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

SEPTEMBER 30, 2022

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

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 – 3
BASIC FINANCIAL STATEMENTS	
STATEMENT OF FIDUCIARY NET POSITION	4
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	5
NOTES TO FINANCIAL STATEMENTS	6 – 15
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS	16
SCHEDULE OF CONTRIBUTIONS	17
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	18
SCHEDULE OF INVESTMENT RETURNS	19
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*	20 – 21

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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

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 of the Plan as of September 30, 2022, and the respective charges in financial position, for the year then ended in accordance with accounting principles generally accepted in the Unites States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Plan's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 May 22, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 + Stanell, P.A.

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

May 22, 2023
Bradenton, Florida

RETIREMENT PLAN FOR THE FIREFIGHTERS OF THE
SOUTHERN MANATEE FIRE AND RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022

ASSETS	
Investments, at fair value	
Pooled/common/commingled funds:	
Mutual funds and short-term investments	$ 565,332
Bonds and fixed income funds	16,620,787
Equity funds	20,465,050
International fund	9,554,126
Real estate fund	9,327,993
Total investments at fair value	56,533,288
Total Assets	**56,533,288**
LIABILITIES	-
NET POSITION	
Restricted for pensions	**$ 56,533,288**

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, 2022

ADDITIONS TO NET POSITION		
Contributions:		
Employer	$	1,449,460
Plan members		207,435
State contributions		489,308
Total contributions		**2,146,203**
Investment Income:		
Net appreciation/(depreciation) in fair value of investments		(8,573,154)
Less investment expense:		48,000
Net investment income		(8,621,154)
Total additions		**(6,474,951)**
DEDUCTIONS FROM NET POSITION		
Benefits and distributions to participants		1,060,046
Administrative expenses		40,581
Total deductions		1,100,627
Change in Fiduciary Net Position		(7,575,578)
Net Position - Beginning of year		64,108,866
Net Position - End of year	**$**	**56,533,288**

The accompanying notes are an integral part of these 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, 2021, the date of the most recent actuarial report, the Plan's membership consisted of the following:

Inactive Plan members or beneficiaries currently receiving benefits	19
Inactive Plan members entitled to, but not receiving benefits	12
Active Plan participants	77
Active Plan members participating in the Deferred Retirement Option Plan	10
	118

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 $1,449,460 on a covered payroll of $5,339,126 for the year ended September 30, 2022. Additionally, the State of Florida contributes insurance premium taxes, which are used to reduce the District's contribution and totaled $489,308 for the year ended September 30, 2022.

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.

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.

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. Since the prior measurement date, the health supplement was changed to $30 for each year of service with a maximum of $750.

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, 2022, the Plan had sixteen participants enrolled in DROP, and accrued benefits totaling approximately $2,998,000.

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.

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.

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 FMPTF, which is 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 Pension Fund A 60% Equity. The maximum target asset allocation for equities is 60%. The following was the adopted asset allocation policy as of September 30, 2022:

NOTE C – DEPOSITS AND INVESTMENTS – CONTINUED

Asset Class	Target Allocation
Equities	
Large Cap	25%
Small to Mid Cap	14%
International	21%
Core Real Estate	10%
Fixed Income	
Core Bonds	15%
Core Plus	15%

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

As of September 30, 2022, the asset allocations for the various investment models were as follows:

	Asset Allocation Model/Percentage
Cash and cash equivalents:	60/40
Cash and Money Market	1.0%
Fixed Income Fund:	
FMIvT Broad Market High Quality Bond	14.9%
FMIvT Core Plus Fixed Income	14.5%
Equity Portfolios:	
FMIvT Diversified Large Cap Equity	22.2%
FMIvT Diversified Small to Mid Cap Equity	14.0%
FMIvT International Equity	16.9%
FMIvT Core Real Estate Portfolio	16.5%
	100.0%

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.

