

**SOUTHERN MANATEE
FIRE AND RESCUE DISTRICT
FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
FINANCIAL STATEMENTS**

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FINANCIAL STATEMENTS**

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INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
Southern Manatee Fire and Rescue District
Manatee County, Florida**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Southern Manatee Fire and Rescue District (the District), as of and for the year ended September 30, 2021, 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 District'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 District'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, each major fund and the aggregate remaining fund information of Southern Manatee Fire and Rescue District, as of September 30, 2021, 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 4 – 10, the budgetary comparison information on pages 48–49, the supplementary schedules of changes in net pension liability and related ratios, contributions and notes, and annual money-weighted rate of return on pages 50–57, and the schedule of changes in total OPEB liability and related ratios on page 58 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 Information

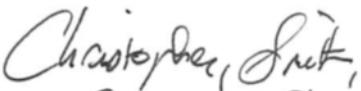
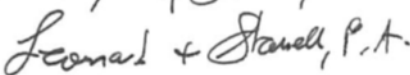
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Southern Manatee Fire and Rescue District's basic financial statements. The schedule of fire assessment rates is included for compliance with Florida Statute 218.39(3)(c) and is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Operating Expenditures – Budget to Actual – General Fund on page 59 is also presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The Schedule of Operating Expenditures – Budget to Actual – General Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Expenditures – Budget to Actual – General Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of fire assessment rates has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide an assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2022 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 & STANELL, P. A.**

June 1, 2022
Bradenton, Florida

SOUTHERN MANATEE

P.O. Box 20216
Phone: (941) 751-7675



FIRE & RESCUE DISTRICT

Bradenton, Florida 34204
Fax: (941) 751-7694

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Southern Manatee Fire and Rescue 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, 2021.

Financial Highlights

- At the close of the current fiscal year, the District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$12,736,904 (*net position*).
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$7,106,243, an increase of \$240,083 in comparison with the prior year. Tax assessments increased by \$1,136,171, impact fees increased by \$356,561, interest income decreased by \$118,707, and grants decreased \$301,540 due to the SAFER grant. Personal service expenses increased \$352,496, debt service costs increased \$126,202, and capital outlay increased \$372,130. Of this total amount, \$1,726,027 is *available for spending* at the District's discretion (*unassigned fund balance*).
- The District's total debt was \$1,759,436 which decreased by \$968,770 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Southern Manatee Fire and Rescue District's basic financial statements. The District's basic 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. Government-wide financial statements present all non-fiduciary activities of the District.

The *statement of net position* presents information on all of the District's assets plus deferred outflows of resources less liabilities plus deferred inflows of resources, with the difference 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.

Serving the⁴ communities of
Samoset, Oneco, Tallevast, Palm Aire, University Park and adjoining areas of Manatee
County

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 (ad valorem and non-ad valorem taxes), 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 does not currently have any business-type activities.

The government-wide financial statements can be found on pages 11 and 12 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 the following fund types: Governmental and Fiduciary.

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 and a Capital Projects Fund. The General Fund is the general operating fund. All general tax revenues and budgeted debt proceeds are accounted for in this fund. From this fund all general operating expenditures and budgeted capital expenditures are paid. The Capital Projects Fund is used to account for impact fees collected on new construction as well as related debt service. These revenues can only be used for the acquisition, construction or purchase of assets required to provide fire protection and emergency services.

The basic governmental fund financial statements can be found on pages 13 and 15 of this report.

Reconciliation to facilitate the comparison between the governmental fund financial statements and the government-wide financial statements are presented on pages 14 and 16.

The District adopts an annual budget for its general fund and capital projects fund. A budgetary comparison statement has been provided for both funds to demonstrate compliance with the budget.

Fiduciary funds. Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is on the accrual basis.

The basic fiduciary fund financial statements can be found on pages 17 and 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 19 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 Southern Manatee Fire and Rescue District, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$12,736,904 at the close of the most recent fiscal year.

A large portion of the District's net position, \$8,143,156 reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and construction in process); less any related debt used to acquire those assets that is 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.

A condensed statement of net position as of September 30, 2021, with comparative totals for September 30, 2020 follows:

Changes in Net Position

	<u>Governmental</u> <u>Activities</u> <u>2021</u>	<u>Governmental</u> <u>Activities</u> <u>2020</u>
Current and other assets	\$ 7,742,488	\$ 7,797,587
Net pension asset	6,859,253	-0-
Capital assets	<u>9,902,592</u>	<u>10,101,389</u>
Total assets	<u>24,504,333</u>	<u>17,898,976</u>
Deferred outflows of resources	5,640,517	7,577,865
Long-term liabilities outstanding	8,506,802	12,090,692
Other liabilities	<u>228,996</u>	<u>491,537</u>
Total liabilities	<u>8,735,798</u>	<u>12,582,229</u>
Deferred inflows of resources	8,672,148	2,587,627
Net position:		
Net investment in capital assets	8,143,156	7,373,183
Restricted	604,753	514,813
Unrestricted	<u>3,988,995</u>	<u>2,418,989</u>
Total net position	<u>\$ 12,736,904</u>	<u>\$ 10,306,985</u>

An additional portion of the District's net position, \$604,753, represents resources from impact fees and other amounts that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$3,988,995 may be used to meet the District's ongoing obligations to citizens and creditors.

The changes between years for deferred outflows/inflows of resources and other liabilities are mainly the result of the changes in the related pension and OPEB amounts, as required by GASB 68 and GASB 75.

The District's net position increased by \$2,429,919 during the current fiscal year.

The following is a condensed statement of activities for the year ended September 30, 2021 with comparative totals for the year ended September 30, 2020.

Changes in Net Position

	Governmental Activities	Governmental Activities
	2021	2020
Revenues:		
Program revenues		
Operating grants	\$ 173,162	\$ 474,702
Charges for services	35,825	42,885
General revenues:		
Fire assessments	17,676,245	16,540,074
Impact fees	517,169	160,608
Other	425,096	500,118
Total revenues	18,827,497	17,718,387
Expenses:		
Fire protection services	15,330,015	15,788,355
Depreciation	938,235	883,647
Interest on long-term debt	129,328	156,575
Total Expenses	16,397,578	16,828,577
Increase in net position	2,429,919	889,810
Net position – Beginning	10,306,985	9,417,175
Net position – Ending	\$ 12,736,904	\$ 10,306,985

- Fire assessments increased by \$1,136,171 during the year, which includes ad valorem and non-ad valorem assessments.
- Impact fees and related payments from developers increased by \$356,561 due to an increase in construction within the District.
- Expenses decreased \$430,999. Significant changes compared to the prior year were: Fire protection service expenses decreased \$458,340, depreciation expense increased \$54,588, and interest expense on long-term debt decreased \$27,247.

Financial Analysis of the District's Funds

The District's Governmental Funds include a General Fund and a Capital Projects Fund.

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, *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 funds reported combined ending fund balances of \$7,106,243, an increase of \$240,083 in comparison with the prior year. Of this total \$1,726,027 is *unassigned fund balance*, which is available for spending at the District's discretion. Fund balance in the amount of \$550,063 is restricted from impact fee revenues to be spent only on the acquisition, construction or purchase of assets required to provide fire protection and emergency services. \$54,690 is

restricted for the fallen firefighters' fund. Committed fund balance totaled \$634,613, and assigned fund balance totaled \$4,125,000.

The general fund is the operating fund of the District. At the end of the current fiscal year, the general fund had an unassigned fund balance of \$1,726,027, assigned fund balance of \$4,125,000, committed fund balance of \$634,613, and total fund balance was \$6,556,180. As a measure of the general fund's liquidity, it may be useful to compare unrestricted fund balance to total fund expenditures. Unassigned and assigned fund balance represent 9.3% and 22.2%, respectively of total general fund expenditures.

During the current year, the fund balance of the District's general fund increased by \$150,147.

The capital projects fund has a total fund balance of \$550,063, all of which is restricted for the acquisition, construction, or purchase of assets related debt service required to provide fire protection and emergency services. The net increase in fund balance during the current year in the capital projects fund was \$89,936, due to impact fee revenues and interest earnings exceeding expenditures and transfers out to the general fund.

Fiduciary funds. The fiduciary funds include Firefighters and General Employee pension trusts. At year end the fiduciary funds had ending net position of \$68,454,298, an increase of \$12,188,653. Increases were due to contributions and earnings on plan assets in excess of benefit payments and administrative expenses.

General Fund Budgetary Highlights

During the year, the General Fund budget was not amended. Original and final budgeted revenues were \$18,777,675 including transfers in. Original and final budgeted expenditures were \$18,777,675.

For the current fiscal year, actual revenues exceeded budgeted revenues by \$205,868 mainly due to fire assessment and miscellaneous revenue being higher than budgeted.

Actual expenditures were lower than the budgeted amount by \$190,279.

Capital Assets

The District's investment in capital assets is \$9,902,592 (net of accumulated depreciation). Investment in capital assets includes land, buildings and improvements, and machinery and equipment. The District's investment in capital assets for the current fiscal year decreased by \$198,797; this was comprised of additions of \$755,311, net of depreciation expense of \$938,235 and disposal of \$15,873.

	Governmental Activities	Governmental Activities
	2021	2020
Land	\$ 790,309	\$ 790,309
Buildings and improvements	5,587,150	5,853,457
Machinery and equipment	3,384,309	3,457,623
Construction in progress	140,824	-0-
Total (net of depreciation)	\$ 9,902,592	\$ 10,101,389

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

Long-Term Debt

At the end of the current fiscal year, the District had total debt outstanding of \$1,759,436. The District's debt represents notes payable secured solely by specified revenue sources (i.e., fire assessments and impact fee revenues), as well as equipment. The District has also entered into an interest rate swap agreement in order to fix a portion of its variable rate debt. The fair value of the swap agreements at September 30, 2021 was \$19,445.

During the current fiscal year, the District's total debt decreased by \$968,770 due to principal payments.

Additional information on the District's long-term debt can be found in note C of this report.

Economic Factors and Next Year's Budgets and Rates

As the pandemic of COVID-19 entered the third year of an unparalleled infectious rate we continued to struggle with ongoing issues, including staffing shortages, supply shortages and rising costs. These factors led to many unexpected financial impacts that were not predicted as a course of normal budgeting. Other factors that led to financial implications were the loss of several personnel, some due to retirement and others due to necessity. The loss of experience, replaced by inexperience led to difficulties in several areas of our operation. The culmination of all of these issues presented a unique challenge to our organization, but actions have been taken to bolster the areas of weakness. Southern Manatee, like many organizations has/are going through a "replacement-cycle" and certain deficiencies are to be expected as newer personnel take on roles previously held by tenured employees. As COVID-19 appears to be on the decline and the world returns to a sense of normalcy, Southern Manatee is uniquely positioned to emerge stronger than ever, both financially and personnel wise.

- As our Advanced Life Support (ALS) continues to expand we created a new staff position, Emergency Medical Service Officer (EMSO) reporting directly to the Training Chief. This position was created to facilitate the majority of Basic Life Support (BLS) and ALS training at the stations, in lieu of the logistical issues associated with moving several apparatus around the District to conduct hands on training. The position is also a credentialed paramedic with a state ALS licensed vehicle that carries the same medications and equipment as our ALS engines do.

- The Personal Income Growth (PIG) is 6.78% as calculated by the Bureau of Economic Analysis (BEA), which is the maximum amount allowed by law to be applied to the current Non-Ad Valorem assessments. These figures are published by the BEA each year in the last week of March and supported by F.S.191.009(2).

- The District continues to experience unprecedented growth, both commercially and residential. The first 250,000 square foot Amazon building is up and running with five (5) more expected. Adjacent to that property is a 1,025,000 square foot grocery supply warehouse that is slated to begin construction within six (6) months. These two (2) operations alone will have over four-thousand employees working 24 hours a day.

- We are concluding the last year (2019-2022) of our IAFF contract. We have begun negotiations with the Union for a contract that will run from October 1, 2022 thru September 30, 2025. Due to costs of living increases throughout the United States and with succession planning in mind there will be a significant increase in personnel costs for this contract period. The ability to be competitive in both salary and benefits is paramount to the continued success of Southern Manatee Fire Rescue.

- We completed our Insurance Services Office (ISO) review, which is done every five (5) years. Although COVID-19 has had a heavy impact on our public education and several other areas of the ISO review the ISO rating will not take into consideration any hardships or deficiencies attributable to COVID-19. We have not received our rating as of this report, but I am confident that we will remain with a rating of three (3). While this was not the goal, the fact that we were able to stay at such a high rating reflects the efficiency and effectiveness of this organization.

- There was a reduction in our Worker's Compensation Experience Modification in 2021 from .94 to .80 which resulted in a significant decrease in our Worker's Compensation rates. We had limited Worker's Compensation claims in 2021, which should be reflected in our upcoming rates.

