:

Assessment roll validated	July 1
Beginning of fiscal year for which taxes have been levied	October 1
Tax bills rendered and due	November 1
Property taxes payable:	
Maximum discount	November 30
Delinquent	April 1
Tax certificates sold	May 31
Fiscal year begins	October 1
Fiscal year ends	September 30

Property taxes are recognized as revenue in the fiscal year for which the taxes have been levied to the extent they result in current receivables. Under the system outlined above, no material amount of taxes is receivable after the end of the fiscal year.

- (f) Net Position – Net position is reported in three parts as applicable: net investment in capital assets, restricted and unrestricted. When both restricted and unrestricted resources are available, restricted resources are used first, and then unrestricted resources, as they are needed.

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**MYAKKA CITY FIRE CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

- (g) Fund Balance – The District follows Governmental Accounting Standards Board Statement (GASB) 54. GASB 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable and Spendable. Spendable is then further classified as Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

In accordance with GASB Statement 54, the District classified governmental fund balances as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

- Restricted – includes amounts that can be spent only for specific purposes because of State or Federal laws or enabling legislation, or which are externally restricted by providers, such as creditors or grantors.
- Committed – includes amounts that can be spent only for specific purposes that are determined by formal action of the Board of Commissioners through a resolution, or the budget process.
- Assigned – includes amounts designated by the Board of Commissioners by a resolution or the budget process.
- Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available, unless there are legal documents/

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MYAKKA CITY FIRE CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The District does not have a formal minimum fund balance policy.

<u>Spendable:</u>	<u>General Fund</u>
Restricted	\$ 19,755
Unassigned	<u>867,856</u>
Total Fund Balances	<u>\$ 887,611</u>

(h) Cash and Investments – Florida Statute 218.415 authorizes the District to invest in the following:

- (1) Local Government Surplus Funds Trust Fund or an intergovernmental investment pool authorized through the Florida Interlocal Cooperation Act (including the Manatee County investment pool).
- (2) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating company.
- (3) Interest bearing time deposits or savings accounts in state-certified Qualified Public Depositories as defined in Section 280.02 Florida Statutes.
- (4) Direct obligations of the U.S. Treasury.

Demand Deposits

At September 30, 2017, the District had demand deposits held in a qualified public depository. Deposits whose values exceeded federal depository insurance limits were entirely insured or collateralized pursuant to Chapter 280 of the Florida Statutes. At September 30, 2017, the carrying amount of the District's deposits were \$37,171 and the bank balance was \$36,673.

Investments

Credit and Concentration of Credit Risk

The District has investments in the Manatee County Investment Pool (the Pool), which is considered an external investment pool. The District's investment in the pool is its shares held, not the underlying investments held in the pool. The investments in the Pool are subject to overnight withdrawal, and are recorded at fair value. The Pool is not registered with the Securities and Exchange Commission and has not been rated at September 30, 2017.



**MYAKKA CITY FIRE CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Total investments at fair value of the pool as of September 30, 2017 were approximately \$782,000,000. The District’s investments included in the Pool were \$929,878.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the Pool is limited to having investments with a maturity of three years or less from the date of purchase with a weighted average to maturity of less than two years. At September 30, 2017, the Pool had no investments with a maturity exceeding three years. The Pool’s investments have a weighted average to maturity of .46 years. For further information regarding the Manatee County Investment Pool, readers should refer to the financial statements and disclosures of Manatee County, Florida.

Fair Value Measurements – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation of inputs to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs for similar assets; and Level 3 inputs are significant inputs.

At September 30, 2017, the District had the following investments:

	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>
Unrestricted	\$ 910,621	Level 2
Restricted – Impact Fees	19,257	Level 2
	<u>\$ 929,878</u>	

Investments classified as level 2 of the fair value hierarchy use valuation techniques that reflect market participant’s assumptions and maximize the use of relevant observable inputs including quoted prices for similar assets, benchmark yield curves and market corroborated inputs.

