

February 26, 2021

Board of Trustees
Retirement Plan for the Firefighters of the Southern
Manatee Fire and Rescue District

We have audited the financial statements of Retirement Plan for the Firefighters of the Southern Manatee Fire and Rescue District for the year ended September 30, 2020. We have issued our report thereon dated February 26, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 29, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Notes A and B to the financial statements. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant estimates include the actuarial calculation of the net pension liability.

We evaluated the key factors and assumptions used to develop the estimate in determining it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Notes A & B provides a describes the Plan and accounting policies.

Note C describes the Plan's deposits and investments.

Note D describes the Net Pension Liability.

Note E describes fair value measurements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management was involved in determining or provided all adjustments posted.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 26, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors.

However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contributions and Notes to Required Supplementary Information, and the Schedule of Investments Returns, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Other Services

At the request of management, we also assisted in preparing the financial statements and related notes of the Retirement Plan for the Firefighters of the Southern Manatee Fire and Rescue District in conformity with U.S. generally accepted accounting principles based on information provided by the District. We also assisted with various other consultations and accounting assistance at the request of Management. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services were not conducted in accordance with *Government Auditing Standards*.

Plan management agreed to assume all management responsibilities relating to the financial statements and related and any other nonaudit services we provided. Management has acknowledged in the management representation letter our assistance with preparation of the financial statements and related notes, as well as other nonaudit services that Management has reviewed and approved the financial statements and related notes prior to their issuance, and any other assistance we provided, and have accepted responsibility for them. Further, Management oversaw the nonaudit services by designating an individual, from senior management, with suitable skill, knowledge, or experience; evaluated the adequacy and results of those services; and accepted responsibility for them.

This information is intended solely for the use of Management and the Board of Trustees of Retirement Plan for the Firefighters of the Southern Manatee Fire and Rescue District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,




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

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SEPTEMBER 30, 2020**

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
FINANCIAL STATEMENTS**

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INDEPENDENT AUDITOR'S REPORT

**Board of Trustees
Retirement Plan for the Firefighters of the
Southern Manatee Fire and Rescue District
Manatee County, Florida**

Report on the Financial Statements

We have audited the accompanying Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position of the Retirement Plan for the Firefighters of the Southern Manatee Fire and Rescue District (the Plan), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Plan'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 an opinion 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 assessment, 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Retirement Plan for the Firefighters of the Southern Manatee Fire and Rescue District, as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

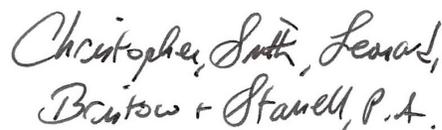
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary schedules of changes in net pension liability and related ratios, contributions and notes to required supplementary information, and schedule of investment returns on pages 15-18 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.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on these basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2021 on our consideration of the Plan'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 the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.



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

February 26, 2021
Bradenton, Florida

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2020**

ASSETS

Investments, at fair value

Pooled/common/commingled funds:

Mutual funds and short-term investments	\$ 420,133
Bonds and fixed income funds	14,652,138
Equity funds	24,315,197
International fund	8,350,143
Real estate fund	4,779,013

Total investments at fair value	<u>52,516,624</u>
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Receivables

Due from other governmental unit	<u>302</u>
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Total Assets	<u>52,516,926</u>
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LIABILITIES

Prepaid contributions	85,573
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Accounts payable	5,430
	<u>91,003</u>

NET POSITION

Restricted for pensions	<u>\$ 52,425,923</u>
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The accompanying notes are an integral part of these financial statements.

RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

ADDITIONS TO NET POSITION

Contributions:

Employer	\$ 2,644,180
Plan members	203,131
State contributions	468,180
Total contributions	<u>3,315,491</u>

Investment Income:

Net appreciation/(depreciation) in fair value of investments	3,218,021
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Less investment expense:

Net investment income	<u>46,464</u>
	<u>3,171,557</u>

Total additions

6,487,048

DEDUCTIONS FROM NET POSITION

Benefits and distributions to participants	857,286
Administrative expenses	33,571
Total deductions	<u>890,857</u>

Change in Fiduciary Net Position

5,596,191

Net Position – Beginning of year

46,829,732

Net Position – End of year

\$ 52,425,923

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

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A – PLAN DESCRIPTION

The following description of the Retirement Plan for the Firefighters of the Southern Manatee Fire and Rescue District (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of Plan provisions.