- The State of Florida passed HB 1144 which became F.S. 189.0695, known as Independent Special Districts; Performance Reviews. The term "performance review" means an evaluation of an independent special district and its programs, activities, and functions, along with research and analysis of all areas of operations. Given the fact this is a new mandate, the costs of this "review" is unknown but will certainly be costly. All special districts are in the process of attempting to comply with this statute which officially takes effect on October 1, 2022 and the required report is due to the state by July 1, 2023.

- In order to avoid another large price increase Southern Manatee has signed a letter of commitment with Ten-8 Fire & Safety who is our local sales representatives for Pierce apparatus. The reason for this move is two-fold. First, to avoid additional price increase, but also due to production delays. The new projected date of delivery for an apparatus is 20 months to two (2) years, from date of order. This order is one (1) year ahead of our projected need, but with the delays and price increases we thought it prudent to accelerate our timeline.

These factors listed and many more are taken into consideration when formulating the fiscal 2022 and 2023 budget. The impact of many things are still unknown as we continue to feel the "downstream" effects of COVID-19. This organization continues daily to strive to be financially transparent and fiscally responsible to the citizens that we serve.

All of these factors were considered in preparing the District's financial plan for the 2022 fiscal year and will affect the fiscal year 2022 financial results.

Requests for Information

This financial report is designed to provide a general overview of the Southern Manatee Fire and Rescue 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 Southern Manatee Fire and Rescue District, 2451 Trailmate Drive, Sarasota, Florida 34243.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	GOVERNMENTAL ACTIVITIES
Assets	
Cash and cash equivalents	\$ 144,427
Investments	6,835,575
Due from other governments	141,883
Deposits	886
Prepaid expenses	14,964
Restricted assets:	
Investments	604,753
Net pension asset	6,859,253
Capital assets	
Land	931,133
Other capital assets, net of depreciation	8,971,459
Total Assets	24,504,333
Deferred outflows of resources	
Deferred outflows of pension resources	4,439,290
Deferred outflows of OPEB resources	1,181,782
Accumulated decrease in fair value of hedging derivative	19,445
	5,640,517
Liabilities	
Accounts payable and other current liabilities	216,245
Accrued interest	12,751
Interest rate swap liability	19,445
Noncurrent liabilities:	
Due within one year	954,352
Due in more than one year	7,533,005
Total Liabilities	8,735,798
Deferred inflows of resources	
Deferred inflows of pension earnings	7,988,074
Deferred inflows of OPEB	684,074
	8,672,148
Net Position	
Net investment in capital assets	8,143,156
Restricted for:	
Impact fees and fallen firefighters fund	604,753
Unrestricted	3,988,995
	8,736,904
Total Net Position	\$ 12,736,904

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

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Public Safety–Fire Protection	
Personal services	\$ 13,088,253
Operating expenses	2,241,762
Depreciation	938,235
Interest on long–term debt	129,328
Total Program Expenses	16,397,578
 Program Revenues:	
Operating grants	173,162
Charges for services	35,825
Net Program Expense	16,188,591
 General Revenues:	
Fire assessments	17,676,245
Impact fees	517,169
Investment earnings	34,029
Miscellaneous	391,067
Total General Revenues	18,618,510
Increase (decrease) in Net Position	2,429,919
Net Position – beginning	10,306,985
Net Position – ending	\$ 12,736,904

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

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	<u>GENERAL</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and cash equivalents	\$ 144,427	\$ -	\$ 144,427
Investments	6,835,575	-	6,835,575
Due from other governments	141,883	-	141,883
Deposits	886	-	886
Prepaid items	14,964	-	14,964
Restricted assets:			
Investments	54,690	550,063	604,753
TOTAL ASSETS	<u>\$ 7,192,425</u>	<u>\$ 550,063</u>	<u>\$ 7,742,488</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 45,725	\$ -	\$ 45,725
Accrued wages payable	590,520	-	590,520
Total Liabilities	<u>636,245</u>	<u>-</u>	<u>636,245</u>
Fund Balances:			
Nonspendable	15,850	-	15,850
Restricted for			
Impact fees	-	550,063	550,063
Fallen firefighters fund	54,690	-	54,690
Committed			
Apparatus replacement	634,613	-	634,613
Assigned			
90 day reserve	3,700,000	-	3,700,000
Fire gear and equipment	425,000	-	425,000
Unassigned	1,726,027	-	1,726,027
Total fund balances	<u>6,556,180</u>	<u>550,063</u>	<u>7,106,243</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,192,425</u>	<u>\$ 550,063</u>	<u>\$ 7,742,488</u>

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

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

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

Fund Balance – Governmental Fund	\$	7,106,243
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		9,902,592
Long-term assets are not available to pay current period expenditures and, therefore, are not reported in the funds. This amount represents net pension assets.		6,859,253
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		
Deferred outflows of pension resources		4,439,290
Deferred outflows of OPEB resources		1,181,782
Deferred inflows are not recognized in the governmental funds, however, they are recorded in the statement of net position under full accrual accounting		
Deferred inflows of pension earnings		(7,988,074)
Deferred inflows of OPEB		(684,074)
Accrued interest is not due and payable from current financial resources. As a result, it is not recorded as a fund liability.		(12,751)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		(8,067,357)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>12,736,904</u>

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

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Tax assessments	\$ 11,386,546	\$ -	\$ 11,386,546
Ad valorem tax	6,289,699	-	6,289,699
Impact fees	-	517,169	517,169
Operating grants	173,162	-	173,162
Interest	32,244	1,785	34,029
Miscellaneous	391,067	-	391,067
Charges for services	35,825	-	35,825
Total Revenues	<u>18,308,543</u>	<u>518,954</u>	<u>18,827,497</u>
EXPENDITURES			
Current:			
Personal service	14,496,757	-	14,496,757
Operating	1,762,029	18	1,762,047
Debt service:			
Principal retirement	968,770	-	968,770
Interest	140,687	-	140,687
Capital outlay	1,219,153	-	1,219,153
Total Expenditures	<u>18,587,396</u>	<u>18</u>	<u>18,587,414</u>
Excess of Revenues Over (Under) Expenditures	(278,853)	518,936	240,083
OTHER FINANCING SOURCES (USES)			
Transfers in	429,000	-	429,000
Transfers out	-	(429,000)	(429,000)
Total Other Financing Sources (Uses)	<u>429,000</u>	<u>(429,000)</u>	<u>-</u>
Net Change in Fund Balances	150,147	89,936	240,083
FUND BALANCES – Beginning	<u>6,406,033</u>	<u>460,127</u>	<u>6,866,160</u>
FUND BALANCES – Ending	<u><u>\$ 6,556,180</u></u>	<u><u>\$ 550,063</u></u>	<u><u>\$ 7,106,243</u></u>

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

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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

Net change in fund balance – total governmental fund	\$	240,083
<p>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 and loss on disposal of assets exceed capital additions.</p>		
		(198,797)
<p>The repayment of the principal on long-term debt consumes the current financial resources of governmental funds. However, the transaction has no effect on net position.</p>		
		968,770
<p>The effects of long-term accounts and pension resources do not provide current financial resources and as such are not recorded in the governmental fund.</p>		
		6,859,253
<p>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.</p>		
Change in OPEB liability		661,873
Change in net pension liability		1,702,697
Change in deferred outflows of resources		(1,906,798)
Change in deferred inflows of resources		(6,084,521)
Change in accrued interest		11,359
Change in long term accrued absences		176,000
		176,000
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	2,429,919

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

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2021

ASSETS

Investments	\$ 68,454,298
Due from other governmental units	-

Total Assets	<u>68,454,298</u>
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LIABILITIES

	<u>-</u>
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NET POSITION

Held in Trust for Pension Benefits	<u>\$ 68,454,298</u>
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The accompanying notes are an integral part of these financial statements.

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

ADDITIONS TO NET POSITION

Contributions:

Employer	\$ 1,854,073
Plan members	222,950
Other contributions	59,102
State contributions	511,401
Total contributions	<u>2,647,526</u>

Investment Income:

Net appreciation/(depreciation) in fair value of investments	10,950,194
--	------------

Less investment expense:

Net investment income	<u>56,425</u>
	<u>10,893,769</u>

Total additions

13,541,295

DEDUCTIONS FROM NET POSITION

Benefits and distributions to participants	1,312,864
Administrative expenses	39,778
Total deductions	<u>1,352,642</u>

CHANGE IN NET POSITION

12,188,653

Net Position – Beginning of year

56,265,645

Net Position – End of year

\$ 68,454,298

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

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Southern Manatee Fire and Rescue District (the District), Manatee County, Florida:

- (a) Reporting Entity – The District is a public municipal corporation in the State of Florida created by Special Law 84-477, 84-481 and 92-249, as amended, of the Legislature of the State of Florida. During the year 2000, these bills were codified in Chapter 2000-402. It is an independent special district. No other component units exist.

Revenue is provided for in the Bill by special assessments against taxable real estate lying within the territorial bounds of the District as defined by the State of Florida. The District also collects ad-valorem taxes on real estate within its territorial boards. 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 required to provide these services to the new users in the District.

- (b) Basis of Presentation – The District's basic financial statements includes Government-wide (which reports the District as a whole excluding fiduciary activities) and Fund financial statements (which report on the General and Capital Projects Funds, as well as Fiduciary Funds). The Basic Financial Statements present only governmental activities, as the District conducts no business type activities.

Basis of Accounting: Basic 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 program expenses offset by program revenues. The amounts reported as program revenues include charges for services. General revenues include taxes and other items not properly included as program revenue.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basic Financial Statements – Fund Financial Statements – The District’s accounts are organized on the basis of funds, which are self-balancing set of accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures. The District utilizes Governmental funds, which follow 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 also utilizes Fiduciary Funds, which are accounted for on the economic resources focus and accrual basis of accounting. The District reports the following fund types, which are all considered major funds:

Governmental Funds

- (1) General Fund – The General Fund is the general operating fund of the District. All general tax revenues are accounted for in this Fund, as well as loan proceeds and any transfers in. From the fund are paid the general operating expenditures and budgeted capital expenditures, and debt service costs.
- (2) Capital Projects Fund – The Capital Projects Fund is used to account for Impact Fees collected on new construction. These revenues can only be used for the acquisition, construction or purchase of assets and related debt service required to provide fire protection and emergency services. Fund balance in the Capital Projects Fund is restricted. A budgeted transfer is made to the General Fund each year for debt service costs.

Fiduciary Funds

- (3) Pension Trust Funds – These funds are used to account for assets held by the District in a trustee capacity. Consequently, net position in the fiduciary fund types, is reserved. Pension trust funds are accounted for on the accrual basis since capital maintenance is critical. Contributions are recognized in the period in which contributions are due. Retirement benefits and refunds are recognized when due and payable in accordance with the Plan.
- (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, deferred outflows, liabilities, deferred inflows, 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.
 - (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. Once the proposed budget is compiled, it is brought before the Board of Commissioners for approval.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

- (e) Interfund Activity – Interfund receivables/payables arise from temporary interfund transfers. When a fund has an interfund receivable and an interfund payable to the same fund, the amounts are recorded in separate accounts. Internal activity and balances between governmental funds has been eliminated in the government-wide statement of net position.
- (f) 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. The District received tax revenues based on millage and also assessments which vary based on a sliding scale of property values and type of property involved and is determined by the Board of Commissioners of the District.

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

Assessment roll validated	July 1
Millage resolution approved	September 30
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.

- (g) Fund Balance – Restricted – At September 30, 2021, the Capital Project Fund Balance is restricted from impact fees. The General Fund Balance is restricted for the fallen firefighter's fund.
- (h) Cash and Investments – Florida Statute 218.415 authorizes the District to invest in the following:
 - (a) Local Government Surplus Funds Trust Fund or an intergovernmental investment pool authorized through the Florida Interlocal Cooperation Act. (including the Manatee County investment pool)
 - (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating company.
 - (c) Interest bearing time deposits or savings accounts in state-certified Qualified Public Depositories as defined in Section 280.02 Florida Statutes.
 - (d) Direct obligations of the U.S. Treasury.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Demand Deposits

At September 30, 2021, 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, 2021, the carrying amount of the District's deposits was \$144,427 and the bank balance was \$322,292.

Investments

Credit and Concentration of Credit Risk

The District has investments held 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, 2021.

The District has investments held in the Florida Fixed Income Trust (FL-FIT). Investments in FL-FIT are recorded at fair value. The District's investment is in its shares held in the FL-FIT cash pool and not the underlying investments. FL-FIT Cash Pool has a Fitch rating of AAf/S1.