- (i) Compensated Absences – It is the District’s policy to permit employees to accumulate earned but unused vacation and sick benefits. All vacation and sick pay 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 or are payable from current financial resources. Compensated absences are liquidated from the General Fund.
  
- (j) Capital Assets – Capital assets, which include property, plant and equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life of longer than one year. Capital assets are recorded at historical cost if purchased or constructed.

**MYAKKA CITY FIRE CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal repair and maintenance that do not add to the value of the asset or extend the useful life of the asset are expensed as incurred. The District does not have infrastructure assets.

Property, plant and equipment of the District are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Building	40
Fire Engines	10
Vehicles	5
Furniture, fixtures, and equipment	3 – 7

(k) Long-Term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, no long-term obligations are reported as they are not due to be paid from current financial resources.

(l) 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. One item qualifies for reporting in this category. A deferred outflow of pension resources is reflected in the government-wide statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. A deferred inflow of pension earnings is reported in the government-wide statement of net position.

**NOTE B – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2017 was:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 158,924	\$ -0-	\$ -0-	\$ 158,924
Total capital assets, not being depreciated	<u>158,924</u>	<u>-0-</u>	<u>-0-</u>	<u>158,924</u>
Capital assets being depreciated:				
Buildings and improvements	818,604	-0-	-0-	818,604
Machinery and equipment	<u>1,500,909</u>	<u>4,450</u>	<u>(22,570)</u>	<u>1,482,789</u>
Total capital assets being depreciated	<u>2,319,513</u>	<u>4,450</u>	<u>(22,570)</u>	<u>2,301,393</u>
Less accumulated depreciation for:				
Buildings and improvements	(257,838)	(20,627)	-0-	(278,465)
Machinery and equipment	<u>(1,077,833)</u>	<u>(89,384)</u>	<u>19,529</u>	<u>(1,147,688)</u>
Total accumulated depreciation	<u>(1,335,671)</u>	<u>(110,011)</u>	<u>19,529</u>	<u>(1,426,153)</u>
Total capital assets, being depreciated, net	<u>983,842</u>	<u>(105,561)</u>	<u>(3,041)</u>	<u>875,240</u>
Governmental activities capital assets, net	<u>\$ 1,142,766</u>	<u>\$ (105,561)</u>	<u>\$ (3,041)</u>	<u>\$ 1,034,164</u>

MYAKKA CITY FIRE CONTROL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2017

**NOTE B – CAPITAL ASSETS – CONTINUED**

Depreciation expense was reported as a separate line in the statement of activities in the amount of \$110,011.

**NOTE C – LONG-TERM DEBT**

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Net pension liability	\$ 1,250,359	\$ 984,871	\$ (930,238)	\$ 1,304,992	\$ -0-
Compensated absences	<u>54,473</u>	<u>69,205</u>	<u>(44,978)</u>	<u>78,700</u>	<u>-0-</u>
Governmental activity					
Long-term liabilities	<u>\$ 1,304,832</u>	<u>\$ 1,054,076</u>	<u>\$ (975,216)</u>	<u>\$ 1,383,692</u>	<u>\$ -0-</u>

**NOTE D – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The reconciliation between the fund balance – total governmental funds as reported in the governmental fund balance sheet and net position – governmental activities as reported in the statement of net position, is included on page 12 of the basic financial statements. One line of that reconciliation explains “long-term liabilities, including net pension liability and compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.” The details of the difference is shown below:

Net Pension Liability	\$ 1,304,992
Compensated Absences	<u>78,700</u>
	<u>\$ 1,383,692</u>

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

The reconciliation between the net changes in fund balances – total governmental funds as reported in the statement of revenues, expenditures and changes in fund balances,

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MYAKKA CITY FIRE CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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**NOTE D – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – CONTINUED**

and the changes in net position as reported in the statement of activities is included on page 14 of the basic financial statements. One line in that reconciliation explains that “Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

The details of the difference are show below:

Capital additions shown as expenditures in the funds	\$ 4,450
Depreciation expense	(110,011)
Loss on disposal of assets	(3,041)
	<u>\$ (108,602)</u>

**NOTE E – RETIREMENT PLAN**

Plan Description

All part-time and full-time permanent employees of the District are provided with pensions through the Florida Retirement System which is administered by the Florida Department of Management Services, Division of Retirement. The State of Florida issues a publicly available comprehensive annual financial report that can be obtained at <http://www.myfloridacfo.com/Division/AA/Reports/default.htm>.

