

**SOUTHERN MANATEE  
FIRE AND RESCUE DISTRICT  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Southern Manatee Fire and Rescue District, as of September 30, 2014, 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.

**Change in Accounting Principles**

As described in Note 1 to the financial statements, in 2014, the District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* and GASB Statement No. 67,

*Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25.* Our opinion is not modified with respect to this matter.

#### Other Matters

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 9, the budgetary comparison information on pages 46 – 47, the supplementary schedules of changes in net pension liability and related ratios, contributions and notes, annual money-weighted rate of return, funding progress and employer contributions on pages 48 – 55, and the schedule of post employment benefits – other than pension on page 56 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 the Southern Manatee Fire and Rescue District's basic financial statements. The supplemental schedule on page 57 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental schedule 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 supplemental schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2015 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*

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

February 23, 2015  
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, 2014.

### Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$5,506,103 (*net position*).
- The District's total net position increased by \$243,991.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,579,085, an increase of \$307,864 in comparison with the prior year. Tax assessments increased by \$329,150, impact fees decreased \$60,929, charges for services increased \$18,381, and interest income increased \$2,530 from the prior year. Personal service expenses decreased \$527,960, debt service costs decreased \$62,918, and capital outlay increased \$244,459. Of this total amount, \$3,251,323 is *available for spending* at the District's discretion (*unassigned fund balance*).
- The District's total debt was \$5,515,098, which decreased by \$706,892 during the current fiscal year due to principal payments.

### 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 and 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.

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 (advalorem and non-advalorem 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 is engaged in only governmental activities.

The government-wide financial statements can be found on pages 10 and 11 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.

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

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

The basic governmental fund financial statements can be found on pages 12 to 15 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for 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 16 and 17 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 18 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Southern Manatee Fire and Rescue District, assets exceeded liabilities by \$5,506,103 at the close of the most recent fiscal year.

A large portion of the District’s net position, \$3,624,205, reflects its net 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 are still outstanding. The District uses these capital assets to provide fire protection and emergency services to citizens within the boundaries of the District; consequently, these assets are *not* available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A condensed statement of net position as of September 30, 2014 with comparative totals as of September 30, 2013 follows:

	<b>Net Position</b>	
	<b><u>Governmental Activities</u></b>	<b><u>Governmental Activities</u></b>
	<b><u>2014</u></b>	<b><u>2013</u></b>
Current and other assets	\$ 5,206,422	\$ 4,853,695
Capital assets	<u>9,139,303</u>	<u>9,451,744</u>
Total assets	14,345,725	14,305,439
Deferred outflows of resources	<u>380,107</u>	<u>486,997</u>
Long-term liabilities outstanding	8,665,205	9,047,987
Other liabilities	<u>554,524</u>	<u>482,337</u>
Total liabilities	<u>9,219,729</u>	<u>9,530,324</u>
Net position:		
Invested in capital assets, net of related debt	3,624,205	3,229,754
Restricted	430,727	363,112
Unrestricted	<u>1,451,171</u>	<u>1,669,246</u>
Total net position	<b><u>\$ 5,506,103</u></b>	<b><u>\$ 5,262,112</u></b>

An additional portion of the District’s net position, \$430,727, 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 \$1,451,171 may be used to meet the District’s ongoing obligations to citizens and creditors.

The District’s net position increased by \$243,991 during the current fiscal year.



The following is a condensed statement of activities for the year ended September 30, 2014 with comparative totals for the year ended September 30, 2013:

	<b>Changes in Net Position</b>	
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues:		
Charges for services	\$ 54,701	\$ 36,320
General revenues:		
Fire assessments (taxes)	11,576,626	11,247,476
Impact Fees	191,366	252,295
Other	<u>155,210</u>	<u>563,951</u>
Total revenues	11,997,903	12,100,042
Expenses:		
Fire Protection Services	10,969,783	11,131,070
Depreciation	467,726	540,009
Interest on long-term debt	<u>296,403</u>	<u>327,576</u>
Total expenses	<u>11,733,912</u>	<u>11,998,655</u>
Increase in net position	243,991	101,387
Net position – Beginning	<u>5,262,112</u>	<u>5,160,725</u>
Net position – Ending	<u><u>\$ 5,506,103</u></u>	<u><u>\$ 5,262,112</u></u>

- Fire taxes increased by \$329,150 during the year, which includes ad valorem and non-ad valorem assessments.
- Impact fees and related payments from developers decreased by \$60,929 due to a decrease in construction within the District.
- Expenses decreased \$264,743. Significant changes compared to the prior year were: Personal Service costs decreased \$487,509. Operating costs increased \$326,222, depreciation expense decreased \$72,283, and interest expense on long-term debt decreased \$31,173.

### **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 \$4,579,085, an increase of \$307,864 in comparison with the prior year. Of this total, \$3,251,323 is *unassigned fund balance*, which is available for spending at the District's discretion. Fund balance in the amount of \$285,218 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. Lastly, \$65,765 is restricted for the fallen firefighter's fund.

The general fund is the operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,251,323, while general fund total fund balance was \$4,293,867. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unassigned fund balance represents 28 percent of total general fund expenditures.

During the current year, the fund balance of the District's general fund increased by \$212,543. In the current year, the District paid for two fire engines in the amount of \$967,788 which were not received as of year end. As a result, these are reported as deposits and will be expensed when received in the next fiscal year.

The capital projects fund has a total fund balance of \$285,218, all of which is restricted for the acquisition, construction, or purchase of assets and related debt service required to provide fire protection and emergency services. The net increase in fund balance during the current year in the capital projects fund was \$95,321.

### **General Fund Budgetary Highlights**

During the year, the General Fund budget was amended. The final budget revenues were \$11,548,160, plus \$96,828 of other financing sources compared to the original budgeted revenues of \$11,548,160. The final budgeted expenditures were \$12,887,333 compared to the original budget of \$11,830,305. For the current fiscal year, actual revenues exceeded budgeted revenues by \$237,594 mainly due to fire assessments.

Actual expenditures were less than the budgeted amount by \$1,217,794 due mainly to less capital outlay, debt service and operating costs than budgeted.

### **Capital Assets**

The District's investment in capital assets for the year ended September 30, 2014 amounts to \$9,139,303 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The District's investment in capital assets for the current fiscal year decreased by \$312,441; this was comprised of \$155,285 of capital additions and depreciation expense of \$467,726.

## Capital Assets

	<u>Governmental Activities</u> <u>2014</u>	<u>Governmental Activities</u> <u>2013</u>
Land	\$ 861,156	\$ 861,156
Building and Improvements	7,269,935	7,736,169
Machinery and equipment	<u>1,008,212</u>	<u>854,419</u>
Total (net of depreciation)	<u>\$ 9,139,303</u>	<u>\$ 9,451,744</u>

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 \$5,515,098. 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 interest rate swap agreements in order to fix a portion of its variable rate debt. The fair value of the swap agreements at September 30, 2014 was \$380,107.