The District has investments held in the Florida Municipal Investment Trust (FMIVT), an external investment pool. The District's investment is in the FMIVT portfolio, not individual securities held in the portfolio. The 1-3 Year High Quality Bond Fund has a Fitch Rating of AAf/S2.

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. The Manatee County 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, 2021, the Pool had no investments with a maturity exceeding 2 years, and its weighted average to maturity was less than 2 years. For further information regarding the Manatee County Investment pool, readers should refer to the financial statements and disclosures of Manatee County, Florida.

FL-FIT cash pool had a weighted average to maturity of 104 days, and effective duration of 79 days. FMIVT had a weighted average to maturity of 1.50 years and modified duration of 1.42 years.

Fair Value Measurements

The District categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs for similar assets; and Level 3 inputs are significant unobservable inputs, (Note G).

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The District had the following investments:

<u>General Fund:</u>	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>
FL-FIT Cash Pool	\$ 2,916,818	Level 2
Manatee County Investment Pool	<u>3,918,757</u>	Level 2
	<u>\$ 6,835,575</u>	
FMIVT	<u>\$ 54,690</u>	Level 2
<u>Capital Projects Fund:</u>		
Manatee County Investment Pool	<u>\$ 550,063</u>	Level 2
Total		
 <u>Government Wide Financial Statements</u>		
Interest rate swaps for loans	<u>\$ 19,445</u>	Level 2

Investments and derivatives 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.

Also see Note G on investments related to retirement plans.

- (i) Compensated Absences – It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All benefits are 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. These liabilities are typically liquidated out of 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 \$500 and an estimated useful life of longer than one year. Capital assets are recorded at historical cost if purchased or constructed. 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 and improvements	20 – 40
Vehicles and fire engines	3 – 20
Furniture, fixtures and equipment	5 – 10

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- (k) 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. Three items qualify for reporting in this category. The accumulated decrease in fair value of hedging derivative agrees to the amount of the interest rate swap included within the liabilities section. In addition, a deferred outflow of pension resources and deferred outflow of OPEB resources are 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 two items that qualify for reporting in this category. A deferred inflow of pension earnings and deferred inflow of OPEB earnings reported in the government-wide statement of net position.

- (l) 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.
- (m) 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.
- (n) Fund Balance – Government Accounting Standards Board Statement (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 balance 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.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 approved by a formal action of the Board of Commissioners through a resolution or the budget process.
- Assigned – includes amounts designated for a specific purpose by the Board of Commissioners through a resolution or the budget process, which are neither restricted or committed.
- 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/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>General Fund</u>	<u>Capital Project Fund</u>
<u>Non-Spendable:</u>		
Prepaid expenses	\$ 15,850	\$ -0-
<u>Spendable:</u>		
Restricted	54,690	550,063
Committed	634,613	-0-
Assigned	4,125,000	-0-
Unassigned	<u>1,726,027</u>	<u>-0-</u>
Total Fund Balances	<u>\$ 6,556,180</u>	<u>\$ 550,063</u>

- (o) Interest Rate Swap – The District applies the provisions of Statement No. 53 of the Governmental Accounting Standards Board, “Accounting and Financial Reporting for Derivative Instruments.” The interest rate swap agreement meets the criteria of an effective hedge and as a result the District follows hedge accounting. A liability in the statement of net position has been recorded for the fair value of the interest rate swap in the amount of \$19,445. In addition, a like amount has been recorded as a Deferred Outflow of Resources.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE B – CAPITAL ASSETS

Capital asset activity for the year was:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 790,309	\$ -0-	\$ -0-	\$ -0-	\$ 790,309
Construction in progress	<u>-0-</u>	<u>140,824</u>	<u>-0-</u>	<u>-0-</u>	<u>140,824</u>
Total capital assets, not being depreciated	<u>790,309</u>	<u>140,824</u>	<u>-0-</u>	<u>-0-</u>	<u>931,133</u>
Capital assets being depreciated:					
Buildings and improvements	9,436,343	-0-	(45,924)	-0-	9,390,419
Machinery and equipment	<u>8,460,754</u>	<u>614,487</u>	<u>(555,803)</u>	<u>-0-</u>	<u>8,519,438</u>
Total capital assets being depreciated	17,897,097	614,487	(601,727)	-0-	17,909,857
Less accumulated depreciation for:					
Buildings and improvements	(3,582,886)	(266,307)	45,924	-0-	(3,803,269)
Machinery and equipment	<u>(5,003,131)</u>	<u>(671,928)</u>	<u>539,930</u>	<u>-0-</u>	<u>(5,135,129)</u>
Total accumulated depreciation	<u>(8,586,017)</u>	<u>(938,235)</u>	<u>585,854</u>	<u>-0-</u>	<u>(8,938,398)</u>
Total capital assets, being depreciated, net	<u>9,311,080</u>	<u>(323,748)</u>	<u>(15,873)</u>	<u>-0-</u>	<u>8,971,459</u>
Governmental activities capital assets, net	<u>\$ 10,101,389</u>	<u>\$ (182,924)</u>	<u>\$ (15,873)</u>	<u>\$ -0-</u>	<u>\$ 9,902,592</u>

Depreciation in the amount of \$938,235 was reported as a separate line item in the statement of activities.

NOTE C – LONG-TERM DEBT

General long-term debt from direct borrowings consisted of the following:

Series 2000 note payable to Bank of America due in monthly payments of principal beginning at \$2,664 per month plus interest collateralized by special assessments, impact fees and lawfully available non-ad valorem revenues. The note has a variable interest rate effectively fixed at 5.695% through an interest rate swap. Note was paid off in 2021.	\$ -0-
Series 2003A note payable to Bank of America due in quarterly installments of \$115,134 including interest. The note has a variable interest rate effectively fixed at 4.75% through an interest rate swap. The maturity date is March 31, 2023. The note is collateralized by impact fees, available non-ad valorem revenues and special assessments. Principal reductions began December 31, 2004.	690,751
Series 2010 note payable to Bank of America due in monthly installments of principal and interest of \$10,770. The note has a fixed rate of interest at 5.21% and matures in March of 2030. The note is secured by available non-ad valorem revenues.	880,900
Note payable for financing of Pierce Impel Heavy Rescue Pumper due in annual installments of \$102,362 including principal and interest at 4.19%. The note matures November of 2022 and is collateralized by the fire equipment.	98,244

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE C - LONG-TERM DEBT - CONTINUED

Note payable for financing of a Pierce Aerial Fire Truck.
Payments are due in annual installments of \$96,943 including principal and interest at 2.55%. Note was paid off in 2021.

-0-

Note payable for financing of Physio Control
Lifepaks due in annual installments of \$89,970 including principal and interest at 4.24%. The note matures December of 2022 and is collateralized by the related equipment.

89,541
\$ 1,759,436

Future Maturities

Total annual debt service requirements for all long-term debt governmental activities are as follows:

Year Ending September 30,	Principal	Interest	Total
2022	\$ 534,352	\$ 68,708	\$ 603,060
2023	517,843	51,649	569,492
2024	93,809	34,984	128,793
2025	98,792	30,000	128,792
2026	104,041	24,752	128,793
2027 - 2030	410,599	41,137	451,736
TOTAL	<u>\$ 1,759,436</u>	<u>\$ 251,230</u>	<u>\$ 2,010,666</u>

Interest Rate Swap (Swap)

In order to protect against the possibility of rising interest rates, the District has entered into interest rate swap agreements with Bank of America. Bank of America has a Standard & Poor's credit quality rating of A+. The District's objective of entering into the swaps was to hedge its changes in cash flow and effectively fix the rate on its variable rate debt. The interest rate swaps are derivative financial instruments, which qualify as hedging derivative instruments. The details of the swaps follow:

	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Fixed Rate</u>	<u>Variable Rate</u>
1)	\$ 1,076,993	4/17/2003	3/31/2023	4.75%	*

* Index is three month LIBOR. 64% of the 3 month LIBOR rate plus 1.35%.
At September 30, 2021, the rate was .07525%.

- 1) The notional amount of the swap, which was \$5,600,000 at inception, is equal to the balance outstanding on the original principal drawn on the note less principal reductions. Based on the swap agreement, the District pays a fixed rate of 4.75% on the principal balance outstanding. The swap payment is the difference between the fixed rate and the variable rate. At September 30, 2021, the Fair market value of the swap was estimated at \$19,445.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE C - LONG-TERM DEBT - CONTINUED

Fair Value - The swaps had a negative fair value as of September 30, 2021. The negative fair value may be offset by reductions in total interest payments required under the variable-rate-debt, creating lower synthetic interest rates. The principal portion on the notes is not variable; it is only the basis on which interest payments are calculated.

The fair value estimate is provided to the District by a financial institution known to be a high value participant in this market, and is based on the Counterparty's internal valuation models and assumptions, as well as available market data. The District has requested the fair value of its swaps be determined, although it has no intention of selling the agreements and has the ability to hold and meet the swap obligations. The fair value of the swaps at September 30, 2021, is recorded as a liability in the statement of net position. The accumulated decrease in fair value is recorded as a Deferred Outflow of Resources, also in the statement of net position. The swaps are recorded only in the government wide financial statements.

Credit Risk - Since the Swaps have a negative fair value at September 30, 2021, the District was not exposed to any credit risk on the swaps. However, should interest rates change and the fair value of the swaps becomes positive, the District would be exposed to credit risk in the amount of the derivative's fair value.

Basis Risk - The District is exposed to basis risk on its pay-fixed interest rate swaps used to hedge the variable rate debt as the variable rates may differ between the swaps and debt agreements.

Termination Risk - The District or the counter party may terminate the swaps if the other party fails to perform under the terms of the contract. If the swap is terminated, the associated variable-rate note would no longer carry a synthetic fixed interest rate. Also, if at the time of the termination the swap has a negative fair value, the District would be liable to the counter party for a payment equal to the swaps' fair value.

The following tables represent debt service payments on the variable rate notes, net of swap payments associated with the notes at year end. The variable interest at September 30, 2021 is assumed to be constant over the life of the note.

Swap 1

<u>September 30,:</u>	<u>Principal</u>	<u>Variable Interest</u>	<u>Swap Interest</u>	<u>Net Cash Flows</u>
2022	\$ 449,769	\$ 3,442	\$ 21,056	\$ 474,267
2023	240,982	-0-	4,158	245,140
	<u>\$ 690,751</u>	<u>\$ 3,442</u>	<u>\$ 25,214</u>	<u>\$ 719,407</u>

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE C - LONG-TERM DEBT - CONTINUED

Long-term liability activity for the year 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:					
Notes Payable-Direct Borrowings					
Bank of America-Series 2000	\$ 15,682	\$ -0-	\$ (15,682)	\$ -0-	\$ -0-
Bank of America-Series 2003A	1,125,417	-0-	(434,666)	690,751	449,769
Bank of America-Series 2010	960,981	-0-	(80,081)	880,900	84,583
Sun Trust Financing	94,536	-0-	(94,536)	-0-	-0-
Leasing 2	248,557	-0-	(159,016)	89,541	-0-
Leasing 2	<u>283,033</u>	<u>-0-</u>	<u>(184,789)</u>	<u>98,244</u>	<u>-0-</u>
Total Notes Payable-Direct Borrowings	<u>2,728,206</u>	<u>-0-</u>	<u>(968,770)</u>	<u>1,759,436</u>	<u>534,352</u>
Interest Rate Swap	49,995	-0-	(30,550)	19,445	-0-
OPEB Liability	4,644,794	275,023	(936,896)	3,982,921	-0-
Net Pension Liability	1,702,697	3,617,076	(5,319,773)	-0-	-0-
Compensated Absences	<u>2,965,000</u>	<u>1,323,000</u>	<u>(1,543,000)</u>	<u>2,745,000</u>	<u>420,000</u>
Governmental activity:					
Long-term liabilities	<u>\$ 12,090,692</u>	<u>\$ 5,215,099</u>	<u>\$ (8,798,989)</u>	<u>\$ 8,506,802</u>	<u>\$ 954,352</u>

Events of default may occur if the District fails to make scheduled payments under the terms of the note agreements. An event of default may subject the District to certain finance-related consequences such as:

Bank of America Notes

The Bank may declare all obligations of the District under the note payable agreement (Note) to be immediately due and payable without further action of any kind, and upon such declaration the Note and the interest accrued thereon shall become immediately due and payable. In addition, and regardless whether such declaration is or is not made, the Bank may also seek enforcement of and exercise all remedies available to it under any applicable law.