NOTE C – DEPOSITS AND INVESTMENTS – CONTINUED

The Plan's investments had the following credit structure at September 30, 2022:

Investment Type	Fair Value	Fitch Ratings	Modified Duration
Short term investments	$ 565,332	Not rated	NA
Bond and fixed income funds	16,620,787	AAf/S4	5.46 – 6.02 years
Equity funds	20,465,050	Not rated	NA
International equity funds	9,554,126	Not rated	NA
Real estate funds	9,327,993	Not rated	NA
	$ 56,533,288		

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 FMIvT 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 FMIvT Broad Market High Quality Bond Fund has a modified duration of 5.46 years and a weighted average maturity of 6.70 years.

The FMIvT Core Plus Fixed Income Fund has a modified duration of 6.02 years and a weighted average maturity of 8.92 years.

Foreign Currency Risk
The Plan's investments in the FMIvT are not subject to foreign currency risk.

Rate of Return
For the year ended September 30, 2022 the annual money-weighted rate of return on Pension Plan Investments, net of pension plan investment expense, was (14.18%). 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 (ASSET)

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

Total Pension Liability	$ 65,675,250
Plan Fiduciary Net Position	(56,454,726)
Sponsors Net Pension Liability (Asset)	$ 9,220,524
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.96%

Actuarial Assumptions

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of October 1, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2022, 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 (2.62% 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.

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

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, 2022 are summarized in the following table:

NOTE D - NET PENSION LIABILITY (ASSET) - CONTINUED

Asset Class	Long-Term Expected Real Rate of Return
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	2.10%
Total or weighted arithmetic average	4.38%

Discount Rate

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

Sensitivity of the net pension liability 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 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability (Asset)	$ 17,615,552	$ 9,220,524	$ 2,295,316

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.

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, 2022.

Investments by fair value level:	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds and Short-Term Investments	$ 565,332	$ 565,332	$ -0-	$ 0-
FMIvT Broad Market High Quality Bond	8,423,460	-0-	8,423,460	-0-
FMIvT Core Plus Fixed Income	8,197,327	-0-	-0-	8,197,327
FMIvT Diversified Large Cap	12,550,390	-0-	12,550,390	-0-
FMIvT Diversified Small to Mid-Cap Equity	7,914,660	-0-	7,914,660	-0-
FMIvT International Equity	9,554,126	-0-	9,554,126	-0-
FMIvT Core Real Estate	9,327,993	-0-	- 0-	9,327,993
Total Investments	$56,533,288	$ 565,332	$ 38,442,636	$ 17,525,320

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.