During the current fiscal year, the District's total debt decreased by \$706,892. The decrease was 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

- For fiscal year 2015 property values (2014 Tax Year) the average increase was about 3%, however, still below what they were prior to the recession, we did have some areas of the District that actually went down in value and other areas that increased as high as 9%. During a Board Budget Workshop, the Board approved the hiring of three (3) new Firefighters, converting a part-time inspector to full-time and the purchase of self-contained breathing apparatus. In moving forward with these projects, the Board of Fire Commissioners elected to adopt a millage increase from 1.0193 to 1.2061. The Board of Fire Commissioners also increased our non-ad valorem assessments by 1.51%, which was the allowable increase based on F.S. 191.009(2).
- Due to the increase in the economy, new construction has increased in the District which for fiscal year 2015 could potentially result in over \$100,000 additional impact fee dollars collected.
- For the past two fiscal years, the District's Financial Plan has gotten tighter in capturing true cost(s) as well as defining expenditures by cost centers. The net result will be a more detailed budget and a true reflection of actual cost in providing various services. In developing the fiscal year 2015 Financial Plan, the District also incorporated GASB 54 Standards in the designation of reserve funds. Other factors that were considered in the development of the fiscal year 2015 Financial Plan were as follows:

- Implementation of the 2<sup>nd</sup> year of the IAFF Agreement.
- Linked strategic goals to the fiscal year 2015 Financial Plan.
- Paid off bank loan that was for four (4) Engines, thus freed up \$216,960 of revenue to help offset expenditures.
- Implementation of technology and software for scheduling and payroll.
- Actual in-depth analysis of the District's past five (5) fiscal years of actual budgeted vs. expended.
- Not getting approval on a FEMA Grant for Self-Contained Breathing Apparatus, this grant was for \$403,141.
- The District increasing their level of service for Emergency Medical Response and Hazardous Materials Response.
- Actual audit performed on PID's to ensure that the Fire District is collecting all revenue for non-ad valorem and ad valorem taxes. This will always be an on-going audit as well as performing monthly audits on our impact fees.

All of these factors were considered in preparing the District's Financial Plan for the 2015 fiscal year and will affect the fiscal year 2015 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, 2014

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 32,664
Investments	3,672,686
Due from other governments	92,680
Deposits	886
Deposit on fixed asset	967,788
Prepaid expenses	8,991
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	65,765
Investments	285,218
Net pension asset	79,744
Capital assets	
Land	861,156
Other capital assets, net of depreciation	8,278,147
Total Assets	14,345,725
<b>Deferred outflows of resources</b>	
Accumulated decrease in fair value of hedging derivative	380,107
<b>Liabilities</b>	
Accounts payable and other current liabilities	547,593
Accrued interest	6,931
Interest rate swap liability	380,107
Noncurrent liabilities:	
Due within one year	520,112
Due in more than one year	7,764,986
Total Liabilities	9,219,729
<b>Net Position</b>	
Net investment in Capital Assets	3,624,205
Restricted for:	
Impact fees, fallen firefighters fund and pension	430,727
Unrestricted	1,451,171
<b>Total Net Position</b>	<b>\$ 5,506,103</b>

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

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**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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<b>Public Safety–Fire Protection</b>	
Personal services	\$ 9,530,724
Operating expenses	1,439,059
Depreciation	467,726
Interest on long–term debt	296,403
Total Program Expenses	<u>11,733,912</u>
<b>Program Revenues:</b>	
Charges for services	54,701
Net Program Expense	<u>11,679,211</u>
<b>General Revenues:</b>	
Fire assessments	11,576,626
Impact fees	191,366
Investment earnings	21,640
Miscellaneous	133,570
Total General Revenues	<u>11,923,202</u>
Increase (decrease) in Net Position	243,991
<b>Net Position – beginning</b>	<u>5,262,112</u>
<b>Net Position – ending</b>	<u><u>\$ 5,506,103</u></u>

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

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014

	GENERAL	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Cash and cash equivalents	\$ 32,664	\$ -	\$ 32,664
Investments	3,672,686	-	3,672,686
Due from other governments	92,680	-	92,680
Deposit on fixed assets	967,788	-	967,788
Deposits	886	-	886
Prepaid expenses	8,991	-	8,991
Restricted assets:			
Cash and cash equivalents	65,765	-	65,765
Investments	-	285,218	285,218
<b>TOTAL ASSETS</b>	<b>\$ 4,841,460</b>	<b>\$ 285,218</b>	<b>\$ 5,126,678</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 57,707	\$ -	\$ 57,707
Accrued wages payable	489,886	-	489,886
<b>Total Liabilities</b>	<b>547,593</b>	<b>-</b>	<b>547,593</b>
Fund Balances:			
Nonspendable	976,779	-	976,779
Restricted for			
Impact fees	-	285,218	285,218
Fallen firefighters fund	65,765	-	65,765
Unassigned	3,251,323	-	3,251,323
<b>Total fund balances</b>	<b>4,293,867</b>	<b>285,218</b>	<b>4,579,085</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,841,460</b>	<b>\$ 285,218</b>	<b>\$ 5,126,678</b>

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

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**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

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

Fund Balance – Governmental Fund	\$ 4,579,085
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	9,139,303
Long term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds. This amount represents net pension assets.	79,744
Accrued interest is not due and payable for current financial resources. As a result, it is not recorded as a fund liability.	(6,931)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(8,285,098)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 5,506,103</u></u></b>

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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, 2014

	GENERAL	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Tax assessments	\$ 8,198,845	\$ -	\$ 8,198,845
Ad valorem tax	3,377,781	-	3,377,781
Impact fees	-	191,366	191,366
Interest	20,857	783	21,640
Miscellaneous	133,570	-	133,570
Charges for services	54,701	-	54,701
Total Revenues	<u>11,785,754</u>	<u>192,149</u>	<u>11,977,903</u>
<b>EXPENDITURES</b>			
Current:			
Personal service	9,072,018	-	9,072,018
Operating	1,273,738	-	1,273,738
Debt service:			
Principal retirement	706,892	-	706,892
Interest	296,785	-	296,785
Capital outlay	320,606	-	320,606
Total Expenditures	<u>11,670,039</u>	<u>-</u>	<u>11,670,039</u>
Excess of Revenues Over (Under) Expenditures	115,715	192,149	307,864
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	96,828	-	96,828
Transfers out	-	(96,828)	(96,828)
Total Other Financing Sources (Uses)	<u>96,828</u>	<u>(96,828)</u>	<u>-</u>
Net Change in Fund Balances	212,543	95,321	307,864
<b>FUND BALANCES – Beginning</b>	<u>4,081,324</u>	<u>189,897</u>	<u>4,271,221</u>
<b>FUND BALANCES – Ending</b>	<u><u>\$ 4,293,867</u></u>	<u><u>\$ 285,218</u></u>	<u><u>\$ 4,579,085</u></u>

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

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**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, 2014**

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

Net change in fund balance – total governmental fund	\$	307,864
<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 exceed capital additions in the current year.</p>		
		(312,441)
<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>		
		706,892
<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. This amount represents the change in accrued interest.</p>		
		382
<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. This amount represents the change in OPEB liability.</p>		
		(339,000)
<p>The change in net pension assets has no affect on current financial resources. Therefore, it is not reported in the governmental funds.</p>		
		(27,706)
<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. This amount represents the change in long term accrued absences.</p>		
		<u>(92,000)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>243,991</u></b>