SunTrust Financing

The Bank shall have the right, at its option and without any further demand or notice to one or more or all of the following remedies:

- (a) Bank, with or without terminating the Agreement, may declare all payments immediately due and payable by the District, whereupon such payments shall be immediately due and payable.
- (b) Bank, with or without terminating the agreement, may repossess any or all of the equipment by giving District written notice to deliver such equipment; or in the event District fails to do so within ten (10) days after receipt of such notice, Bank may enter upon premises where such equipment is kept and take possession of such equipment and charge District for costs incurred, including reasonable attorneys' fees.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE C – LONG-TERM DEBT – CONTINUED

- (c) If Bank terminates the agreement and, in its discretion, takes possession and disposes of any or all of the equipment, Bank shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs (including, but not limited to, attorneys' fees) incurred in securing possession of the equipment; (ii) all expenses incurred in completing the disposition; (iii) any sales or transfer taxes; (iv) the applicable prepayment prices of the equipment Groups; and (v) the balance of any payments owed by District during the Fiscal Year then in effect. Any disposition proceeds remaining after the requirements of Clauses (i), (ii), (iii), (iv) and (v) have been met shall be paid to District.
- (d) Bank may take any other remedy available, at law or in equity, with respect to such event of default, including those requiring District to perform any of its obligations or to pay any moneys due and payable to Bank and District shall pay the reasonable attorneys' fees and expenses incurred by Bank in enforcing any remedy hereunder.
- (e) Each of the foregoing remedies is cumulative and may be enforced separately or concurrently.

Leasing 2

Whenever any event of default shall have happened and be continuing, District agrees to return the equipment to Bank and Bank shall have the right at its sole option without any further demand or notice, to take either one or both of the following remedial steps:

- (a) Accept surrender from District of the equipment for sale or release by Bank in a commercially reasonable manner. All proceeds of such sale or re-letting shall inure to Bank, provided, however, if such proceeds after deduction of Bank's reasonable costs and expenses, including attorneys' fees, incurred to recover possession, restore or clean-up and sell or release the equipment, exceed an amount equal to the sum of the past due but unpaid payments and an amount equal to the then applicable purchase price, Bank shall remit the amount of such excess to District; or
- (b) Institute an action in a court of competent jurisdiction to recover Bank's compensatory damages resulting from District's default. Bank agrees that it shall not have a right to see any remedy of specific performance nor shall Bank have any "self-help" right to take possession of the equipment absent District's voluntary surrender thereof.

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 14 of the basic financial statements. One line of that reconciliation explains "long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds." The detail of the difference is shown below:

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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

Notes Payable	\$ (1,759,436)
OPEB	(3,982,921)
Compensated Absences	<u>(2,325,000)</u>
	<u>\$ (8,067,357)</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 net position – total governmental funds as reported in the statement of revenues, expenditures and changes in fund balances, and the changes in net position as reported in the statement of activities is included on page 16 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 and loss on disposal of assets.” The details of the difference are shown below:

Capital additions included as expenditures in the governmental funds	\$ 755,311
Depreciation expense	(938,235)
Loss on disposal of assets	<u>(15,873)</u>
	<u>\$ (198,797)</u>

NOTE E – RETIREMENT PLANS

The District has two defined benefit retirement plans.

- Pension plan for firefighters (FFPP)
- Pension plan for general employees (GEPP)

a) Plan Description

FFPP – Effective March 11, 1997, the District established a single employer, defined benefit, public employee retirement system plan for the Firefighters. Benefit provisions and contributions to the FFPP are established under the authority of the District. The FFPP is a Section 175 pension plan, and is accounted for in the accompanying financial statements as a pension trust fund. A separate financial statement is issued with respect to the FFPP. Administrative costs are paid by the plan. The FFPP is administered by a five member Board of Trustees. The Board of Trustees through approval of the District’s Board of Commissioners have the authority to amend or extend provisions of the FFPP. The Florida League of Cities through the Florida Municipal Pension Trust Fund (FMPTF) is the custodian of the plan assets.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE E – RETIREMENT PLANS – CONTINUED

a) Plan Description – Continued

FFPP – continued

Plan Membership:

Inactive employees and beneficiaries receiving benefits	18
Inactive employees entitled to, but not yet receiving benefits	11
Active plan members	77
Drop participants	<u>10</u>
Total	<u>116</u>

GEPP – Effective October 1, 1999, the District established a single employer, defined benefit, public employee retirement system plan for the general employees. Benefit provisions and contributions to the GEPP are established under the authority of the District. The GEPP is accounted for in the accompanying financial statements as a pension trust fund. A separate financial statement is not available for the GEPP. Administrative costs are paid for by the plan. The GEPP is administered by the District’s Board of Commissioners, which has the authority to amend or extend provisions of the GEPP. The Florida League of Cities through the Florida Municipal Pension Trust Fund (FMPTP) is the custodian of the plan assets.

Plan Membership:

Inactive employees and beneficiaries receiving benefits	4
Inactive employees entitled to, but not yet receiving benefits	0
Active plan members	4
Drop participants	<u>4</u>
Total	<u>12</u>

Basis of Accounting – The Plans follow the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each 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 each plan. Investment income is recognized when earned. Gains and losses on sale and exchanges of securities are recognized on the transaction date.

Asset Valuation – Investments are reported at fair value. FMIvT determines the fair value of its shares based on quoted market prices of the underlying securities. Changes in the fair value of investments includes gains and losses on investments bought and sold, as well as held during the year. Purchases and sales of investments are recorded on the trade-date basis. Interest and dividend income is recorded on the accrual basis.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE E – RETIREMENT PLANS – CONTINUED

b) Benefit Provisions

FFPP – The plan covers all full-time firefighters effective on their date of hire. Normal retirement occurs at age 55 and 10 years of service or attainment of 25 years of service. Normal retirement benefit is 3.5% of the number of years of credited service multiplied by the average final compensation. A participant may retire early upon the completion of 10 years of credited service, and the accrued benefit will be reduced by 3% for each year before age 50 and 3% for each year between age 50 and normal retirement age.

Beginning October 1, 2002, each eligible participant who has met all plan requirements, or, if the participant is deceased, his or her spouse who is the participant's designated beneficiary, shall receive a monthly retiree health insurance subsidy payment equal to the number of years of creditable service, as provided in this subparagraph, completed at the time of retirement, multiplied by \$15; however, no eligible retiree or beneficiary may receive a subsidy payment of more than \$450 or less than \$50.

The balance transferred in from a previous defined contribution plan is the minimum benefit payable to respective firefighters.

Vesting of employer contributions occurs after 10 years of service, and immediately for all employee contributions.

Death and Disability – A service incurred disability benefit provides a monthly 10 year certain and life annuity equal to the larger of the monthly accrued benefit or 42% of Average Final Compensation, but offset as necessary to preclude the total participant's workers compensation disability benefit, and other District provided disability compensation from exceeding Average Final Compensation. A non-service incurred disability benefit is also available under the same criteria as noted above, but limited to 25% of Average Final Compensation.

Pre-retirement death benefits

In the case of the death of a participant in the line of duty prior to retirement, a beneficiary will receive the greater of the participant's Monthly Accrued Benefit or 50% of the participant's salary payable for life. In the case of the death of a vested participant other than in the line of duty prior to retirement, a beneficiary will receive the participant's Monthly Accrued Benefit payable for 10 years beginning on the participant's early or normal retirement date. In the case of the death of a non-vested participant prior to retirement, a beneficiary will receive the participant's Accumulated Contributions in lieu of any other benefits payable from the plan.

Deferred Retirement Option Program (DROP)

Available to participants who have attained normal retirement age. Individuals may participate in DROP for up to 96 months. Interest is credited on a participant's DROP account at the rate of 6.5% per annum. The DROP balance at September 30, 2021 is approximately \$2,093,000.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE E – RETIREMENT PLANS – CONTINUED

b) Benefit Provisions – Continued

GEPP – The plan covers all full-time non-firefighters of the District effective on their date of hire. Normal retirement occurs at age 62 and 10 years of service or attainment of 30 years of service. Normal retirement benefit is 2.50% of the number of years of credited service multiplied by the average final compensation. A participant may retire early upon the completion of 10 years of credited service, and the accrued benefit will be reduced by 5% for each year prior to the normal retirement date. Benefits include COLA increases of 3%.

Beginning October 1, 2002, each eligible participant who has met the requirements, or, if the participant is deceased, his or her spouse who is the participant's designated beneficiary, shall receive a monthly retirement subsidy payment equal to the number of years of creditable service, as provided in this subparagraph, completed at the time of retirement, multiplied by \$15; however, no eligible retiree or beneficiary may receive a subsidy payment of more than \$450 or less than \$50.

Vesting of employer contributions occurs after 10 years of service, and immediately for all employee contributions.

Death and Disability – A member determined to be totally and permanently disabled who has at least 10 years of credited service (6 years if the participant was employed prior to March 11, 1997) prior to becoming totally and permanently disabled, will receive the greater of a monthly pension equal to 25% of average monthly salary at the time of disability or an amount equal to the accrued retirement benefit. Before 10 years (6 years if employed prior to March 11, 1997) of Credited Service, a member deemed to be totally and permanently disabled will receive a return of employee contributions. If a member dies prior to retirement in-the-line-of-duty, and is not vested, the beneficiary shall receive a refund of one hundred percent (100%) of the member's accumulated contributions. If a member dies prior to retirement in-the-line-of-duty, but is vested, the beneficiary shall receive benefits otherwise payable to the member at the early or normal retirement date.

Deferred Retirement Option Program (DROP) – Available to participants who have attained normal retirement age. Individuals may participate in DROP for up to 60 months. Interest is credited on a participant's account at the rate of 6.5% per annum. The DROP balance at September 30, 2021 is approximately \$91,000.

Contributions

FFPP – Employer contributions are made on an actuarially determined basis. Per resolution 97-01, the District imposed a 1.85% excise tax on insurers' receipts of premiums collected within the District, which are used to partially fund the plan. Employees are required to contribute 3.5% of compensation on a pre-tax basis. Total actuarially required contributions were 34.38% of covered payroll, which includes State contributions received. Total employer contributions were \$1,728,480 on a covered payroll of \$5,238,088 for the year ended September 30, 2021. Additional contributions to the plan included the Casualty Insurance Premium Tax in the amount of \$511,401.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE E – RETIREMENT PLANS – CONTINUED

b) Benefit Provisions – Continued

GEPP – Employee contributions are made on an actuarially determined basis. Employees are required to contribute 3.5% of compensation on a pre-tax basis. Total actuarially required contributions were 51.13% of covered payroll. Total employer contributions were \$125,513 on a covered payroll of \$236,297 for the year ended September 30, 2021.

c) Plan Investments

Both of the District’s pension plans assets are held with the Florida Municipal Pension Trust Fund (FMPTF) an agent multiple employer pension plan administered by the FMPTF Board of Trustees. The FMPTF issues a publicly available report that includes the combined financial statements of all plan members. Separate accounts are maintained for each employer group.

Both plans follow the investment policies of the FMPTF. The Master Trustees of the FMPTF have the exclusive authority and discretion to manage and control the assets of the FMPTF. The District has elected to participate in the FMPTF 60/40 Target Fund. The maximum target asset allocation for equities is 60%. The following was the adopted asset allocation policy as of September 30, 2021:

<u>Asset Class</u>	<u>Total Allocation</u>
Equities	
Large Cap	25%
Small to Mid Cap	14%
International	21%
Core Real Estate	10%
Fixed Income	
Core Bonds	15%
Core Plus	15%

All employee pension plans assets with the FMPTF are included in the trust’s master Trust Fund. Employee pension plan assets of the defined benefit type are invested by the FMPTF through the Florida Municipal Investment Trust (FMIVT) for the benefit of the Participating Employers, Participating Employees and Beneficiaries. The FMIVT is a Local Government Investment Pool (LGIP) and, therefore, considered an external investment pool. The plans have a beneficial interest in shares in the FMIVT portfolios listed below. The plan’s investment is the beneficial interest in the FMIVT portfolio, not the individual securities held within each portfolio.

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE E – RETIREMENT PLANS – CONTINUED

c) Plan Investments – Continued

As of September 30, 2021, the asset allocations for the various investment models were as follows:

	<u>Asset Allocation</u> <u>Model/Percentage</u>
	FFPP/GEPP
	<u>60/40</u>
Cash and Money Market	0.7%
FMIvT Broad Market High Quality Bond	15.5%
FMIvT Core Plus Fixed Income	15.8%
FMIvT Diversified Large Cap Equity	25.3%
FMIvT Diversified Small to Mid Cap Equity	13.9%
FMIvT International Equity	20.4%
FMIvT Core Real Estate Portfolio	<u>8.4%</u>
	<u>100.0%</u>

Credit Risk

Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations.

The FMIvT Broad Market High Quality Bond fund has a Fitch Rating of AAF/S4. The FMIvT Core Plus Fixed Income Fund and the equity portfolios are not rated.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value.

The FMIvT Broad Market High Quality Bond Fund has a modified duration of 5.39 years and a weighted average maturity of 6.30 years.