Plan Description

At October 1, 2019, the date of the most recent actuarial report, the Plan's membership consisted of the following:

Inactive Plan members or beneficiaries currently receiving benefits	18
Inactive Plan members entitled to, but not receiving benefits	11
Active Plan participants	77
Active Plan members participating in the Deferred Retirement Option Plan	<u>10</u>
	<u>116</u>

The Plan is a defined benefit pension plan covering all sworn firefighters of the District. Participation in the Plan is required as a condition of employment. Established in March 1997, the Plan provides for pension, death and disability benefits, and is subject to the provisions of Chapter 175 of the State of Florida Statutes.

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

The Florida League of Cities through the Florida Municipal Pension Trust Fund (FMPTP) is the custodian of the plan assets. The Board of Trustees approves the actuarial assumptions used in the determination of contributions to the Plan on behalf of the District. The Plan's investment policies are governed by Resolutions of the District and Florida Statutes.

Contributions

Plan members are required to contribute 3.5% of their compensation. The District is required to make contributions at actuarially determined rates and are determined annually based on the results of the actuarial valuation. The District made contributions to the Plan in the amount of \$2,644,180 for the year ended September 30, 2020. Additionally, the State of Florida contributes insurance premium taxes, which are used to reduce the District's contribution.

Pension Benefits

Credited Service – The total number of years and fractional parts of years of service as a member in the Plan during which the member made required contributions to the Plan, omitting intervening years of fractional parts of year when the member was not employed by the District.

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A – PLAN DESCRIPTION – CONTINUED

Pension Benefits – Continued

Monthly Accrued Benefit – The monthly accrued benefit is equal to the number of years of Credited Service as a full-time firefighter, excluding all volunteer service, multiplied by 3.50% for all years of Credited Service and multiplied by average final compensation.

Average Final Compensation – Average of the highest three years of compensation out of the last 10 years of employment, or career average, if higher.

Payment Options – The Plan offers a variety of payment options as defined by the Plan, including, 10 year certain and life annuity, actuarially reduced joint and life annuities, and other options.

Normal Retirement Age – Defined as:

- a. Age 55 with at least 10 years of Credited Service, or
- b. Any with at least 25 years of Credited Service

Early Retirement Age – Participants who have reached the age of 50 and have 10 years of Credited Service are eligible for early retirement. Benefits are reduced by a maximum of 3.00% for each year by which the participant's early retirement date precedes the normal retirement date.

Death and Disability –

- a. Disability in the line of duty – a participant deemed to be totally and permanently disabled from a service-connected injury or disease will receive the greater of a monthly pension equal to 42% of the average monthly salary at the time of the disability or an amount equal to the accrued retirement benefit.
- b. Disability not in the line of duty – a participant deemed to be totally and permanently disabled from a non-service related injury or disease, and who has at least 10 years of Credited Service, will receive the greater of a monthly pension equal to 25% of the average monthly salary at the time of the disability or an amount equal to the accrued retirement benefit. A participant with less than 10 years of Credited Service will receive a return of the employee contributions only.
- c. Death in the line of duty – for any participant who dies in the line of duty (vested or non-vested), the participant's beneficiary shall receive the greater of the benefits otherwise payable at the early or normal retirement date, or a monthly benefit of 50% of the Participant's monthly salary at the time of death, payable for the beneficiary's lifetime.

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A – PLAN DESCRIPTION – CONTINUED

Pension Benefits – Continued

Death and Disability – Continued

- d. Death not in the line of duty – for any participant whose death was not in the line of duty, and the participant has at least 10 years of Credited Service, the participant’s beneficiary shall receive the benefits otherwise payable to the Participant at the Participant’s early or normal retirement date. If the participant has less than 10 years of Credited Service, the participant’s beneficiary shall receive 100% of the Participant’s employee contributions without interest.