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

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SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2014

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**ASSETS**

Investments	\$ 28,940,174
Due from other governmental units	135,483
<b>Total Assets</b>	<u><u>29,075,657</u></u>

**LIABILITIES**

**NET POSITION**

Held in Trust for Pension Benefits	<u><u>\$ 29,075,657</u></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, 2014**

**ADDITIONS**

**Contributions:**

Employer	\$ 1,387,349
Employee	157,498
Intergovernmental revenue	451,224
<b>Total contributions</b>	<u><b>1,996,071</b></u>

**Investment Income:**

Net appreciation/(depreciation) in fair value of investments	2,204,621
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**Less investment expense:**

Net investment income	<u>38,478</u>
	<u>2,166,143</u>

**Total additions**

**4,162,214**

**DEDUCTIONS**

Benefits and distributions to participants	575,334
Administrative expenses	39,813
<b>Total deductions</b>	<u><b>615,147</b></u>

CHANGE IN NET POSITION

3,547,067

**Net Position – Beginning of year**

25,528,590

**Net Position – End of year**

**\$ 29,075,657**

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



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**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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**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.

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SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

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**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 reserved. A budgeted transfer is made to the General Fund each year for debt service costs.

Fiduciary Funds

- (3) Pension Trust 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.
- (4) Other Post Employment Benefit Trust Fund – is used to account for assets held by the District in a trustee capacity. Consequently, net position in the fiduciary fund, is reserved. OPEB 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. Post employment benefits and refunds are recognized when due and payable in accordance with the Plan.

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**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

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

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

- (e) Interfund Receivables/Payables – 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

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**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

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, 2014, Capital Project Fund Balance is restricted from impact fees. 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.

Demand Deposits

At September 30, 2014, 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, 2014, the carrying amount of the District’s deposits was \$98,429 and the bank balance was \$304,885.

Investments

Credit and Concentration of Credit Risk

The District invests in the Manatee County Investment Pool (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, 2014. Total investments at fair value of the pool as of September 30, 2014 were \$636,703,000. The District’s investments included in the Pool were \$3,957,904. The District’s position in the pool is the same as the value of the pool shares.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the Pool is limited to having investments with a maturity of three years or less from the date of purchase with a weighted average to maturity of less than two years. At September 30, 2014, the Pool had no investments with a maturity exceeding three years, and its weighted average to maturity was .81 years. For further information regarding the Manatee County Investment pool, readers should refer to the financial statements and disclosures of Manatee County, Florida.

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

At September 30, 2014, the District had the following investments:

<b>General Fund:</b>	
Manatee County Investment Pool	<u>\$ 3,672,686</u>
<b>Capital Projects Fund:</b>	
Manatee County Investment Pool	<u>\$ 285,218</u>
Total	

- (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

(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. Only one item qualifies 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.

- (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.

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**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

- (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.

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.

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(n) Fund Balance – Continued

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>
<b><u>Non-Spendable:</u></b>		
Prepaid expense	\$ 8,991	\$ -0-
Deposit on fire engines	967,788	-0-
 <b><u>Spendable:</u></b>		
Restricted	65,765	285,218
Committed	-0-	-0-
Assigned	-0-	-0-
Unassigned	3,251,323	-0-
Total Fund Balances	<u>\$ 4,293,867</u>	<u>\$ 285,218</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 \$380,107. In addition, a like amount has been recorded as a Deferred Outflow of Resources.
- (p) Change in Accounting Principles – During 2014, the District implemented GASB No. 65, *Items Previously Reported as Assets and Liabilities* which was issued to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Additionally, the District implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* which was issued to establish standards of financial reporting for separately issued financial reports and specified the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented.



**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE B – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2014 was:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 861,156	\$ -0-	\$ -0-	\$ -0-	\$ 861,156
Total capital assets, not being depreciated	<u>861,156</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>861,156</u>
Capital assets being depreciated:					
Buildings and improvements	9,394,799	-0-	-0-	-0-	9,394,799
Machinery and equipment	5,468,529	155,285	(6,283)	-0-	5,617,531
Total capital assets being depreciated	14,863,328	155,285	(6,283)	-0-	15,012,330
Less accumulated depreciation for:					
Buildings and improvements	(1,894,568)	(230,296)	-0-	-0-	(2,124,864)
Machinery and equipment	(4,378,172)	(237,430)	6,283	-0-	(4,609,319)
Total accumulated depreciation	<u>(6,272,740)</u>	<u>(467,726)</u>	<u>6,283</u>	<u>-0-</u>	<u>(6,734,183)</u>
Total capital assets, being depreciated, net	8,590,588	(312,441)	-0-	-0-	8,278,147
Governmental activities capital assets, net	<u>\$ 9,451,744</u>	<u>\$ (312,441)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 9,139,303</u>

Depreciation in the amount of \$467,726 was reported as a separate line item in the statement of activities.

**NOTE C – LONG-TERM DEBT**

General long-term debt consisted of the following at September 30, 2014:

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. Monthly principal reductions increase approximately 6% each year with a final maturity date of November 17, 2020.	\$ 503,259
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.	3,215,975
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.	1,361,787

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE C - LONG-TERM DEBT - CONTINUED**

Note payable related to the financing of two Pierce Custom Contender Big Block Pumpers due in annual installments of \$99,099 including principal and interest at 4.58%. The note matures September of 2019 and is collateralized by the fire equipment.

434,077  
**\$ 5,515,098**

Future Maturities

Total annual debt service requirements for all long-term debt governmental activities as of September 30, 2014 are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 520,112	\$ 262,198	\$ 782,310
2016	546,065	236,245	782,310
2017	573,320	208,990	782,310
2018	601,946	180,367	782,313
2019	632,011	150,304	782,315
2020-2024	2,038,280	355,770	2,394,050
2025-2029	555,339	90,876	646,215
2030	48,025	731	48,756
<b>TOTAL</b>	<b><u>\$ 5,515,098</u></b>	<b><u>\$ 1,485,481</u></b>	<b><u>\$ 7,000,579</u></b>

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</u> <u>Amount</u>	<u>Effective</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Fixed Rate</u>	<u>Variable</u> <u>Rate</u>
1)	\$ 503,259	11/17/2000	11/17/2020	5.695%	*
2)	\$ 3,215,975	4/17/2003	3/31/2023	4.75%	**

\* Index is one month LIBOR. At September 30, 2014, the rate was .1541%.

\*\* Index is three month LIBOR. 64% of the 3 month LIBOR rate plus 1.35%. At September 30, 2014, the rate was .234%.

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SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

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**NOTE C - LONG-TERM DEBT - CONTINUED**

- 1) The notional amount of the swap, which was \$1,156,736 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 5.695% on the principal balance outstanding. The swap payment is the difference between the fixed rate and the variable rate. At September 30, 2014, the Fair Market Value of the swap was estimated at \$74,813.
- 2) 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, 2014, the Fair market value of the swap was estimated at \$305,294.