The FMIvT Core Plus Fixed Income Fund has a modified duration of 3.98 years and a weighted average maturity of 8.21 years.

Foreign Currency Risk

Participating employer's investments in the FMIvT are not subject to foreign currency risk.

Rate of Return

For the year ended September 30, 2021 the annual money-weighted rate of return on Pension Plan Investments, net of pension plan investment expense, was 20.80% for the FFPP and 21.02% for the GEPP. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE E – RETIREMENT PLANS – CONTINUED

d) Net Pension Liability (Asset)

The components of the net pension liability of the District were as follows:

	FFPP	GEPP
Total Pension Liability	\$ 57,305,732	\$ 4,210,752
Plan Fiduciary Net Position	(64,030,305)	(4,345,432)
Sponsors Net Pension Liability (Asset)	<u>\$ (6,724,573)</u>	<u>\$ (134,680)</u>
Plan Fiduciary Net Position as a		
Percentage of Total Pension Liability (Asset)	111.7%	103.2%

FFPP	Total Pension Liability	Fiduciary Net Position	Net Pension Liability (Asset)
Balance as of September 30, 2020	\$ 53,648,984	\$ (52,356,989)	\$ 1,291,995
Change due to:			
Service cost	1,536,682	-0-	1,536,682
Expected interest growth	3,804,237	(3,715,418)	88,819
Unexpected investment income	-0-	(6,492,302)	(6,492,302)
Demographic experience	494,565	-0-	494,565
Employer contributions	-0-	(2,235,682)	(2,235,682)
Employee contributions	-0-	(272,965)	(272,965)
Benefit payments & refunds	(961,014)	961,014	-0-
Administrative expenses	-0-	82,037	82,037
Changes in benefit terms	-0-	-0-	-0-
Assumption changes	<u>(1,217,722)</u>	<u>-0-</u>	<u>(1,217,722)</u>
Balance as of September 30, 2021	<u>\$ 57,305,732</u>	<u>\$ (64,030,305)</u>	<u>\$ (6,724,573)</u>

GEPP	Total Pension Liability	Fiduciary Net Position	Net Pension Liability (Asset)
Balance as of September 30, 2020	\$ 4,250,424	\$ (3,839,722)	\$ 410,702
Change due to:			
Service cost	57,260	-0-	57,260
Expected interest growth	295,227	(260,634)	34,593
Unexpected investment income	-0-	(481,840)	(481,840)
Demographic experience	(14,829)	-0-	(14,829)
Employer contributions	-0-	(125,593)	(125,593)
Employee contributions	-0-	(9,087)	(9,087)
Benefit payments & refunds	(357,279)	357,279	-0-
Administrative expenses	-0-	14,165	14,165
Changes in benefit terms	-0-	-0-	-0-
Assumption changes	<u>(20,051)</u>	<u>-0-</u>	<u>(20,051)</u>
Balance as of September 30, 2021	<u>\$ 4,210,752</u>	<u>\$ (4,345,432)</u>	<u>\$ (134,680)</u>

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE E – RETIREMENT PLANS – CONTINUED

e) Actuarial Assumptions

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of October 1, 2020. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year ending September 30, 2021, which is the measurement date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement.

	FFPP	GEPP
Investment rate of return (2.62% for inflation)	7.00%	7.00%
Projected salary increases	4.50%	4.00%
COLA	None Assumed	3.00%

10% of eligible employees are assumed to retire at each of the three years prior to normal retirement age. 40% are assumed to retire at normal retirement age, 20% are assumed to retire at each of the two years after normal retirement age, and 100% are assumed to retire three years after normal retirement age; no retirements are assumed prior to age 50.

For non-retired participants, the FFPP used the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year (pre-retirement mortality); for non-disabled retirees, sex distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year; for disable retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Disabled Retiree Mortality Table (80% general employee rates plus 20% public safety employee rates), with full generational improvements in mortality using Scale MP-2018.

Since the prior measurement date, the mortality basis was changed from the RP-2000 Blue Collar Mortality Table with generational improvements in mortality using Scale BB to selected PUB-2010 Mortality Tables with generational improvements in mortality using Scale MP-2018.

The GEPP used the sex-distinct rates set forth in the PUB-2010 Headcount Weighted Below Median Employee Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year; post-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Healthy Retiree Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year.

Since the prior measurement date, the mortality basis was changed from the RP-2000 Combined Mortality Table with generational improvements in mortality using Scale BB to selected PUB-2010 Mortality Tables with generational improvements in mortality using Scale MP-2018.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE E – RETIREMENT PLANS – CONTINUED

e) Actuarial Assumptions – Continued

The long-term expected rate of return on pension plan investments was determined using a building-block 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. 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 arithmetic real rates of return for each major asset class included the pension plan’s target asset allocation as of September 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	
Large Cap	4.60%
Small Cap	5.50%
International	6.70%
Core Real Estate	5.00%
Fixed Income	
Core Bonds	1.60%
Multi-Sector	<u>2.10%</u>
Total or weighted arithmetic average	4.38%

Discount Rate

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

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of the District, calculated using the discount rate of 7.00%, as well 1% higher and 1% lower than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
FFPP Net Pension Liability (asset)	\$ 800,448	\$ (6,724,573)	\$ (12,919,220)
GEPP Net Pension Liability (asset)	\$ 425,914	\$ (134,680)	\$ (585,139)

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE E – RETIREMENT PLANS – CONTINUED

f) Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

FFPP

For the year ended September 30, 2021 the District will recognize pension expense of \$813,745. At September 30, 2021 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance as of September 30, 2020	\$ 5,693,648	\$ 2,387,799
Change due to:		
Amortization payments	(1,933,964)	(2,554,792)
Investment gain/loss	-0-	6,492,302
Demographic gain/loss	494,565	-0-
Assumption changes	-0-	1,217,722
Total change	<u>(1,439,399)</u>	<u>5,155,232</u>
Balance as of September 30, 2021	<u>\$ 4,254,249</u>	<u>\$ 7,543,031</u>

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 ended September 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 1,857,039	\$ 2,139,013
2023	\$ 1,447,382	\$ 2,056,964
2024	\$ 811,887	\$ 1,715,879
2025	\$ 98,776	\$ 1,534,743
2026	\$ 39,165	\$ 96,432

GEPP

For the year ended September 30, 2021 the District will recognize pension expense of \$104,829. At September 30, 2021 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance as of September 30, 2020	\$ 420,014	\$ 155,398
Change due to:		
Amortization payments	(234,973)	(227,075)
Investment gain/loss	-0-	481,840
Demographic gain/loss	-0-	14,829
Assumption changes	-0-	20,051
Total change	<u>(234,973)</u>	<u>289,645</u>
Balance as of September 30, 2021	<u>\$ 185,041</u>	<u>\$ 445,043</u>

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

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE E – RETIREMENT PLANS – CONTINUED

f) Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

GEPP – Continued

<u>Year ended September 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 143,675	\$ 146,153
2023	\$ 39,272	\$ 106,154
2024	\$ 2,094	\$ 96,368
2025	\$ -0-	\$ 96,368

The following financial statements present the combining statement of fiduciary net position and statement of changes in fiduciary net position by trust fund as of and for the year ended September 30, 2021:

Combining Statement of Fiduciary Net Position

	<u>General Employees Pension Fund</u>	<u>Firefighter Pension Fund</u>	<u>Total Employee Pension Funds</u>
ASSETS			
Investments	\$ 4,345,432	\$ 64,108,866	\$ 68,454,298
Due from other government	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	<u>4,345,432</u>	<u>64,108,866</u>	<u>68,454,298</u>
LIABILITIES			
Prepaid contributions	-0-	-0-	-0-
Accounts payable	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET POSITION			
Held in Trust for Pension Benefits	<u>\$ 4,345,432</u>	<u>\$ 64,108,866</u>	<u>\$ 68,454,298</u>

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE E – RETIREMENT PLAN – CONTINUED

Combining Statement of Changes in Fiduciary Net Position

	General Employees Pension Fund	Firefighter Pension Fund	Total Employee Pension Funds
ADDITIONS			
Contributions:			
Employer	\$ 125,593	\$ 1,728,480	\$ 1,854,073
Plan members	9,087	213,863	222,950
Other contributions		59,102	59,102
State contributions	-	511,401	511,401
Total Contributions	134,680	2,512,846	2,647,526
Investment Income:			
Net appreciation/(depreciation) in fair value of investments	742,474	10,207,720	10,950,194
Less Investment Expense:	8,425	48,000	56,425
Net Investment Income	734,049	10,159,720	10,893,769
Total Additions	868,729	12,672,566	13,541,295
DEDUCTIONS			
Benefits and distributions to participants	357,279	955,585	1,312,864
Administrative expenses	5,740	34,038	39,778
Total Deductions	363,019	989,623	1,352,642
Change in Net Position	505,710	11,682,943	12,188,653
Net Position – Beginning of year	3,839,722	52,425,923	56,265,645
Net Position – End of year	\$ 4,345,432	\$ 64,108,866	\$ 68,454,298

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE F – POST-EMPLOYMENT HEALTHCARE BENEFITS OTHER THAN PENSIONS

The District's board of commissioners adopted a single-employer retiree health insurance policy, which became effective January 1, 2008, (the Plan). The policy provides eligible District personnel who retire from the District other post-employment health benefits, (OPEB). All employees are eligible to participate in the Plan after reaching normal retirement age and receiving retirement benefits.

The District, under the authority established within the policy, may amend the Plan in whole or in part. The District's board of commissioners provides oversight of the OPEB Plan. The Plan is construed and governed by the laws of Florida, except as preempted by Federal law. During 2018, the District terminated the trust established by the Plan pursuant to Resolution 2008-1. All Plan assets were transferred to the fire fighters and general employee pension plans. Although the trust was terminated, the District allows retired employees to purchase health insurance through the District.

Membership in the Plan consisted of the following:

Inactive employees or beneficiaries receiving benefits	4
Inactive employees entitled to, but not receiving benefits	0
Active plan members	<u>95</u>
Total	<u>99</u>

Retirees pay the full amount of premiums on a "pay-as-you-go" basis.

Total OPEB Liability

The District's total OPEB liability of \$3,982,921 was measured as of September 30, 2021 and was determined by an actuarial valuation as of October 1, 2020 and rolled forward to the measurement date of September 30, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00% per annum
Healthcare cost trend	8.50% for 2020/2021 decreasing .50% per year to 5.00% for 2027/2028 and later years
Retirees share of benefit related costs	100%

The discount rate was 2.43% per annum, based on S&P Municipal Bond 20-year High Grade Index.

Mortality rates were based on the sex-distinct PUB 2010 Mortality Table with full generational improvements in mortality using Scale MP-2020.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE F – POST-EMPLOYMENT HEALTHCARE BENEFITS OTHER THAN PENSION – CONTINUED

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance as of 9/30/20	\$ 4,644,794
Changes for the year:	
Service cost	52,121
Expected interest growth	113,352
Demographic experience	(225,196)
Employer Contributions	(64,826)
Changes in assumptions or other inputs	<u>(537,324)</u>
Balance at 9/30/21	<u>\$ 3,982,921</u>

Changes in assumptions and other inputs reflect a change in the following:

- Discount rate changed to 2.43% from 2.14%
- Healthcare cost trend rates change from 6.50% to 8.50% for 2020/2021 graded down to 5.00%.
- The implied monthly subsidy at age 55 was decreased from \$287.56 for the retiree and \$316.32 for the retiree’s spouse to \$225 for the retiree and \$250 for the retiree’s spouse.
- The mortality improvement scale was updated from Scale MP-2017 to Scale MP-2020.

Sensitivity of the Total OPEB Liability to change 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 1% point lower or 1% point higher than the current discount rate:

	1% Decrease (1.43%)	Discount Rate (2.43%)	1% Increase (3.43%)
Total OPEB Liability	\$ 4,525,157	\$ 3,982,921	\$ 3,523,833

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 1% point lower or 1% point higher than the current healthcare cost trend rates:

	1% Decrease (7.5% to 6%)	Healthcare Cost Trend Rate (8.5% to 5%)	1% Increase (9.5% to 6%)
Total OPEB Liability	\$ 3,560,707	\$ 3,982,921	\$ 4,477,531

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE F – POST-EMPLOYMENT HEALTHCARE BENEFITS OTHER THAN PENSION – CONTINUED

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the District recognized OPEB expense of \$275,023. At September 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance as of September 30, 2020	\$ 1,414,208	\$ 44,430
Change due to:		
Amortization payments	(232,426)	(122,876)
Demographic gain/loss	-0-	225,196
Assumption changes	-0-	537,324
Total change	<u>(232,426)</u>	<u>639,644</u>
Balance as of September 30, 2021	<u>\$ 1,181,782</u>	<u>\$ 684,074</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended September 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 232,426	\$ 110,216
2023	\$ 232,426	\$ 108,591
2024	\$ 232,426	\$ 108,591
2025	\$ 224,464	\$ 108,591
2026	\$ 179,339	\$ 108,591
Thereafter	\$ 80,701	\$ 139,494

NOTE G – FAIR VALUE MEASUREMENTS

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE G – FAIR VALUE MEASUREMENTS – CONTINUED

transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgement.