Under this system, there are two defined benefit pension plans: The Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program:

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes.
- The Retiree Health Insurance Subsidy Program (HIS) is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes.

Benefits Provided

The FRS provides retirees a lifetime pension benefit with joint and survivor payment options. Benefits under FRS are computed on the basis of age and/or years of service, average final compensation and service credit. Credit for each year of service is expressed as a percentage of the average final compensation.

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**MYAKKA CITY FIRE CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**NOTE E - RETIREMENT PLAN - CONTINUED**

**If first employed prior to July 1, 2011:** Normal retirement age for “regular” employees is 62 or 30 years of service and vesting occurs after 6 years of creditable service. Normal retirement age for “special risk” employees is 55 or 25 years of service and vesting occurs after 6 years of creditable service. The average final compensation is the average of the five highest fiscal years’ earnings.

**If first employed on or after July 1, 2011:** Normal retirement age for “regular” employees is 65 or 33 years of service and vesting occurs after 8 years of creditable service. Normal retirement age for “special risk” employees is 60 or 30 years of service and vesting occurs after 8 years of creditable service. The average final compensation is the average of the eight highest fiscal years’ earnings.

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Under the HIS Plan, the benefit is a monthly payment to assist retirees in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the Maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree must provide proof of eligible health insurance coverage, which can include Medicare.

**Contributions**

Per Chapter 121, Florida Statutes, contribution requirements of the active employees and the participating employers are established and may be amended by the Florida Department of Management Services, Division of Retirement. Effective July 1, 2011, both employee and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. The Florida Legislature established a uniform contribution rate system for the FRS. The uniform rates are based on the class an employee is placed into which requires employees to contribute 3% and employers to contribute a specified percentage based on class. The District’s contractually required contribution rate for the year ended September 30, 2017, ranged from 22.57% - 23.27% for special risk employees, 7.52% - 7.92% for regular employees, and 4.49% - 4.96% for retirees reemployed, of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$118,432 for the year ended September 30, 2017.

The HIS Program is funded by required contributions of 1.66% and is included in the contribution rates noted above.

**MYAKKA CITY FIRE CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE E – RETIREMENT PLAN – CONTINUED**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At September 30, 2017, the District reported a liability of \$1,304,992 for its proportionate share of the net pension liability which includes both FRS and HIS. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District’s proportion was .003669607% for FRS and .002053283% for HIS which was consistent with its proportion measured as of June 30, 2017.

For the year ended September 30, 2017, the District recognized pension expense of \$202,760. At September 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 99,618	\$ 6,013	\$ -0-	\$ 457
Changes in assumptions	364,786	-0-	30,861	18,985
Net difference between projected and actual earnings on pension plan investments	-0-	26,900	122	-0-
Changes in proportion and differences between contributions and proportionate share of contributions	49,127	62,994	32,181	-0-
District contributions subsequent to the June 30, 2016 measurement date	<u>22,770</u>	<u>-0-</u>	<u>2,552</u>	<u>-0-</u>
	<u>\$ 536,301</u>	<u>\$ 95,907</u>	<u>\$ 65,716</u>	<u>\$ 19,442</u>

Total deferred outflows were \$602,017 and total deferred inflows were \$115,349. \$22,770 (FRS) and \$2,552 (HIS) reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30:</u>	<u>FRS</u>	<u>HIS</u>
2018	\$ (64,077)	\$ 6,081
2019	(64,077)	6,081
2020	(64,077)	6,081
2021	(64,077)	6,081
2022	(64,077)	6,081
Thereafter	<u>(97,239)</u>	<u>13,317</u>
	<u>\$ (417,624)</u>	<u>\$ 43,722</u>

**MYAKKA CITY FIRE CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE E – RETIREMENT PLAN – CONTINUED**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued.