Fair Value - The swaps had a negative fair value as of September 30, 2014. 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, 2014, 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, 2014, 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.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE C - LONG-TERM DEBT - CONTINUED**

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, 2014 is assumed to be constant over the life of the note.

**Swap 1**

<b>September 30,:</b>	<b>Principal</b>	<b>Variable Interest</b>	<b>Swap Interest</b>	<b>Total</b>
2015	\$ 70,172	\$ 507	\$ 26,356	\$ 97,035
2016	74,274	420	22,342	97,036
2017	78,616	328	18,093	97,037
2018	83,212	231	13,595	97,038
2019	88,077	128	8,834	97,039
2020 - 2024	108,908	18	3,912	112,838
	<b>\$ 503,259</b>	<b>\$ 1,632</b>	<b>\$ 93,132</b>	<b>\$ 598,023</b>

**Swap 2**

<b>September 30,:</b>	<b>Principal</b>	<b>Variable Interest</b>	<b>Swap Interest</b>	<b>Total</b>
2015	\$ 311,363	\$ 43,562	\$ 102,008	\$ 456,933
2016	326,418	38,667	91,847	456,932
2017	342,201	33,535	81,196	456,932
2018	358,748	28,154	70,031	456,933
2019	376,094	22,514	58,324	456,932
2020 - 2024	1,501,151	30,903	102,947	1,635,001
	<b>\$ 3,215,975</b>	<b>\$ 197,335</b>	<b>\$ 506,353</b>	<b>\$ 3,919,663</b>

Long-term liability activity for the year ended September 30, 2014, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
<b>Notes Payable</b>					
Bank of America-Series 2000	\$ 569,555	\$ -0-	\$ (66,296)	\$ 503,259	\$ 70,172
Bank of America-Series 2003A	3,505,346	-0-	(289,371)	3,215,975	311,363
Bank of America-Series 2003B	220,000	-0-	(220,000)	-0-	-0-
Bank of America-Series 2010	1,417,263	0-	(55,476)	1,361,787	59,358
Sun Trust Financing	509,826	-0-	(75,749)	434,077	79,219
<b>Total Notes Payable</b>	<b>6,221,990</b>	<b>-0-</b>	<b>(706,892)</b>	<b>5,515,098</b>	<b>520,112</b>
Interest Rate Swap	486,997	-0-	(106,890)	380,107	-0-
OPEB Liability	1,599,000	339,000	-0-	1,938,000	-0-
Compensated absences	1,012,000	662,492	(547,492)	1,127,000	295,000
<b>Governmental activity:</b>					
Long-term liabilities	<b>\$ 9,319,987</b>	<b>\$ 1,001,492</b>	<b>\$ (1,361,274)</b>	<b>\$ 8,960,205</b>	<b>\$ 815,112</b>

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SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

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**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 13 of the basic financial statements. One line of that reconciliation explains “long-term liabilities, including notes payable, interest rate swap and long-term compensated absences 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:

Notes Payable	\$ 5,515,098
OPEB	1,938,000
Compensated Absences	<u>832,000</u>
	<u>\$ 8,285,098</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund net position 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 net position, and the changes in net position as reported in the statement of activities is included on page 15 of the basic financial statements. One line in that reconciliation explains that “Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of the difference are shown below:

Capital additions included as expenditures in the governmental funds	\$ 155,285
Depreciation Expense	<u>(467,726)</u>
	<u>\$ (312,441)</u>

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2014

**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 and Summary of Significant Accounting Policies

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.

Plan Membership:

Retirees and beneficiaries receiving benefits	12
Terminated plan members entitled to, but not yet receiving benefits	25
Active plan members	<u>77</u>
Total	<u>114</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:

Retirees and beneficiaries receiving benefits	3
Terminated plan members entitled to, but not yet receiving benefits	0
Active plan members	<u>7</u>
Total	<u>10</u>

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SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

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**NOTE E – RETIREMENT PLANS – CONTINUED**

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 market value based on quoted prices at month/year end. Investment income is recognized when earned. Gains and losses on sale and exchanges of securities are recognized on the transaction date.

b) Benefit Provisions

FFPP – The plan covers all full-time and volunteer 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.



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SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

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**NOTE E – RETIREMENT PLANS – CONTINUED**

b) Benefit Provisions – Continued

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, 2014 is \$783,802.

Contributions

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 42.54% of covered payroll, which includes State contributions received.

Total employer contributions were \$1,267,372 on a covered payroll of \$4,112,174 for the year ended September 30, 2014. The District also utilized \$522,705 of advance employer contributions in the current year. Additional contributions to the plan included the Casualty Insurance Premium Tax in the amount of \$451,224. For the year ended September 30, 2013, employer contributions were \$1,598,463 on a covered payroll of \$3,886,845. For the year ended September 30, 2012, employer contributions were \$907,375 on a covered payroll of \$3,981,847.

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 2.25% 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%.

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SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

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**NOTE E - RETIREMENT PLANS - CONTINUED**

b) Benefit Provisions - Continued

GEPP - Continued

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, 2014 is \$-0-.

Contributions

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 29.51% of covered payroll.

Total employer contributions were \$119,977 on a covered payroll of \$387,771 for the year ended September 30, 2014. For the year ended September 30, 2013, employer contributions were \$127,966 on a covered payroll of \$365,530. For the year ended September 30, 2012, employer contributions were \$131,754 on a covered payroll of \$374,135.

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

**NOTE E – RETIREMENT PLANS – CONTINUED**

c) 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 70/30 Target Fund. The maximum target asset allocation for equities is 70%. The following was the adopted asset allocation policy as of September 30, 2014:

<u>Asset Class</u>	<u>Total Allocation</u>
Equities	70%
Large Cap	47%
Small Cap	13%
International	10%
Fixed Income	30%
Core Bonds	12%
Core Plus	18%

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.

As of September 30, 2014, the asset allocations for the various investment models were as follows:

	<u>Asset Allocation</u> <u>Model/Percentage</u>
	<u>FFPP/GEPP</u>
	<u>70/30</u>
Cash and Money Market	1.0%
FMIvT Broad Market High Quality Bond	11.7%
FMIvT Core Plus Fixed Income	18.3%
FMIvT High Quality Growth	9.8%
FMIvT Large Cap Diversified Value	9.1%
FMIvT Russell 1000 Enhanced Index	27.6%
FMIvT Diversified Small to Mid Cap Equity	13.3%
FMIvT International Equity	<u>9.2%</u>
	<u>100%</u>

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

**NOTE E – RETIREMENT PLANS – CONTINUED**

c) Investments – Continued  
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 AA/V4. The FMIvT Core Plus Fixed Income Fund and the equities are in portfolios which 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 4.77 years and a weighted average maturity of 6.47 years.