The three categories within the hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for identical assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

Level 3: Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

The pension plans have the following recurring fair value measurements:

	<u>Total</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level:				
Mutual Funds and Short-Term Investments	\$ 479,181	\$ 479,181	\$ -0-	\$ -0-
FMIvT Broad Market High Quality Bond	10,610,416	-0-	10,610,416	-0-
FMIvT Core Plus Fixed Income	10,815,779	-0-	-0-	10,815,779
FMIvT Diversified Large Cap	17,318,937	-0-	17,318,937	-0-
FMIvT Diversified Small to Mid Cap Equity	9,515,147	-0-	9,515,147	-0-
FMIvT International Equity	13,964,677	-0-	13,964,677	-0-
FMIvT Core Real Estate	<u>5,750,161</u>	<u>-0-</u>	<u>-0-</u>	<u>5,750,161</u>
Total Investments	<u>\$ 68,454,298</u>	<u>\$ 479,181</u>	<u>\$ 51,409,177</u>	<u>\$ 16,565,940</u>

Investments held with Florida Municipal Investment Trust (FMIvT) are held in a Local Government Investment Pool (LGIP) which are classified as either Level 2 or Level 3. Level 2 investments are invested in funds or portfolios in which underlying asset values are based on quoted prices or market-corroborated inputs, however, the net asset value of the portfolio is not publicly quoted. FMIvT Core Plus Fixed Income is a fund classified as Level 3 since the shares of the funds are not publicly quoted and the underlying funds invest in a variety of financial instruments. FMIvT Core Real Estate is a fund classified as Level 3 since the shares are not publicly quoted and investment values are based on quarterly real estate appraisals.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE H – 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.

NOTE I – CONCENTRATIONS OF LABOR SUBJECT TO COLLECTIVE BARGAINING AGREEMENT

The District's professional firefighters, which represent a significant portion of the District's employees are represented by a union.

NOTE J – CONTINGENCIES

Management of the District continues to evaluate the risks associated with the Covid-19 pandemic. Management of the District continues the process of implementing risk mitigation as to the risk of impact, if any, of Covid-19 related to all aspects of the District's business transactions and human interaction within and outside of the District. However, the District cannot at this time, make a determination on the ultimate impacts of the Covid-19 pandemic.

NOTE K – SUBSEQUENT EVENTS

Subsequent to year end, the District was named in a claim. The District's insurance carrier has hired legal counsel and plans to vigorously defend against the claim and any potential lawsuit; however, the outcome of this matter cannot be determined at this time. A lawsuit has not been filed at this time. As a result, no liability has been recorded in these financial statements. However, it is at least reasonably possible that a future liability could result and that liability could be material.

REQUIRED SUPPLEMENTARY INFORMATION

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES –BUDGET AND ACTUAL–GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Tax assessments	\$ 17,424,324	\$ 17,424,324	\$ 17,676,245	\$ 251,921
Operating grants	283,451	283,451	173,162	(110,289)
Interest	150,000	150,000	32,244	(117,756)
Miscellaneous	209,300	209,300	391,067	181,767
Charges for services	35,600	35,600	35,825	225
Total Revenues	18,102,675	18,102,675	18,308,543	205,868
EXPENDITURES				
Current:				
Personal service	14,344,725	14,344,725	14,496,757	(152,032)
Operating	1,734,780	1,734,780	1,762,029	(27,249)
Debt service	1,168,950	1,168,950	1,109,457	59,493
Capital outlay	1,529,220	1,529,220	1,219,153	310,067
Total Expenditures	18,777,675	18,777,675	18,587,396	190,279
Excess of Revenues Over (Under) Expenditures	(675,000)	(675,000)	(278,853)	396,147
OTHER FINANCING SOURCES				
Transfers in	675,000	675,000	429,000	(246,000)
Total Other Financing Sources	675,000	675,000	429,000	(246,000)
Net Change in Fund Balances	-	-	150,147	150,147
FUND BALANCE – Beginning	6,406,033	6,406,033	6,406,033	-
FUND BALANCE – Ending	\$ 6,406,033	\$ 6,406,033	\$ 6,556,180	\$ 150,147

Note 1 – Budgetary Basis

The general fund budget is presented on a basis consistent with U.S. generally accepted accounting principles.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Impact fees	\$ 100,000	\$ 100,000	\$ 517,169	\$ 417,169
Interest	650	650	1,785	1,135
Total Revenues	<u>100,650</u>	<u>100,650</u>	<u>518,954</u>	<u>418,304</u>
EXPENDITURES				
Operating	-	-	18	(18)
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>18</u>	<u>(18)</u>
Excess of Revenues Over (Under) Expenditures	100,650	100,650	518,936	418,286
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(429,000)	(429,000)
Net Change in Fund Balance	100,650	100,650	89,936	(10,714)
FUND BALANCES – Beginning	<u>460,127</u>	<u>460,127</u>	<u>460,127</u>	<u>-</u>
FUND BALANCES – Ending	<u><u>\$ 560,777</u></u>	<u><u>\$ 560,777</u></u>	<u><u>\$ 550,063</u></u>	<u><u>\$ (10,714)</u></u>

Note 1 – Budgetary Basis

The capital projects fund budget is presented on a basis consistent with U.S. generally accepted accounting principles.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS RETIREMENT PLAN
AVAILABLE FISCAL YEARS ***

	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability							
Service cost	\$ 747,705	\$ 1,229,781	\$ 1,378,414	\$ 1,483,450	\$ 1,617,727	\$ 1,553,753	\$ 1,536,682
Expected interest growth	2,454,433	1,832,081	2,614,817	2,908,506	3,312,446	3,548,058	3,804,237
Demographic experience	53,998	577,969	674,713	935,094	585,076	(432,469)	494,565
Benefit payments & refunds	(1,223,598)	(680,847)	(739,639)	(1,152,043)	(1,318,886)	(851,857)	(961,014)
Assumption changes	(3,275,125)	8,117,345	1,677,426	-	(652,713)	-	(1,217,722)
Net change in Total Pension Liability	(1,242,587)	11,076,329	5,605,731	4,175,007	3,543,650	3,817,485	3,656,748
Total Pension liability – Beginning	26,673,369	25,430,782	36,507,111	42,112,842	46,287,849	49,831,499	53,648,984
Total Pension liability – Ending	\$ 25,430,782	\$ 36,507,111	\$ 42,112,842	\$ 46,287,849	\$ 49,831,499	\$ 53,648,984	\$ 57,305,732
Plan fiduciary net position							
Expected interest growth	\$ 2,394,202	\$ 1,919,835	\$ 2,196,887	\$ 2,664,147	\$ 3,038,054	\$ 3,354,741	\$ 3,715,418
Unexpected investment income	(2,422,677)	319,309	2,078,877	281,903	(633,789)	(136,719)	6,492,302
Employer contributions	1,836,541	2,123,606	2,537,622	3,938,097	3,061,579	3,112,058	2,235,682
Employee contributions	152,860	162,048	170,272	191,645	200,695	203,131	272,965
Benefit payments & refunds	(1,280,101)	(680,847)	(739,639)	(1,152,043)	(1,318,886)	(851,857)	(961,014)
Administrative expenses	(63,768)	(64,657)	(64,794)	(65,334)	(82,587)	(75,535)	(82,037)
Net change in plan fiduciary net position	617,057	3,779,294	6,179,225	5,858,415	4,265,066	5,605,819	11,673,316
Plan fiduciary net position – Beginning	26,052,113	26,669,170	30,448,464	36,627,689	42,486,104	46,751,170	52,356,989
Plan fiduciary net position – Ending	\$ 26,669,170	\$ 30,448,464	\$ 36,627,689	\$ 42,486,104	\$ 46,751,170	\$ 52,356,989	\$ 64,030,305
Net pension liability (asset)	\$ (1,238,388)	\$ 6,058,647	\$ 5,485,153	\$ 3,801,745	\$ 3,080,329	\$ 1,291,995	\$ (6,724,573)
Plan fiduciary net position as a percentage of the total pension liability	104.87%	83.40%	86.98%	91.79%	93.82%	97.59%	111.73%
Covered-employee payroll	\$ 4,067,897	\$ 4,221,200	\$ 4,470,500	\$ 4,785,662	\$ 5,372,667	\$ 5,202,771	\$ 5,238,088
Net pension liability as a percentage of covered-employee payroll	-30.44%	143.53%	122.70%	79.44%	57.33%	24.83%	-128.38%

* Ultimately this schedule will include information for the last ten years.

Notes to Schedule:

Benefit changes: There were no changes in benefits since the prior measurement date.

Changes of assumptions: For measurement date September 30, 2021, the mortality basis was changed from the RP-2000 Blue Collar Mortality Table with generational improvements in mortality using Scale BB to PUB-2010 Mortality Tables with generational improvements in mortality using Scale MP-2018.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES RETIREMENT PLAN
AVAILABLE FISCAL YEARS ***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Pension Liability							
Service cost	\$ 60,938	\$ 104,615	\$ 105,131	\$ 101,348	\$ 103,960	\$ 90,650	\$ 57,260
Expected interest growth	175,442	132,982	184,633	221,216	248,730	253,101	295,227
Demographic experience	(47,655)	31,751	15,274	155,186	(197,589)	368,991	(14,829)
Benefit payments & refunds	(51,327)	(44,192)	(45,355)	(53,737)	(62,532)	(64,191)	(357,279)
Assumption changes	(212,047)	521,628	257,123	-	-	-	(20,051)
Net change in Total Pension Liability	(74,649)	746,784	516,806	424,013	92,569	648,551	(39,672)
Total Pension liability – Beginning	1,896,350	1,821,701	2,568,485	3,085,291	3,509,304	3,601,873	4,250,424
Total Pension liability – Ending	<u>\$ 1,821,701</u>	<u>\$ 2,568,485</u>	<u>\$ 3,085,291</u>	<u>\$ 3,509,304</u>	<u>\$ 3,601,873</u>	<u>\$ 4,250,424</u>	<u>\$ 4,210,752</u>
Plan fiduciary net position							
Expected interest growth	\$ 178,762	\$ 145,655	\$ 167,671	\$ 203,353	\$ 230,412	\$ 249,746	\$ 260,634
Unexpected investment income	(182,740)	24,574	152,474	12,486	(49,224)	(10,474)	481,840
Employer contributions	143,992	161,687	205,151	265,758	184,689	130,818	125,593
Employee contributions	15,608	16,611	15,690	14,460	14,925	10,572	9,087
Benefit payments & refunds	(43,062)	(44,192)	(45,355)	(53,737)	(62,532)	(64,191)	(357,279)
Administrative expenses	(9,002)	(9,826)	(10,531)	(11,370)	(12,291)	(12,989)	(14,165)
Net change in plan fiduciary net position	103,558	294,509	485,100	430,950	305,979	303,482	505,710
Plan fiduciary net position – Beginning	1,916,144	2,019,702	2,314,211	2,799,311	3,230,261	3,536,240	3,839,722
Plan fiduciary net position – Ending	<u>\$ 2,019,702</u>	<u>\$ 2,314,211</u>	<u>\$ 2,799,311</u>	<u>\$ 3,230,261</u>	<u>\$ 3,536,240</u>	<u>\$ 3,839,722</u>	<u>\$ 4,345,432</u>
Net pension liability (asset)	<u>\$ (198,001)</u>	<u>\$ 254,274</u>	<u>\$ 285,980</u>	<u>\$ 279,043</u>	<u>\$ 65,633</u>	<u>\$ 410,702</u>	<u>\$ (134,680)</u>
Plan fiduciary net position as a percentage of the total pension liability	110.87%	90.10%	90.73%	92.05%	98.18%	90.34%	103.20%
Covered–employee payroll	\$ 375,841	\$ 429,316	\$ 424,163	\$ 383,968	\$ 392,111	\$ 339,664	\$ 236,297
Net pension liability as a percentage of covered–employee payroll	-52.68%	59.23%	67.42%	72.67%	16.74%	120.91%	-57.00%

* Ultimately this schedule will include information for the last ten years.

Notes to Schedule:

Benefit changes: There were no changes in benefits since the prior measurement date.

Changes of assumptions: For measurement date September 30, 2021, the mortality basis was changed from the RP–2000 Combined Mortality Table with generational improvements in mortality using Scale BB to selected PUB–2010 Mortality Tables with generational improvements in mortality using Scale MP–2018.