Retirement Supplement – The Plan provides for a monthly supplement to normally and disabled retired participants to assist with the cost of health insurance. The supplement is equal to \$15 times the number of years of Credited Service, with a maximum benefit of \$450.

Vesting

Members are 100% vested in their contributions and earnings thereon at all times. Members become 100% vested in employer contributions and earnings thereon after completing 10 years of credited service.

Deferred Retirement Option Plan

Members who qualify for normal retirement may enroll in DROP. Members who enroll in DROP may remain active employees for up to eight years (96 months). Upon enrollment, members’ monthly benefits accrue, and earn interest at the rate of 6.50%, until such time that they leave the DROP program. Additionally, upon enrollment, members are no longer eligible for disability or pre-retirement death benefits, nor can they receive any additional years of Credited Service. As of September 30, 2020, the Plan had ten participants enrolled in DROP, and accrued benefits totaling approximately \$1,410,000.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Retirement Plan for the Firefighters of the Southern Manatee Fire and Rescue District (the Plan) is a single-employer defined benefit pension plan established and administered by the Southern Manatee Fire and Rescue District (the District), to provide pension benefits for its firefighters. The Plan is considered part of the District’s financial reporting entity and is included in the District’s financial statements as a pension trust fund. Results are for the Plan only, and not intended to present results of the District.

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting

These financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which the contributions are due. District contributions, which are calculated by the Plan's actuary, are recognized when due and the District has a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Valuation of Investments and Investment Income

Plan investments are carried at fair market value based on quoted market prices of the underlying investments.

Investment income is recognized on the accrual basis as earned. Unrealized appreciation in fair value of investments includes the difference between cost and fair value of investments held. The net realized and unrealized investment appreciation or depreciation for the year is reflected in the Statement of Changes in Fiduciary Net Position. The Plan is collectively managed with other government's plans. Investment income is allocated to each plan as a net amount, as it is not feasible to specifically allocate appreciation (depreciation) by individual component.

Authorized Plan Investments

The Board recognizes that the obligations of the Plan are long-term and that investment policy should be made with a view toward performance and return over a number of years. The general investment objective is to obtain a reasonable total rate of return, defined as interest and dividend income plus realized and unrealized capital gains or losses commensurate with the Prudent Investor Rule and Chapter 175 of the Florida Statutes.

Under Chapter 175, permissible investments include obligations of the U.S. Treasury and U.S. agencies, annuities and life insurance contracts, time deposits insured by the FDIC, and large capitalization common or preferred stocks, pooled equity funds and high quality bonds, notes or fixed income funds administered by national or state banks.

Additionally, Chapter 175 places the following restrictions on selected equity securities:

- a. No more than five percent of the Plan's assets may be invested in the common or capital stock of any single corporation.
- b. The Plan's investment in the common stock of any single corporation shall not exceed five percent of such corporation's outstanding common or capital stock.
- c. The aggregate value of investments in common stock, capital stock and convertible securities at market value cannot exceed 50% of the Plan's assets.

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Actuarial Cost Method

The Plan utilizes the Aggregate Cost Method for funding purposes. Under this cost method, a funding cost is developed for the plan as a level percentage of payroll. The level percentage is calculated as the excess of the total future benefit liability over accumulated assets and future employee contributions, with this excess spread over the expected future payroll for current active participants. The normal cost is equal to the level funding percentage multiplied by the expected payroll for the year immediately following the valuation date. The actuarial accrued liability is equal to the accumulated assets. Under this cost method, no unfunded accrued liability is developed.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, additions to net position restricted for pension benefits, and deductions from net position restricted for pension benefits. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Risk and Uncertainties

The Plan invests in a variety of investment funds through the FMPTF (Note C). Investments in general are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

NOTE C – DEPOSITS AND INVESTMENTS

Deposits

The Plan adheres to State Statutes and prudent business practices. By decision of the Board of Trustees, the Plan is affiliated with the Florida Municipal Pension Trust Fund (FMPTF). As a result, the Plan's 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. Investment management and custodial fees are calculated quarterly as a percentage of the fair market value of the Plan's managed assets.