The FMIvT Core Plus Fixed Income Fund has a modified duration of 2.91 years and a weighted average maturity of 6.52 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, 2014 the annual money-weighted rate of return on Pension Plan Investments, net of pension plan investment expense, was 8.90% for the FFPP and 8.53% for the GEPP. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

d) Net Pension Liability

The components of the net pension liability of the District at September 30, 2014 were as follows:

	<u>FFPP</u>	<u>GEPP</u>
Total Pension Liability	\$ 25,889,567	\$ 1,896,350
Plan Fiduciary Net Position	<u>(24,788,582)</u>	<u>(1,916,144)</u>
Sponsors Net Pension Liability	<u>\$ 1,100,985</u>	<u>\$ (19,794)</u>
Plan Fiduciary Net Position as a		
Percentage of Total Pension Liability	95.75%	101.04%

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

**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, 2013. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year ending September 30, 2014. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement.

	<u>FFPP</u>	<u>GEPP</u>
Investment rate of return (3.59% for inflation)	8.07%	8.07%
Projected salary increases	4.50%	4.00%
COLA	None Assumed	3.00%

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.

Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	
Large Cap	5.68%
Small Cap	6.24%
International	5.44%
Fixed Income	
Core Bonds	2.29%
Multi-Sector	<u>2.78%</u>
Total or weighted arithmetic average	4.48%

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE E - RETIREMENT PLANS - CONTINUED**

e) Actuarial Assumptions - Continued

Discount Rate

The discount rate used to measure the total pension liability was 8.07 percent. 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 to changes in the discount rate

The following presents the net pension liability of the District, calculated using the discount rate of 8.07%, as well 1% higher and 1% lower than the current rate:

	1% Decrease <u>7.07%</u>	Current Discount Rate <u>8.07%</u>	1% Increase <u>9.07%</u>
FFPP Net Pension Liability	\$ 4,726,047	\$ 1,100,985	\$ (1,915,557)
GEPP Net Pension Liability	\$ 147,783	\$ (19,794)	\$ (163,773)

f) Additional actuarial information follows:

The funded status of each plan as of October 1, 2013, the most recent actuarial valuation date, is as follows:

	ACTUARIAL VALUE OF ASSETS <u>(a)</u>	ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE <u>(b)</u>	UNFUNDED AAL (UAAL) <u>(b-a)</u>	FUNDED RATIO <u>(a/b)</u>	COVERED PAYROLL <u>(c)</u>	UAAL AS A PERCENTAGE OF COVERED PAYROLL <u>((b-a)/c)</u>
FFPP	\$ 21,754,439	\$ 27,200,583	\$ 5,446,144	79.98%	\$ 3,876,548	140.49%
GEPP	\$ 1,690,602	\$ 1,898,081	\$ 207,479	89.07%	\$ 351,865	58.97%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits. Projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE E - RETIREMENT PLANS - CONTINUED**

f) Additional Actuarial Information - Continued

Additional information as of the latest actuarial valuation follows:

	<u>FFPP</u>	<u>GEPP</u>
Valuation date	10/01/13	10/01/13
Actuarial cost method	Aggregate Cost	Aggregate Cost
Amortization method	Level Dollar, open	Level Dollar, open
Amortization period	30 years	30 years
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return	7.0%	7.0%
Projected salary increases	4.5%	4.0%
COLA's	None	3.0%

The plans use the aggregate actuarial cost method to calculate annual required contributions. The aggregate actuarial cost method does not identify or separately amortize any unfunded actuarial liabilities. The information presented is intended to serve as a surrogate for the funded status and funding progress of the plan. The funded status as disclosed above has been prepared on the entry age actuarial cost method.

Three year trend information.

**FFPP**

<u>Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation/(Asset)</u>
09/30/13	\$ 1,645,075	99 %	\$ (64,342)
09/30/12	\$ 1,851,955	101%	\$ (87,832)
09/30/11	\$ 1,925,730	97%	\$ (74,990)

**GEPP**

<u>Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation/(Asset)</u>
09/30/13	\$ 117,311	96%	\$ (15,402)
09/30/12	\$ 142,230	103%	\$ (19,618)
09/30/11	\$ 127,474	103%	\$ (15,636)



SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2014

**NOTE E - RETIREMENT PLANS - CONTINUED**

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, 2014:

**Combining Statement of Fiduciary Net position**

	<u>General Employees Pension Fund</u>	<u>Firefighter Pension Fund</u>	<u>Other Post Employment Benefit Fund</u>	<u>Total Employee Pension Funds</u>
<b>ASSETS</b>				
Investments	\$ 1,928,540	\$ 26,085,813	\$ 925,821	\$ 28,940,174
Due from other governmental units	-0-	135,483	-0-	135,483
<b>Total Assets</b>	<u>1,928,540</u>	<u>26,221,296</u>	<u>925,821</u>	<u>29,075,657</u>
<b>LIABILITIES</b>				
	-0-	-0-	-0-	-0-
<b>NET POSITION</b>				
Held in Trust for Pension Benefits	<u>\$ 1,928,540</u>	<u>\$ 26,221,296</u>	<u>\$ 925,821</u>	<u>\$ 29,075,657</u>

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

**NOTE E – RETIREMENT PLAN – CONTINUED**

**Combining Statement of Changes in Fiduciary Net Position**

	General Employees Pension Fund	Firefighter Pension Fund	Other Post Employment Benefit Fund	Total Employee Pension Funds
<b>ADDITIONS</b>				
<b>Contributions:</b>				
Employer	\$ 119,977	\$ 1,267,372	\$ –	\$ 1,387,349
Employee	13,572	143,926	–	157,498
Intergovernmental revenue	–	451,224	–	451,224
<b>Total Contributions</b>	<b>133,549</b>	<b>1,862,522</b>	<b>–</b>	<b>1,996,071</b>
<b>Investment Income:</b>				
Net appreciation/(depreciation) in fair value of investments	147,512	1,982,481	74,628	2,204,621
<b>Less Investment Expense:</b>	3,633	34,845	–	38,478
<b>Net Investment Income</b>	<b>143,879</b>	<b>1,947,636</b>	<b>74,628</b>	<b>2,166,143</b>
<b>Total Additions</b>	<b>277,428</b>	<b>3,810,158</b>	<b>74,628</b>	<b>4,162,214</b>
<b>DEDUCTIONS</b>				
Benefits and distributions to participants	41,965	533,369	–	575,334
Administrative expenses	4,376	24,162	11,275	39,813
<b>Total Deductions</b>	<b>46,341</b>	<b>557,531</b>	<b>11,275</b>	<b>615,147</b>
<b>Change in Net Position</b>	<b>231,087</b>	<b>3,252,627</b>	<b>63,353</b>	<b>3,547,067</b>
<b>Net Position – Beginning of year</b>	<b>1,697,453</b>	<b>22,968,669</b>	<b>862,468</b>	<b>25,528,590</b>
<b>Net Position – End of year</b>	<b>\$ 1,928,540</b>	<b>\$ 26,221,296</b>	<b>\$ 925,821</b>	<b>\$ 29,075,657</b>

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SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

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**NOTE F - OTHER POST-EMPLOYMENT HEALTHCARE SUBSIDY BENEFIT PLAN**

1. Plan Description

The District' 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 plan was amended during 2012 to require retirees to contribute the full monthly premiums for the health insurance coverage elected. However, the District subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at the blending group premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The District also deposits one-half of the amount of the medical insurance deductible each year into an HSA for the retiree. Additionally, the District self insures dental and vision insurance coverage and, because the retiree health insurance premium only covers the cost of medial service, dental and vision coverage is provided by the District as no additional cost to the retiree.