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS RETIREMENT PLAN
AVAILABLE FISCAL YEARS *

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$ 1,843,933	\$ 2,286,726	\$ 2,667,433	\$ 2,615,127	\$ 2,208,787	\$ 2,236,178	\$ 2,100,739
Contributions in relation to the actuarially determined contribution	<u>1,836,541</u>	<u>2,123,606</u>	<u>2,537,622</u>	<u>3,938,097</u>	<u>3,061,579</u>	<u>3,112,058</u>	<u>2,235,682</u>
Contribution deficiency (excess)	<u>\$ 7,392</u>	<u>\$ 163,120</u>	<u>\$ 129,811</u>	<u>\$ (1,322,970)</u>	<u>\$ (852,792)</u>	<u>\$ (875,880)</u>	<u>\$ (134,943)</u>
Covered-employee payroll	\$ 4,067,897	\$ 4,221,200	\$ 4,470,500	\$ 4,785,662	\$ 5,372,667	\$ 5,202,771	\$ 5,238,088
Contributions as a percentage of covered-employee payroll	45.15%	50.31%	56.76%	82.29%	56.98%	59.82%	42.68%

* Ultimately this schedule will include information for the last ten years.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FIREFIGHTERS PLAN**

Valuation Date: 10/01/2020
Measurement Date: 9/30/2021

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

Actuarial assumptions

Discount rate: 7.00% per annum (2.62% per annum is attributable to long-term inflation): this rate was used to discount all future benefit payments.

Salary increases: 4.50% per annum

Cost-of-living increases: None assumed

Mortality basis: For non-retired participants, the FFPP used the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year (pre-retirement mortality); for non-disabled retirees, sex distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year; for disable retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Disabled Retiree Mortality Table (80% general employee rates plus 20% public safety employee rates), with full generational improvements in mortality using Scale MP-2018.

Retirement: 10% are assumed to retire at each of the three years prior to normal retirement age, 40% are assumed to retire at normal retirement age, 20% are assumed to retire at each of the two years after normal retirement age, and 100% are assumed to retire three years after normal retirement age; no retirements are assumed prior to age 50.

Other decrements: Assumed employment termination is based on gender, age, and service; for participants with less than 10 years of service, termination rates range from 15.00% for males and 10.01% for females with less than two years of service to 4.30% for males and 4.75% for females with between 8 and 10 years of service; for participants with at least 10 years of service, termination rates range from 4.28% for males and 5.41% for females at age 25 to 0.00% at age 55. Assumed disability is based on gender and age and ranges from 0.067% for males and 0.040% for females at age 25 to 1.00% for males and 0.84% for females at age 55.

Non-investment expenses: Liabilities have been loaded by 1.00% to account for non-investment expenses.

Future contributions: Contributions from the employer and employees are assumed to be made as legally required.

Changes: Since the prior measurement date, the mortality basis was changed from the RP-2000 Blue Collar Mortality Table with generational improvements in mortality using Scale BB to selected PUB-2010 Mortality Tables with generational improvements in mortality using Scale MP-2018.

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES RETIREMENT PLAN
AVAILABLE FISCAL YEARS *

	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 131,597	\$ 169,387	\$ 209,846	\$ 265,758	\$ 146,609	\$ 146,948	\$ 131,396
Contributions in relation to the actuarially determined contribution	143,992	161,687	205,151	265,758	184,689	130,818	125,593
Contribution deficiency (excess)	\$ (12,395)	\$ 7,700	\$ 4,695	\$ -	\$ (38,080)	\$ 16,130	\$ 5,803
Covered-employee payroll	\$ 375,841	\$ 429,316	\$ 424,163	\$ 383,968	\$ 392,111	\$ 339,664	\$ 236,297
Contributions as a percentage of covered-employee payroll	38.31%	37.66%	48.37%	69.21%	47.10%	38.51%	53.15%

* Ultimately this schedule will include information for the last ten years.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
GENERAL EMPLOYEES PLAN**

Valuation Date: 10/01/2020
Measurement Date: 9/30/2021

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

Actuarial assumptions

Discount rate: 7.00% per annum (2.62% per annum is attributable to long-term inflation): this rate was used to discount all future benefit payments.

Salary increases: 4.00% per annum

Cost-of-living increases: 3.00% per annum for all benefits other than the health supplement.

Mortality basis: The GEPP used the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year; post-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Healthy Retiree Mortality Table for general employee, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year.

Retirement: 10% are assumed to retire at each of the three years prior to normal retirement age, 40% are assumed to retire at normal retirement age, 20% are assumed to retire at each of the two years after normal retirement age, and 100% are assumed to retire three years after normal retirement age; no retirements are assumed prior to age 50.

Other decrements: Assumed employment termination is based on gender, age, and service; for participants with less than 10 years of service, termination rates range from 15.00% for males and 10.01% for females with less than two years of service to 4.30% for males and 4.75% for females with between 8 and 10 years of service; for participants with at least 10 years of service, termination rates range from 4.28% for males and 5.41% for females at age 25 to 0.00% at age 55. Assumed disability is based on gender and age and ranges from 0.067% for males and 0.040% for females at age 25 to 1.00% for males and 0.84% for females at age 55.

Non-investment expenses: Liabilities have been loaded by 2.50% to account for non-investment expenses.

Future contributions: Contributions from the employer and employees are assumed to be made as legally required.

Changes: Since the prior measurement date, the mortality basis was changed from the RP-2000 Combined Mortality Table with generational improvements in mortality using Scale BB to selected PUB-2010 Mortality Tables with generational improvements in mortality using Scale MP-2018.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS RETIREMENT PLAN
AVAILABLE FISCAL YEARS ***

Annual money-weighted rate of return, net of
investment expense

September 30,		
	2015	-0.11%
	2016	8.43%
	2017	13.83%
	2018	7.69%
	2019	5.79%
	2020	7.15%
	2021	20.80%

* Ultimately this schedule will include information for the last ten years.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF INVESTMENT RETURNS
GENERAL EMPLOYEES RETIREMENT PLAN
AVAILABLE FISCAL YEARS ***

Annual money-weighted rate of return, net of
investment expense

September 30,		
	2015	-0.20%
	2016	8.21%
	2017	13.44%
	2018	7.56%
	2019	5.72%
	2020	7.15%
	2021	21.02%

* Ultimately this schedule will include information for the last ten years.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULED OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
AVAILABLE FISCAL YEARS ***

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB Liability					
Service cost	\$ 15,722	\$ 19,306	\$ 42,493	\$ 55,750	\$ 52,121
Expected interest growth	116,150	94,067	111,207	80,293	113,352
Demographic experience	-	-	(37,364)	-	(225,196)
Employer contributions	-	-	-	-	(64,826)
Benefit payments & refunds	(10,842)	(23,695)	(38,838)	(54,528)	-
Assumption changes	-	416,734	562,770	839,904	(537,324)
Net change in Total OPEB Liability	121,030	506,412	640,268	921,419	(661,873)
Total OPEB liability – beginning	2,455,665	2,576,695	3,083,107	\$ 3,723,375	\$ 4,644,794
Total OPEB liability – ending	<u>\$ 2,576,695</u>	<u>\$ 3,083,107</u>	<u>\$ 3,723,375</u>	<u>\$ 4,644,794</u>	<u>\$ 3,982,921</u>
Plan fiduciary net position					
Expected interest growth	\$ (68,540)	\$ (37,854)	\$ -	\$ -	\$ -
Unexpected investment income	(63,306)	(8,117)	-	-	-
Benefit payments & refunds	-	1,140,471	-	-	-
Administrative expenses	5,874	13,496	-	-	-
Net change in plan fiduciary net position	(125,972)	1,107,996	-	-	-
Plan fiduciary net position – beginning	(982,024)	(1,107,996)	-	-	-
Plan fiduciary net position – ending	<u>\$ (1,107,996)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability	<u>\$ 1,468,699</u>	<u>\$ 3,083,107</u>	<u>\$ 3,723,375</u>	<u>\$ 4,644,794</u>	<u>\$ 3,982,921</u>
Covered-employee payroll	\$ 5,209,825	\$ 5,209,825	\$ 5,764,778	\$ 5,764,778	\$ 7,208,000
Total OPEB liability as a percentage of covered-employee payroll	28.19%	59.18%	64.59%	80.57%	55.26%

* GASB No. 75 was adopted in fiscal year 2017. Ultimately, this schedule will contain information for the last ten years.

Notes to Schedule:

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits.

Changes of assumptions since the prior measurement date:

The discount rate was changed from 2.14% to 2.43%

Healthcare cost trends increased from 6.50% to 8.50% for the 2020/2021 fiscal year graded down to 5.00%

The implied monthly subsidy at age 55 for 2020/2021 decreased from \$287.56 for retiree and \$316.32 for the retiree's spouse to \$225 for the retiree and \$250 for the retiree's spouse

The mortality improvement scale was updated from Scale MP-2017 to Scale MP-2020

OTHER SUPPLEMENTAL INFORMATION

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF OPERATING EXPENDITURES –
BUDGET TO ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Personal Services Expenditures			
Wages	\$ 9,015,774	\$ 9,464,862	\$ (449,088)
Insurance – health, disability, and workers' compensation	2,533,735	2,388,258	145,477
Retirement and OPEB	2,016,996	1,855,990	161,006
Payroll taxes	695,000	735,458	(40,458)
Uniforms and protective gear	83,220	52,189	31,031
Total Personal Service Expenditures	\$ 14,344,725	\$ 14,496,757	\$ (152,032)
Operating Expenditures			
Information technology	\$ 216,446	\$ 195,760	\$ 20,686
Travel and training	104,536	50,642	53,894
Repairs and maintenance	232,920	309,788	(76,868)
Professional fees	106,490	98,108	8,382
Fuel	73,850	69,008	4,842
Supplies	104,468	85,698	18,770
Other operating expenses	116,004	189,214	(73,210)
Fees, collector and appraiser	535,000	529,224	5,776
Utilities	83,680	75,629	8,051
General insurance	161,386	158,958	2,428
Total Operating Expenditures	\$ 1,734,780	\$ 1,762,029	\$ (27,249)

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF FIRE ASSESSMENT RATES**

Non-ad valorem assessment rates for Southern Manatee Fire and Rescue District:

<u>CATEGORY – LOTS / ACREAGE</u>	<u>RATES</u>
Vacant Platted Lot (per lot) – 0000, 0001, 0008, 0009, 0040, 0041, 0050, 0055,	\$ 8.7595
Vacant Unplatted less than 10 acres – 0010 (per acre)	\$ 4.3845
Vacant Commercial and Industrial Parcels, Per Lot or Parcel – 1000, 1001, 1004, 1009, 1033, 1040, 1041, 1240, 4000, 4001, 7000, 9002	\$ 8.7595

<u>CATEGORY – RESIDENTIAL</u>	<u>RATES</u>
Single Family Residential – 0100, 0101, 0108, 1064 Base rate for the first 1,000 square feet.....	\$ 125.3166
In addition, for each square foot above the first 1,000 square feet.....	\$ 0.0766
Single Family Residential 10 acres or more – 0105, 0210 (per acre)	\$ 4.3845
Plus the base rate for the first 1,000 sq. ft	\$125.3166
For each sq. ft. above 1000 sq. ft.	\$0.0766
Condominia Residential - 0400, 0408, 0409, 0410, 0464, 0510 Per dwelling unit.....	\$ 187.9655
Mobile Homes/Lots - 0002, 0203, 0201, 0202, 0203, 0264, 0411, 0412, 0413, 0501, 0502, 0503, 0720, 2802, 2805, 2832 Per dwelling unit or available space.....	\$ 175.4430
Multi-Family Residential – 0110, 0300, 0301, 0600, 0700, 0710, 0800 0801, 0803, 0805, 0864 Per dwelling unit.....	\$ 187.9655
Per dwelling unit or bedroom (group quarters)	\$ 187.9655

<u>CATEGORY – RESIDENTIAL AMENITIES (common areas)</u>	<u>RATES</u>
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The assessment of common elements shall be determined the Property Appraiser and prorated in accordance with Florida Statutes 193.0235. To the extent applicable, common elements shall be assessed based upon the size and type of the lot, building or structure pursuant to this assessment schedule.