The plan follows the investment policies of the FMPTF. The Master Trustees of the FMPTF have the exclusive authority and discretion to manage and control the assets of the FMPTF. The District has elected to participate in the FMPTF 60/40 Target Fund. The maximum target asset allocation for equities is 60%. The following was the adopted asset allocation policy as of September 30, 2020:

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE C – DEPOSITS AND INVESTMENTS – CONTINUED

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	
Large Cap	34%
Small to Mid Cap	11%
International	15%
Core Real Estate	10%
Fixed Income	
Core Bonds	15%
Core Plus	15%

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

As of September 30, 2020, the asset allocations for the various investment models were as follows:

	<u>Asset Allocation Model/Percentage</u>
<u>Cash and cash equivalents:</u>	<u>60/40</u>
Cash and Money Market	0.8%
<u>Fixed Income Fund:</u>	
FMIvT Broad Market High Quality Bond	13.9%
FMIvT Core Plus Fixed Income	14.0%
<u>Equity Portfolios:</u>	
FMIvT Diversified Large Cap Equity	36.1%
FMIvT Diversified Small to Mid Cap Equity	10.2%
FMIvT International Equity	15.9%
FMIvT Core Real Estate Portfolio	<u>9.1%</u>
	<u>100.0%</u>

Credit Risk

Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with state law the Plan’s investment guidelines limit its fixed income investments to a quality rating of “A” or equivalent as rated by Fitch bond rating services at the time of purchase. Fixed income investments which are downgraded below the minimum rating must be liquidated at the earliest beneficial opportunity.

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE C – DEPOSITS AND INVESTMENTS – CONTINUED

Credit Risk – Continued

The Plan’s investments had the following credit structure at September 30, 2020:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fitch Ratings</u>	<u>Modified Duration</u>
Short term investments	\$ 420,133	Not rated	NA
Bond and fixed income funds	14,652,138	AAf/S4	3.35 – 6.60 years
Equity funds	24,315,197	Not rated	NA
International equity funds	8,350,143	Not rated	NA
Real estate funds	<u>4,779,013</u>	Not rated	NA
	<u>\$ 52,516,624</u>		

Custodial Credit Risk

Pursuant to GASB 40, disclosure is only required if investments are uninsured, unregistered and held by either the counterparty or the counterparty’s trust department or agent but not in the government’s name.

Participating Employers’ investments through the FMPTF in the FMLvT are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity’s investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration Risk

In addition to describing the credit risk of investments in the portfolio, governmental entities will need to disclose the concentration of credit risk with a single issuer. If 5 or more percent of the total assets of the portfolio are invested with one issuer, a footnote disclosure will be required. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other investments are excluded from the concentration of credit risk disclosure requirements.

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. Generally, the longer the time to maturity, the greater the exposure to interest rate risk.

The FMLvT Broad Market High Quality Bond Fund has a modified duration of 5.51 years and a weighted average maturity of 6.60 years.

The FMLvT Core Plus Fixed Income Fund has a modified duration of 3.35 years and a weighted average maturity of 5.82 years.

Foreign Currency Risk

The Plan’s investments in the FMLvT are not subject to foreign currency risk.

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE C – DEPOSITS AND INVESTMENTS – CONTINUED

Rate of Return

For the year ended September 30, 2020 the annual money-weighted rate of return on Pension Plan Investments, net of pension plan investment expense, was 6.48%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE D – NET PENSION LIABILITY

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

Total Pension Liability	\$ 53,648,984
Plan Fiduciary Net Position	<u>(52,356,989)</u>
Sponsors Net Pension Liability	<u>\$ 1,291,995</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.59%

Actuarial Assumptions

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of October 1, 2019. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2020, which is the measurement date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Investment rate of return (2.77% for inflation)	7.00%
Projected salary increases	4.50%
COLA	None Assumed

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 Blue Collar Mortality Table with full generational improvements in mortality using scale BB, as published by the Internal Revenue Service for purposes of Internal Revenue Code Section 430.