The District follows GASB Standard No. 45, Accounting and Reporting by Employers for Post-employment Benefits Other than Pensions, for certain post employment health-care, dental and vision benefits provided by the District.

An actuarial valuation was obtained during 2012. The District's actuarial accrued liability based on the most recent actuarial valuation amounted to \$2,951,000 and is being amortized over 20 years. The multiyear information presented below reflects the current policy.

Membership in the Plan consisted of the following:

Retirees	5
Active fully eligible for benefits	42
Active not yet fully eligible for benefits	<u>46</u>
Total	93

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. The District has included the Plan as a fiduciary fund. A stand alone report is not available.

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2014

**NOTE F - OTHER POSTEMPLOYMENT HEALTHCARE BENEFIT PLAN - CONTINUED**

2. Summary of Significant Accounting Policies

Basis of Accounting - The OPEB Plan uses the accrual basis of accounting. District contributions are recognized in the period due and when a formal commitment has been approved by the Board of Commissioners. Healthcare premium subsidies are recognized when due and payable.

Asset Valuation - Investments are reported at market value based on quoted prices at month end. Investment income is recognized when earned. Gains and losses on sale and exchanges of securities are recognized on the transaction date.

3. Plan Investments

The District's board established an OPEB Trust, effective January 1, 2008, which is affiliated 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. The District's plan does not issue separate financial reports. Plan administrative costs are paid by the plan.

All OPEB assets with the FMPTF are included in the trust's master Trust Fund. OPEB 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. As of September 30, 2014, the asset allocations for the OPEB plan were as follows:

	<u>Model/Percentage</u> <u>OBEP60/40</u>
Cash and Money Market	.1%
FMIvT Broad Market High Quality Bond	16.2%
FMIvT Core Plus	23.9%
FMIvT High Quality Growth	8.0%
FMIvT Large Cap Diversified Value	8.4%
FMIvT Russell 1000 Enhanced Index	23.0%
FMIvT Diversified Small to Mid Cap Equity	10.9%
FMIvT International Equity	<u>9.5%</u>
	<u>100.0</u>

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SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

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**NOTE F - OTHER POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN - CONTINUED**

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 AA/V4. The remaining 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. Interest rate risk is presented below by effective duration and weighted average maturity (WAM).

	<u>Modified Duration</u>	<u>WAM</u>
FMIvT Broad Market High Quality Bond	4.77	6.47
FMIvT Core Plus Fixed Income Fund	2.91	6.52

Foreign Currency Risk

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

4. Contributions and Funding Policy

The District has historically budgeted for contributions to the OPEB trust. The District made no contributions during the year ended September 30, 2014. Current insurance premiums in excess of retiree contributions are paid and recognized in the general fund.

The District made no contributions for the year ended September 30, 2013, or 2012. The District contributes on a "pay-as-you-go" basis amount, through funding of the OPEB trust.

Administrative costs of the Plan are financed through investment earnings.

5. Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employee (ARC), an amount which was actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the actuarially determined components of the District's annual OPEB cost for the year and the net OPEB obligation:

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE F - OTHER POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN - CONTINUED**

	<u>9/30/14</u>
Annual Required Contribution (ARC)	\$ 493,000
Interest on Net OPEB Obligation	64,000
Adjustment to the ARC	<u>(81,000)</u>
Total Annual OPEB Cost	476,000
Employer Contributions	(132,000)
Interest on Employer Contributions	<u>(5,000)</u>
Change in Net OPEB Obligation	339,000
Net OPEB Obligation - beginning of year	<u>1,599,000</u>
Net OPEB Obligation - end of year	<u><b>\$ 1,938,000</b></u>

The District's OPEB cost, the percentage of annual OPEB cost contributed and the Net OPEB obligation follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/14	\$ 476,000	29%	\$ 1,938,000
9/30/13	\$ 476,000	29%	\$ 1,599,000
9/30/12	\$ 476,000	29%	\$ 1,126,000

6. Schedule of Funding Progress

<u>ACTUARIAL VALUATION DATE</u>	<u>(a) ACTUARIAL VALUE OF ASSETS (a)</u>	<u>(b) ACTUARIAL ACCRUED LIABILITY (AAL) (b)</u>	<u>(c) UNFUNDED AAL (UAAL) (b)-(a)</u>	<u>FUNDED RATIO (a)÷(b)</u>	<u>COVERED PAYROLL (c)</u>	<u>UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b-a)/c)</u>
10/01/11	\$ 702,000	\$ 2,951,000	\$ 2,249,000	23.8%	\$ 4,318,000	52.1%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multiyear trend information, (when available), about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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**NOTE F – OTHER POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN – CONTINUED**

Projections of benefits for financial reporting purposes are based on the substantive plan provisions (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Projections of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the District and Plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

7. Actuarial Methods and Assumptions

Valuation Date	October 1, 2011
Actuarial cost method	Projected unit credit
Amortization method	20 year open period; level-dollar payment
Investment return	7% per annum (includes inflation at 3%)

Healthcare cost trend rates:

	<u>Insurance Premiums</u>
Select Rates	9.50% for 2011/12 graded to 6% for 2018/19
Ultimate rate	5% per annum

**NOTE G – 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 H – 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.

**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, 2014**

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</b>
<b>REVENUES</b>				
Tax assessments	\$ 11,357,483	\$ 11,357,483	\$ 11,576,626	\$ 219,143
Capital grants	3,500	3,500	-	(3,500)
Interest	20,000	20,000	20,857	857
Intergovernmental revenue	-	-	-	-
Miscellaneous	141,177	141,177	133,570	(7,607)
Charges for services	26,000	26,000	54,701	28,701
<b>Total Revenues</b>	<b>11,548,160</b>	<b>11,548,160</b>	<b>11,785,754</b>	<b>237,594</b>
<b>EXPENDITURES</b>				
Current:				
Personal service	9,047,110	9,047,110	9,072,018	(24,908)
Operating	1,315,438	1,379,693	1,273,738	105,955
Debt service	1,222,900	1,222,900	1,003,677	219,223
Capital outlay	244,857	1,237,630	320,606	917,024
<b>Total Expenditures</b>	<b>11,830,305</b>	<b>12,887,333</b>	<b>11,670,039</b>	<b>1,217,294</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(282,145)</b>	<b>(1,339,173)</b>	<b>115,715</b>	<b>1,454,888</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	96,828	96,828	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>96,828</b>	<b>96,828</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(282,145)</b>	<b>(1,242,345)</b>	<b>212,543</b>	<b>1,454,888</b>
<b>FUND BALANCE – Beginning</b>	<b>4,081,324</b>	<b>4,081,324</b>	<b>4,081,324</b>	<b>-</b>
<b>FUND BALANCE – Ending</b>	<b>\$ 3,799,179</b>	<b>\$ 2,838,979</b>	<b>\$ 4,293,867</b>	<b>\$ 1,454,888</b>