*Actuarial Assumptions*

The total pension liability in the July 1, 2017 actuarial valuation (June 30, 2017 measurement date) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.6 percent
Salary increases	3.25 percent, including inflation
Investment rate of return	7.10 percent, including inflation at 2.60%

Mortality rates were based on the generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the June 30, 2017 FRS valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 – June 30, 2013. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed for that Plan, but were based on certain results of the most recent experience study for the FRS Plan.

The long-term expected rate of return on pension plan investments was determined in October 2017 at the FRS Actuarial Assumptions conference based on a review of long-term assumptions developed both by Milliman’s capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults with the Florida State Board of Administration. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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, (2.60%). These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>
Cash	1.00%	3.0%
Fixed Income	18.00%	4.5%
Global Equity	53.00%	7.8%
Real Estate (property)	10.00%	6.6%
Private Equity	6.00%	11.5%
Strategic Investments	12.00%	6.1%



**MYAKKA CITY FIRE CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE E - RETIREMENT PLAN - CONTINUED**

*Discount Rate*

The discount rate used to measure the total FRS pension liability was 7.10%, (decrease from 7.60% in prior year), and the HIS pension liability was 3.58%. The HIS rate increased from 2.85% to 3.58% in the most recent actuarial study. The HIS rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. 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 active and inactive employees. 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.

*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the District's proportionate share of the FRS net pension liability calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
District's proportionate share of the FRS net pension liability	\$ 1,964,590	\$ 1,085,446	\$ 355,552

The following presents the District's proportionate share of the HIS net pension liability calculated using the discount rate of 3.58%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

	<u>1% Decrease (2.58%)</u>	<u>Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
District's proportionate share of the HIS net pension liability	\$ 250,532	\$ 219,546	\$ 193,738

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of Florida comprehensive annual financial report.

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MYAKKA CITY FIRE CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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**NOTE F - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

**REQUIRED SUPPLEMENTARY INFORMATION**

MYAKKA CITY FIRE CONTROL DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Fire protection services –				
Fire assessments	\$ 1,201,287	\$ 1,201,287	\$ 1,218,600	\$ 17,313
Impact fees	-	-	23,880	23,880
Grants	-	-	1,746	1,746
Interest income	-	-	10,771	10,771
Service fee income	5,000	5,000	4,163	(837)
Other income	13,970	13,970	16,400	2,430
	<u>1,220,257</u>	<u>1,220,257</u>	<u>1,275,560</u>	<u>55,303</u>
<b>EXPENDITURES</b>				
Personal services	1,087,409	1,087,409	1,012,211	75,198
Operating expenses	224,252	224,252	256,288	(32,036)
Capital outlay	3,500	3,500	15,736	(12,236)
Debt service	-	-	-	-
Total expenditures	<u>1,315,161</u>	<u>1,315,161</u>	<u>1,284,235</u>	<u>30,926</u>
Net change in fund balance	(94,904)	(94,904)	(8,675)	86,229
<b>FUND BALANCE – October 1, 2016</b>	<u>896,286</u>	<u>896,286</u>	<u>896,286</u>	<u>-</u>
<b>FUND BALANCE – September 30, 2017</b>	<u><b>\$ 801,382</b></u>	<u><b>\$ 801,382</b></u>	<u><b>\$ 887,611</b></u>	<u><b>\$ 86,229</b></u>

**Note 1 – BASIS OF BUDGETING**

The budget basis is in accordance with accounting standards generally accepted in the United States of America.