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 as of September 30, 2020 are summarized in the following table:

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE D – NET PENSION LIABILITY – CONTINUED

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	
Large Cap	4.60%
Small Cap	5.50%
International	6.70%
Core Real Estate	5.00%
Fixed Income	
Core Bonds	1.60%
Core Plus	<u>2.10%</u>
Total or weighted arithmetic average	4.23%

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Net Pension Liability (asset)	\$ 8,662,345	\$ 1,291,995	\$ (4,751,318)

NOTE E – FAIR VALUE MEASUREMENTS

The Governmental Accounting Standards Board (“GASB”) has established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The Plan categorizes its fair value measurements within fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted market prices for similar assets or liabilities in active markets, primarily fixed income prices provided by a vendor or broker/dealer; and Level 3 inputs are significant unobservable inputs.

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE E – FAIR VALUE MEASUREMENTS – CONTINUED

The following table includes investments in the fair value hierarchy. There have been no changes in the methodologies used as of September 30, 2020.

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Mutual Funds and Short-Term Investments	\$ 420,133	\$ 420,133	\$ -0-	\$ 0-
FMIvT Broad Market High Quality Bond	7,299,811	-0-	7,299,811	-0-
FMIvT Core Plus Fixed Income	7,352,327	-0-	-0-	7,352,327
FMIvT Diversified Large Cap	18,958,501	-0-	18,958,501	-0-
FMIvT Diversified Small to Mid Cap Equity	5,356,696	-0-	5,356,696	-0-
FMIvT International Equity	8,350,143	-0-	8,350,143	-0-
FMIvT Core Real Estate	4,779,013	-0-	-0-	4,779,013
Total Investments	<u>\$52,516,624</u>	<u>\$ 420,133</u>	<u>\$ 39,123,151</u>	<u>\$ 12,131,340</u>

NOTE F – PLAN TERMINATION

Although it has not expressed an intention to do so, the Plan may be terminated by the District at any time by a written resolution of the Board of Fire Commissioners of the District. In the event that the Plan is terminated or contributions to the Plan are discontinued, the benefits of each firefighter in the Plan at such termination date would be non-forfeitable and would be 100% vested.

NOTE G – CONTINGENCIES

Management of the Plan is in the process of implementing risk mitigation as to the risk of impact, if any, of COVID-19 related to all aspects of the Plan's transactions and human interaction within the outside of the Plan. However, Plan Management cannot at this time, make a determination on the ultimate impacts of the COVID-19 pandemic.

REQUIRED SUPPLEMENTARY INFORMATION

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 6 FISCAL YEARS ***

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

* Available years

Notes to Schedule:

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

Changes of assumptions: There were no changes in assumptions since the prior measurement date.

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF CONTRIBUTIONS
LAST 6 FISCAL YEARS ***

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

* Available years

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Notes to Schedule

Valuation Date: 10/01/2019
Measurement Date: 9/30/2020

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

Actuarial assumptions

Discount rate: 7.00% per annum (2.77% 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 Blue Collar Mortality Table Scale BB with full generational improvements.

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

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

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

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

Changes: No Changes.

**RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
SCHEDULE OF INVESTMENT RETURNS
LAST 6 FISCAL YEARS ***

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

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

* Available years

OTHER AUDITOR'S REPORTS

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

Board of Trustees
Retirement Plan for the Firefighters of the
Southern Manatee Fire and Rescue District
Manatee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Fiduciary Net Position and Changes in Fiduciary Net Position of the Retirement Plan for the Firefighters of the Southern Manatee Fire and Rescue District (the Plan) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements and have issued our report thereon dated February 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan'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 Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan'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 Plan'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.

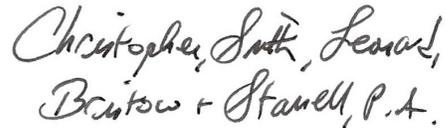
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Handwritten signature in cursive script: Christopher Smith, Leonard, Bristow & Stanell, P.A.

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

February 26, 2021
Bradenton, Florida