**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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Impact fees	\$ 100,000	\$ 100,000	\$ 191,366	\$ 91,366
Interest	-	-	783	783
Total Revenues	100,000	100,000	192,149	92,149
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
<b>Excess of Revenues Over (Under) Expenditures</b>	100,000	100,000	192,149	92,149
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(96,828)	(96,828)	-
Net Change in Fund Balance	100,000	3,172	95,321	92,149
<b>FUND BALANCES – Beginning</b>	189,897	189,897	189,897	-
<b>FUND BALANCES – Ending</b>	<u>\$ 289,897</u>	<u>\$ 193,069</u>	<u>\$ 285,218</u>	<u>\$ 92,149</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 PLAN**

Last 10 Fiscal Years  
(Dollar Amounts in Thousands)

	<u>9/30/14</u>
Total Pension Liability	
Service Cost	\$ 877,974
Expected Interest Growth	1,962,192
Demographic gain/loss	-0-
Employee Contributions	-0-
Benefit Payments, Including Refunds	(759,813)
Administrative Expenses	-0-
Changes in Benefit Terms	-0-
Assumption Changes	-0-
Net Change in Total Pension Liability	2,080,353
Total Pension Liability - Beginning	<u>23,809,214</u>
Total Pension Liability - Ending (a)	<u>\$ 25,889,567</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,706,343
Contributions - Employee	143,926
Investment Income	1,982,576
Benefit Payments, Including Refunds of Employee Contributions	(739,694)
Administrative Expense	(59,008)
 Net Change in Plan Fiduciary Net Position	 3,034,143
 Plan Fiduciary Net Position - Beginning	 <u>21,754,439</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 24,788,582</u>
 Net Pension Liability - Ending (a) - (b)	 <u>\$ 1,100,985</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.75%
 Covered Employee Payroll	\$ 3,876,548
Net Pension Liability as a Percentage of Covered Employee Payroll	28.40%

Pursuant to GASB 67, until a full 10-year trend is compiled, information will be presented for those years available.

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

Last 10 Fiscal Years  
(Dollar Amounts in Thousands)

	9/30/14
Total Pension Liability	
Service Cost	\$ 76,142
Expected Interest Growth	143,534
Demographic gain/loss	-0-
Employee Contributions	-0-
Benefit Payments, Including Refunds	(50,610)
Administrative Expenses	-0-
Changes in Benefit Terms	-0-
Assumption Changes	-0-
Net Change in Total Pension Liability	169,066
Total Pension Liability - Beginning	1,727,284
Total Pension Liability - Ending (a)	\$ 1,896,350
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 114,432
Contributions - Employee	13,572
Investment Income	147,511
Benefit Payments, Including Refunds of Employee Contributions	(41,965)
Administrative Expense	(8,008)
 Net Change in Plan Fiduciary Net Position	 225,542
 Plan Fiduciary Net Position - Beginning	 1,690,602
Plan Fiduciary Net Position - Ending (b)	\$ 1,916,144
 Net Pension Liability - Ending (a) - (b)	 \$ (19,794)
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 101.04%
 Covered Employee Payroll	 \$ 351,865
Net Pension Liability as a Percentage of Covered Employee Payroll	 0%

Pursuant to GASB 67, until a full 10-year trend is compiled, information will be presented for those years available.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
SCHEDULE OF CONTRIBUTIONS AND NOTES  
FIREFIGHTERS PLAN**

Last 10 Fiscal Years  
(Dollar Amounts in Thousands)

	<u>9/30/14</u>
Actuarially Determined Contribution	\$ 1,749,319
Contributions in Relation to the Actuarially Determined Contributions	<u>1,749,319</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>
Covered Employee Payroll	\$ 3,876,548
Contributions as a Percentage of Covered Employee Payroll	45.13%

Notes to Schedule

Valuation Date: 10/01/2013

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:	8.07% per annum (3.59% 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:	Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.
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 eight 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:	The actuarial assumptions did not change from the prior measurement date since GASB 67 is first effective for this measurement period.

**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
SCHEDULE OF CONTRIBUTIONS AND NOTES  
GENERAL EMPLOYEES PLAN**

Last 10 Fiscal Years  
(Dollar Amounts in Thousands)

	<u>9/30/14</u>
Actuarially Determined Contribution	\$ 114,432
Contributions in Relation to the Actuarially Determined Contributions	<u>114,432</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>
Covered Employee Payroll	\$ 351,865
Contributions as a Percentage of Covered Employee Payroll	32.52%

Notes to Schedule

Valuation Date: 10/01/2013

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:	8.07% per annum (3.59% 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:	Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.
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 eight 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:	The actuarial assumptions did not change from the prior measurement date since GASB 67 is first effective for this measurement period.

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**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
SCHEDULE OF ANNUAL MONEY-WEIGHTED  
RATE OF RETURN ON  
FIREFIGHTER PLAN INVESTMENTS**

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**SCHEDULE OF ANNUAL MONEY-WEIGHTED RETURN ON INVESTMENTS**

<u>DATE (1)</u>	<u>PERCENTAGE</u>
09/30/14	8.90%

The annual money weighted return on investments is net of investment expense.

- (1) The District began to report the annual money-weighted return on investments when it implemented GASB Statement No. 67 in fiscal year 2014. Ultimately, this schedule will contain information for the last ten years.

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**SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
SCHEDULE OF ANNUAL MONEY-WEIGHTED  
RATE OF RETURN ON  
GENERAL EMPLOYER PLAN INVESTMENTS**

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**SCHEDULE OF ANNUAL MONEY-WEIGHTED RETURN ON INVESTMENTS**

<u>DATE (1)</u>	<u>PERCENTAGE</u>
09/30/14	8.53%

The annual money weighted return on investments is net of investment expense.

- (1) The District began to report the annual money-weighted return on investments when it implemented GASB Statement No. 67 in fiscal year 2014. Ultimately, this schedule will contain information for the last ten years.