Base rate for the first 1,000 square feet.....	\$ 438.6544
plus, a per square foot amount for each square foot above 1,000 square feet as per the following table:	
Vacant Residential Common Areas (per acre) – 0900, 0910, 0940, 0941.....	\$ 4.3845
Improved Residential Common Areas – 0901	\$ 0.1535

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF FIRE ASSESSMENT RATES**

Residential Related Amenities – 0725 **\$ 4.3845**
 Residential Amenities on more than 10 acres – 0730 (per acre) **\$ 4.3845**

CATEGORY – NON-RESIDENTIAL RATES

All Other Buildings or Structures
 Base rate for the first 1,000 square feet **\$ 438.6544**
 plus, a per square foot amount for each square foot
 above 1,000 square feet as per the following table:

<u>CATEGORY – NON-RESIDENTIAL</u>	<u>USE CODES</u>	<u>RATES</u>
Mercantile	1100, 1101, 1102, 1103, 1104, 1105, 1110, 1114, 1200, 1205, 1230, 1233, 1264, 1300, 1400, 1500, 1600, 1604, and 2900	\$ 0.1118
Business (B)	1700, 1704, 1800, 1900, 1904, 2200, 2300, 2500, 2600, 3000, and 3600	\$ 0.1118
Assembly (A)	2100, 3100, 3200, 3300, 3400, 3410, 3500, 3510, 3700, 3800, 3901, 3902, 3903, 7600, 7601, 7602, 7700 and 7900	\$ 0.1535
Factory/Industrial (F)	4100, 4104, 4400, 4500, 4600, 4700, and 9100	\$ 0.1855
Storage (S)	2000, 2003, 2700, 2710, 2720, 2730, 2740, 2750, 2800, 3810, 4900, and 9000	\$ 0.1821
Hazardous (H)	4200, 4300, 4800, 4801, 4803, 4804, and 4805.....	\$ 0.2237
Institutional (I)	7200, 7210, 7300, 7400, 7500, and 7800	\$ 0.1366

Acreage/Agricultural:

Unsubdivided Acreage- (per acre) 5100, 5350 through 6900 series & 9700,
 9900, 9902, 9908, 9909, 0938 **\$ 4.3845**
 Except that not more than \$ 250.00 shall be
 assessed against any one parcel.

Agricultural Land with Residential Improvements – 5000 **\$125.3166**
 In addition, for each square foot above the first 1,000 square feet .. **\$ 0.0766**

Agricultural Land with Non-Residential Improvements – 5010 **\$125.3166**
 In addition, for each square foot above the first 1,000 square feet .. **\$ 0.0766**

Agricultural Land with Residential and Non-Residential Improvements – 5020,
 5030 & 9901

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF FIRE ASSESSMENT RATES**

The assessment of agriculture parcels used both for residential and non-residential buildings shall be determined by the acreage and/or the size and type of buildings and structures pursuant to this assessment schedule.

The base assessment for all buildings and structures on un-subdivided acreage shall be **\$125.3166** for the first 1000 square feet on a parcel. The schedule for all square footage above 1000 square feet is **\$0.0766** per square foot.

Leasehold Interest, Government Owned (9000 & 9002) with or without buildings and structures are **not exempt** and shall be assessed according to the proper category of residential, commercial/industrial, or acreage/ agriculture.

The following use codes are hereby exempted from the non-ad valorem fire assessment unless; the property, building(s) or any portion thereof is used by any person(s) or purpose(s) other than expressly identified in these exemptions.

CATEGORY - EXEMPTED	USE CODES	RATES
Forest, Parks, Recreation Area –	8081, 8082 & 8200	\$ 0.00
Public Schools, Colleges, Hospitals –	8083, 8084, 8085, 8300, 8400 & 8500	\$ 0.00
County, State, Federal, Municipal –	8086, 8087, 8088, 8089, 8100, 8600, 8700, 8800, 8900, 9600 & 9800	\$ 0.00
Subsurface Rights & Rights-of-Way –	9300 & 9400, 9401	\$ 0.00
Rivers, Lakes, & Submerged Lands –	9500	\$ 0.00

Notwithstanding the schedule provided above entitled “all other buildings or structures” the District finds that within the District’s jurisdictional boundaries there is one (1) industrial complex under single ownership that has more than 2.3 million square feet of structures on a site of contiguous parcels or a site of parcels that would be contiguous except that they are dissected by one or more transportation rights-of-way. The District finds that said industrial complex possesses self-contained, internal fire suppression facilities within its buildings and structures that improve the industrial complex’s hazard classification such that the complex receives less of a special benefit from the District’s fire protection service. Therefore, in consideration of the internal fire suppression facilities contained within the industrial complex, the above referenced industrial complex’s non-ad valorem fire assessment shall be assessed at one-half the rate for factory/industrial, regardless of the actual use of the building.

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*

**Board of Commissioners
Southern Manatee Fire and Rescue District
Manatee County, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Southern Manatee Fire and Rescue District (the District) as of and for the year ended September 30, 2021, 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 1, 2022.

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) as a basis for designing 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.

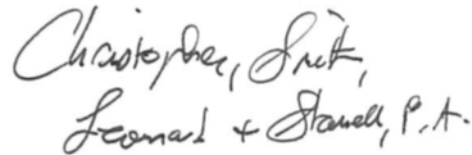
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 financial statements. 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in cursive script that reads "Christopher Smith, Leonard & Stanell, P.A."

**CHRISTOPHER SMITH,
LEONARD & STANELL, P.A.**

June 1, 2022
Bradenton, Florida

MANAGEMENT LETTER

**Board of Commissioners
Southern Manatee Fire and Rescue District
Manatee County, Florida**

Report on the Financial Statements

We have audited the financial statements of the Southern Manatee Fire and Rescue District, (the District), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 1, 2022.

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 Reporting Requirements

We have issued our Independent Auditors' 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 June 1, 2022, 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, require that us to apply appropriate procedures and communicate the results of our determination as to whether or not Southern Manatee Fire and Rescue District met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that Southern Manatee Fire and Rescue District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted findings 2021-01 and 2021-02, which are included in the Schedule of Findings.

Specific Information for an Independent Special District

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the District reported:

- a. The total number of District employees compensated in the last pay period of the District’s fiscal year was 98.
- b. The total number of independent contractors to whom non–employee compensation was paid in the last month of the District’s fiscal year was 7.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$9,464,862.
- d. All compensation earned by or awarded to non–employee independent contractors, whether paid or accrued, regardless of contingency was \$57,882.
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project is presented below:

<u>Project</u>	<u>Approved value</u>	<u>Reported value</u>
Station 2	\$ 1,168,419	\$ 156,650
Station 5	\$ 84,349	\$ 84,349

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget variance is presented on page 48.

Specific Information for an Independent Special District that imposes Ad Valorem Taxes

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the District reported:

- a. The millage rate imposed by the district as 1.2061.
- b. The total amount of ad valorem taxes collected by or on behalf of the District was \$6,289,699.
- c. There were no bonds issued by the District, and as such the outstanding amount is \$0, and there were no terms.

Specific Information for an Independent Special District that imposes Non-Ad Valorem Special Assessments

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the District reported:

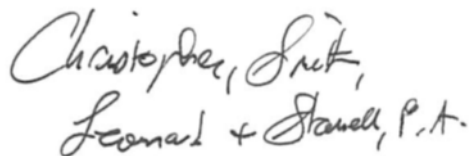
- a. The rate or rates of non-ad valorem special assessments imposed by the District are presented on pages 60 through 62.
- b. The total amount of special assessments collected by or on behalf of the District was \$11,386,546.
- c. There were no bonds issued by the District, and as such the outstanding amount is \$0, and there were no terms.

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 noted findings 2021-01 and 2021-02, which are included in the Schedule of 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 those specified parties.



**CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.**

June 1, 2022
Bradenton, Florida

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

2021-01 Year End Adjustments

Criteria: Internal controls over financial reporting should ensure that financial statements properly present the net position, fund equity and activities of the Southern Manatee Fire and Rescue District (the District) in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition: During the audit process, adjustments were posted to properly reflect various account balances in order to properly present the financial statements in accordance with generally accepted accounting principles.

Content/Cause: The District experienced turnover in the accounting department from the previous year. Due to the timing of the turnover and change in responsibilities, we identified adjustments that were required to be reflected in the District's financial statements.

Effect: The District's financial statements required adjustments.

Recommendation: The District is expected to have additional turnover in the administration department due to a future retirement. As a result, the District should establish and document internal controls and processes over financial reporting and administrative procedures to ensure that all material accounts are reconciled and adjusted prior to the audit in accordance with accounting principles generally accepted in the United States of America. These procedures should include formal documentation of the journal posting and review process.

2021-02 Accounts Payable

Criteria: Subsidiary account ledgers should include totals that agree to the general ledger account totals, and the District should be able to provide support for all general ledger balances.

Condition: During the audit process, we noted that the District did not have a detail report to support the accounts payable balance included in the District's general ledger.

Content/Cause: The District experienced turnover in the accounting department from the previous year. Due to the timing and lack of documented procedures, a detail of the accounts payable ledger could not be provided.

Effect: The District did not reconcile accounts payable at year end.

Recommendation: We recommend the District work with its software vendor to determine if an accounts payable detail report can be produced and if not, that the District maintain a manually prepared report that is reconciled monthly.

SOUTHERN MANATEE

P.O. Box 20216
Phone: (941) 751-7675



FIRE & RESCUE DISTRICT

Bradenton, Florida 34204
Fax: (941) 751-7694

June 2, 2022

Auditor General of the State of Florida
Claude Pepper Building
111 W. Madison St. #G74
Tallahassee, FL 32399-1450

**Reference: Southern Manatee Fire & Rescue District
FY 2021 Audit**

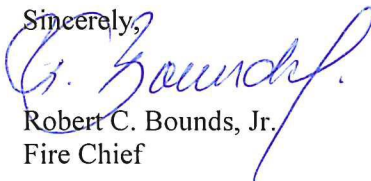
To Whom it May Concern:

Southern Manatee Fire Rescue offers this response to the comments in our FY 2021 Audit, as included in the Schedule of Findings.

- | | |
|----------------|---|
| 2021-01 | Year End Adjustment
We will establish and document internal controls and processes to ensure that all material accounts are reconciled and adjusted prior to the audit, including formal documentation of the journal postings and review process(s). |
| 2021-02 | Accounts Payable
We will work with our current software to access its capabilities regarding accounts payable detail reporting. In the event this is not possible we will manually prepare reports that will be reconciled on a monthly basis. |

In the coming year the District is anticipating an additional turnover with an employee that has over 30 years of service in the finance department. In preparation of that event, we will be requiring all processes to be documented in detail to avoid any additional comments. We will be doing some additional training to ensure we are operating in accordance with accounting principles generally accepted in the United States of America (GAAP).

Do not hesitate to contact me if you have any further questions.

Sincerely,

Robert C. Bounds, Jr.
Fire Chief

Serving the communities of
Samoset, Oneco, Tallevast, Palm Aire, University Park and adjoining areas of Manatee
County

INDEPENDENT ACCOUNTANT'S REPORT
ON INVESTMENT COMPLIANCE

Board of Commissioners
Southern Manatee Fire and Rescue District
Manatee County, Florida

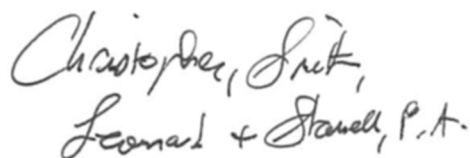
We have examined Southern Manatee Fire and Rescue District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management of the District is responsible for the District's compliance with the specified requirements. Our 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, 2021.

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.

A handwritten signature in cursive script that reads 'Christopher, Smith, Leonard & Stanell, P.A.'.

CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.

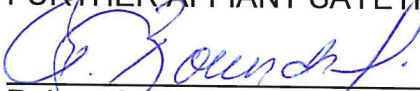
June 1, 2022
Bradenton, Florida

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Robert C. Bounds, Jr., Fire Chief, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer¹ of Southern Manatee Fire & Rescue District which is a local governmental entity of the State of Florida.
2. The governing body of Southern Manatee Fire & Rescue District adopted (Resolution No. 2004-03) implementing an impact fee or authorized Southern Manatee Fire & Rescue District to receive and expend proceeds of an impact fee implemented by Southern Manatee Fire & Rescue District.
3. Southern Manatee Fire & Rescue District has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

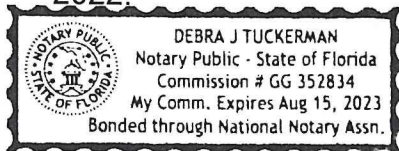
FURTHER AFFIANT SAYETH NAUGHT.

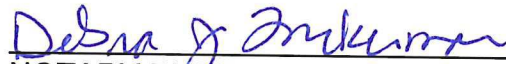


 Robert C. Bounds, Jr., Fire Chief

STATE OF FLORIDA
COUNTY OF Manatee

SWORN TO AND SUBSCRIBED before me this 6th day of April, 2022.





 NOTARY PUBLIC
 Print Name Debra J. Tuckerman

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires: Aug 15, 2023

¹ Pursuant to Section 163.31801(8), Florida Statutes, if there is no chief financial officer, the executive officer must sign the affidavit.