**MYAKKA CITY FIRE CONTROL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
SEPTEMBER 30, 2017**

FLORIDA RETIREMENT SYSTEM (FRS)  
Available Years \*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.003523235%	0.003759843%	0.004067470%	0.003669607%
District's proportionate share of the net pension liability	\$ 214,969	\$ 485,634	\$ 1,027,039	\$ 1,085,445
District's covered-employee payroll	<u>\$ 523,292</u>	<u>\$ 567,878</u>	<u>\$ 571,723</u>	<u>\$ 709,821</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	41%	86%	180%	153%
Plan fiduciary net position as a percentage of total pension liability	96.09%	92.00%	84.88%	83.89%

\* – GASB No. 68 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

**MYAKKA CITY FIRE CONTROL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
SEPTEMBER 30, 2017**

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)  
Available Years \*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.001704101%	0.001816308%	0.001916159%	0.002053283%
District's proportionate share of the net pension liability	\$ 159,338	\$ 185,235	\$ 223,320	\$ 219,547
District's covered-employee payroll	\$ 523,292	\$ 567,878	\$ 571,723	\$ 709,821
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	30%	33%	39%	31%
Plan fiduciary net position as a percentage of total pension liability	0.99%	0.50%	0.97%	1.64%

\* – GASB No. 68 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

**MYAKKA CITY FIRE CONTROL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
SEPTEMBER 30, 2017**

**FLORIDA RETIREMENT SYSTEM (FRS)  
Available Years \***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 77,174	\$ 91,668	\$ 99,192	\$ 95,529
Contributions in relation to the contractually required contribution	<u>77,174</u>	<u>91,668</u>	<u>99,192</u>	<u>95,529</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 523,292	\$ 567,878	\$ 571,723	\$ 709,821
Contributions as a percentage of covered-employee payroll	14.75%	16.14%	17.35%	13.46%

\* - GASB No. 68 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.



**MYAKKA CITY FIRE CONTROL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
SEPTEMBER 30, 2017**

**RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)  
Available Years \***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 5,838	\$ 6,943	\$ 9,822	\$ 10,867
Contributions in relation to the contractually required contribution	<u>5,838</u>	<u>6,943</u>	<u>9,822</u>	<u>10,867</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 523,292	\$ 567,878	\$ 571,723	\$ 709,821
Contributions as a percentage of covered-employee payroll	1.12%	1.22%	1.72%	1.53%

\* - GASB No. 68 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

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**MYAKKA CITY FIRE CONTROL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2017**

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**ACTUARIAL METHODS AND ASSUMPTIONS**

Actuarial assumptions for both defined benefit plans (FRS and HIS) are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. This HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2017, using the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.58% (based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index) was used to determine the total pension liability for the program. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2017:

- FRS: The long-term expected rate of return decreased from 7.60% to 7.10% and the active member mortality assumptions were updated.
- HIS: The municipal rate used to determine total pension liability increased from 2.85% to 3.58%.

## **OTHER AUDITOR'S REPORTS**

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

To the Board of Commissioners  
Myakka City Fire Control District

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, and each major fund of Myakka City Fire Control District (the District) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 9, 2018.

#### 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 opinions 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 considered 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

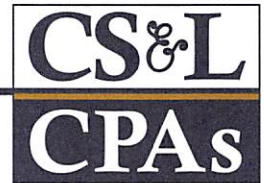
## Purpose of this Report

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.

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*  
CHRISTOPHER SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

February 9, 2018  
Bradenton, Florida





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MANAGEMENT LETTER

Board of Commissioners  
Myakka City Fire Control District

**Report on the Financial Statements**

We have audited the financial statements of the Myakka City Fire Control District, Florida, (the District) as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated February 9, 2018.

**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 Florida 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, which are dated February 9, 2018, 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.

**Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether or not Myakka City Fire Control District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Myakka City Fire Control District was not in a state of financial emergency and as a result, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.544(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 Myakka City Fire Control 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 address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

#### Annual Financial Report

Section 10.554 (1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Myakka City Fire Control District for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

#### Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we communicate any 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, Federal and other granting agencies, the Board of Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*  
CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

February 9, 2018  
Bradenton, Florida



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INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE

Board of Commissioners  
Myakka City Fire Control District  
Manatee County, Florida

We have examined the Myakka City Fire Control District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

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

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

In our opinion, the District complied in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds for the year ended September 30, 2017.

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

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*  
CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

February 9, 2018  
Bradenton, Florida