**SOUTHERN MANATEE FIRE & RESCUE DISTRICT  
SCHEDULE OF FUNDING PROGRESS AND  
EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS PLAN**

**SCHEDULE OF FUNDING PROGRESS:**

<u>ACTUARIAL VALUATION DATE</u>	<u>ACTUARIAL VALUE OF ASSETS (a)</u>	<u>ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (b)</u>	<u>UNFUNDED AAL (UAAL) (b-a)</u>	<u>FUNDED RATIO (a/b)</u>	<u>COVERED PAYROLL (c)</u>	<u>UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b-a)/c)</u>
10/01/08	\$ 9,901,143	N/A	N/A	N/A	N/A	N/A
10/01/09	\$ 9,778,891	\$ 17,500,195	\$ 7,721,304	55.88%	\$ 4,126,922	187.10%
10/01/10	\$ 12,806,292	\$ 20,126,718	\$ 7,320,426	63.63%	\$ 4,315,692	169.62%
10/01/11	\$ 14,407,208	\$ 22,231,328	\$ 7,824,120	64.81%	\$ 3,954,450	197.86%
10/01/12	\$ 18,425,606	\$ 24,417,932	\$ 5,992,326	75.46%	\$ 3,942,166	152.01%
10/01/13	\$ 21,754,439	\$ 27,200,583	\$ 5,446,144	79.98%	\$ 3,876,548	140.49%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS:**

<u>YEAR ENDED SEPTEMBER 30,</u>	<u>ANNUAL REQUIRED CONTRIBUTION</u>	<u>PERCENTAGE CONTRIBUTED</u>
2008	\$ 1,206,262	100%
2009	\$ 1,298,683	100%
2010	\$ 1,901,704	107%
2011	\$ 1,925,213	97%
2012	\$ 1,851,672	101%
2013	\$ 1,644,744	99%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	10/01/13
Actuarial cost method	Aggregate Cost Method
Amortization method	Level Dollar, open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	4.50%

**SOUTHERN MANATEE FIRE & RESCUE DISTRICT  
SCHEDULE OF FUNDING PROGRESS AND  
EMPLOYER CONTRIBUTIONS  
GENERAL EMPLOYEES PLAN**

**SCHEDULE OF FUNDING PROGRESS:**

<u>ACTUARIAL VALUATION DATE</u>	<u>ACTUARIAL VALUE OF ASSETS (a)</u>	<u>ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (b)</u>	<u>UNFUNDED AAL (UAAL) (b-a)</u>	<u>FUNDED RATIO (a/b)</u>	<u>COVERED PAYROLL (c)</u>	<u>UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b-a)/c)</u>
10/01/08	\$ 749,500	N/A	N/A	N/A	N/A	N/A
10/01/09	\$ 847,230	\$ 1,306,730	\$ 459,500	64.84%	\$ 300,430	152.95%
10/01/10	\$ 1,015,163	\$ 1,423,371	\$ 408,208	71.32%	\$ 351,483	116.14%
10/01/11	\$ 1,120,735	\$ 1,596,407	\$ 475,672	70.20%	\$ 363,761	130.76%
10/01/12	\$ 1,436,085	\$ 1,706,809	\$ 270,724	84.14%	\$ 378,881	71.45%
10/01/13	\$ 1,690,602	\$ 1,898,081	\$ 207,479	89.07%	\$ 351,865	58.97%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS:**

<u>YEAR ENDED SEPTEMBER 30,</u>	<u>ANNUAL REQUIRED CONTRIBUTION</u>	<u>PERCENTAGE CONTRIBUTED</u>
2008	\$ 90,407	100%
2009	\$ 91,273	100%
2010	\$ 113,790	110%
2011	\$ 127,429	103%
2012	\$ 142,230	103%
2013	\$ 117,237	96%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	10/01/13
Actuarial cost method	Aggregate Cost Method
Amortization method	Level Dollar, open

Remaining amortization period 30 years

Asset valuation method Market

Actuarial assumptions:

Investment rate of return	7.5%
Projected salary increases	4.0%

**SOUTHERN MANATEE FIRE & RESCUE DISTRICT  
SCHEDULE OF POST-EMPLOYMENT BENEFITS  
OTHER THAN PENSION**

The information presented in the Required Supplementary Information schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	10/1/2011
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Payment
Remaining Amortization Period	20 years
Asset Valuation Method	Market
Actuarial Assumptions:	
Investment rate of return	7% (3% inflation)
Health Care Cost Trend Rates	
Select Rates	9.50% for 2011/12 graded to 6% for 2018/19
Ultimate Rate	5% per annum

**SCHEDULE OF FUNDING PROGRESS**

<u>ACTUARIAL VALUATION DATE</u>	<u>(A) ACTUARIAL VALUE OF ASSETS</u>	<u>(B) ACTUARIAL ACCRUED LIABILITY (AAL)</u>	<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) (B-A)</u>	<u>(A/B) FUNDED RATIO</u>	<u>(C) COVERED PAYROLL</u>	<u>UAAL AS A PERCENTAGE OF COVERED PAYROLL ((B-A)/C)</u>
10/01/10	\$ 613,000	\$ 5,058,000	\$ 4,445,000	12.1%	\$ 4,661,000	95.4%
10/01/11	\$ 702,000	\$ 2,951,000	\$ 2,249,000	23.8%	\$ 4,318,000	52.1%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL OPEB COST</u>	<u>PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED</u>	<u>ESTIMATED NET OPEB OBLIGATION</u>
9/30/12	\$ 476,000	29%	\$ 1,126,000
9/30/13	\$ 476,000	29%	\$ 1,599,000
9/30/14	\$ 476,000	29%	\$ 1,938,000

## OTHER SUPPLEMENTAL INFORMATION

SOUTHERN MANATEE FIRE AND RESCUE DISTRICT  
SCHEDULE OF OPERATING EXPENDITURES –  
BUDGET TO ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>Personal Services Expenditures</b>			
Wages	\$ 5,530,350	\$ 5,562,336	\$ (31,986)
Insurance – health, disability, and workers' compensation	1,633,379	1,631,358	2,021
Retirement and OPEB	1,430,792	1,427,700	3,092
Payroll taxes	417,214	419,548	(2,334)
Uniforms and protective gear	35,375	31,076	4,299
<b>Total Personal Service Expenditures</b>	<b><u>\$ 9,047,110</u></b>	<b><u>\$ 9,072,018</u></b>	<b><u>\$ (24,908)</u></b>
<b>Operating Expenditures</b>			
Information technology	\$ 121,325	\$ 116,516	\$ 4,809
Travel and training	95,541	85,513	10,028
Repairs and maintenance	252,827	220,401	32,426
Professional fees	71,908	58,568	13,340
Fuel	79,642	79,581	61
Supplies	89,000	71,772	17,228
Other operating expenses	69,804	72,817	(3,013)
Fees, collector and appraiser	360,057	352,575	7,482
Utilities	118,196	107,594	10,602
General insurance	121,393	108,401	12,992
<b>Total Operating Expenditures</b>	<b><u>\$ 1,379,693</u></b>	<b><u>\$ 1,273,738</u></b>	<b><u>\$ 105,955</u></b>

**OTHER AUDITOR'S REPORTS**

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

**To the Board of Commissioners  
Southern Manatee Fire and Rescue District**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 23, 2015.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*

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

February 23, 2015  
Bradenton, Florida



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## MANAGEMENT LETTER

Board of Commissioners  
Southern Manatee Fire and Rescue District

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, 2014, and have issued our report thereon dated February 23, 2015.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General.

### **Other Reports**

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 23, 2015, 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**

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

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

#### Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Southern Manatee Fire and Rescue District for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

#### Other Matters

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

Section 10.544(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

#### Purpose of this Letter

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

*Christopher, Smith, Leonard,  
Bristow + Stanell, P.A.*

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

February 23, 2015  
Bradenton, Florida

INDEPENDENT ACCOUNTANT'S REPORT  
ON INVESTMENT COMPLIANCE

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

We have examined the 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, 2014. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

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

February 23, 2015  
Bradenton, FL