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
AVAILABLE FISCAL YEARS *

	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability								
Service cost	$ 747,705	$ 1,229,781	$ 1,378,414	$ 1,483,450	$ 1,617,727	$ 1,553,753	$ 1,536,682	$ 1,651,303
Expected interest growth	2,454,433	1,832,081	2,614,817	2,908,506	3,312,446	3,548,058	3,804,237	4,056,490
Demographic experience	53,998	577,969	674,713	935,094	585,076	(432,469)	494,565	1,689,027
Benefit payments & refunds	(1,223,598)	(680,847)	(739,639)	(1,152,043)	(1,318,886)	(851,857)	(961,014)	(1,219,360)
Changes in benefit terms	-	-	-	-	-	-	-	2,192,058
Assumption changes	(3,275,125)	8,117,345	1,677,426	-	(652,713)	-	(1,217,722)	-
Net change in Total Pension Liability	(1,242,587)	11,076,329	5,605,731	4,175,007	3,543,650	3,817,485	3,656,748	8,369,518
Total Pension liability - Beginning	26,673,369	25,430,782	36,507,111	42,112,842	46,287,849	49,831,499	53,648,984	57,305,732
Total Pension liability - Ending	**$ 25,430,782**	**$ 36,507,111**	**$ 42,112,842**	**$ 46,287,849**	**$ 49,831,499**	**$ 53,648,984**	**$ 57,305,732**	**$ 65,675,250**
Plan fiduciary net position								
Exepected interest growth	$ 2,394,202	$ 1,919,835	$ 2,196,887	$ 2,664,147	$ 3,038,054	$ 3,354,741	$ 3,715,418	$ 4,510,964
Unexpected investment income	(2,422,677)	319,309	2,078,877	281,903	(633,789)	(136,719)	6,492,302	(12,924,805)
Employer contributions	1,836,541	2,123,606	2,537,622	3,938,097	3,061,579	3,112,058	2,235,682	1,938,768
Employee contributions	152,860	162,048	170,272	191,645	200,695	203,131	272,965	207,435
Benefit payments & refunds	(1,280,101)	(680,847)	(739,639)	(1,152,043)	(1,318,886)	(851,857)	(961,014)	(1,219,360)
Adminsitrative expenses	(63,768)	(64,657)	(64,794)	(65,334)	(82,587)	(75,535)	(82,037)	(88,581)
Net change in plan fiduciary net position	617,057	3,779,294	6,179,225	5,858,415	4,265,066	5,605,819	11,673,316	(7,575,579)
Plan fiduciary net position - Beginning	26,052,113	26,669,170	30,448,464	36,627,689	42,486,104	46,751,170	52,356,989	64,030,305
Plan fiduciary net position - Ending	**$ 26,669,170**	**$ 30,448,464**	**$ 36,627,689**	**$ 42,486,104**	**$ 46,751,170**	**$ 52,356,989**	**$ 64,030,305**	**$ 56,454,726**
Net Pension (Asset) Liability	**$ (1,238,388)**	**$ 6,058,647**	**$ 5,485,153**	**$ 3,801,745**	**$ 3,080,329**	**$ 1,291,995**	**$ (6,724,573)**	**$ 9,220,524**
Plan fiduciary net position as a percentage of the total pension liability	104.87%	83.40%	86.98%	91.79%	93.82%	97.59%	111.73%	85.96%
Covered-employee payroll	$ 4,067,897	$ 4,221,200	$ 4,470,500	$ 4,785,662	$ 5,372,667	$ 5,202,771	$ 5,238,088	$ 5,339,126
Net pension liability as a percentage of covered-employee payroll	-30.44%	143.53%	122.70%	79.44%	57.33%	24.83%	-128.38%	172.70%

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

Notes to Schedule:

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

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

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

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	$ 1,843,933	$ 2,286,726	$ 2,667,433	$ 2,615,127	$ 2,208,787	$ 2,236,178	$ 2,100,739	$ 1,461,317
Contributions in relation to the actuarially determined contribution	1,836,541	2,123,606	2,537,622	3,938,097	3,061,579	3,112,058	2,235,682	1,938,768
Contribution deficiency (excess)	$ 7,392	$ 163,120	$ 129,811	$ (1,322,970)	$ (852,792)	$ (875,880)	$ (134,943)	$ (477,451)
Covered-employee payroll	$ 4,067,897	$ 4,221,200	$ 4,470,500	$ 4,785,662	$ 5,372,667	$ 5,202,771	$ 5,202,771	$ 5,339,126
Contributions as a percentage of covered-employee payroll	45.15%	50.31%	56.76%	82.29%	56.98%	59.82%	42.97%	36.31%

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

Notes to Schedule

Valuation Date:	10/01/2021
Measurement Date:	9/30/2022

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

Actuarial assumptions

Discount rate:	7.00% per annum (2.62% per annum is attributable to long-term inflation): this rate was used to discount all future benefit payments.
Salary increases:	4.50% per annum
Cost-of-living increases:	None assumed
Mortality basis:	For non-retired participants sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year (pre-retirement mortality); for non-disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year; for disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Disabled Retiree Mortality Table (80% general employee rates plus 20% public safety employee rates), with full generational improvements in mortality using Scale MP-2018.
Retirement:	10% are assumed to retire at each of the three years prior to normal retirement age, 40% are assumed to retire at normal retirement age, 20% are assumed to retire at each of the two years after normal retirement age, and 100% are assumed to retire three years after normal retirement age; no retirements are assumed prior to age 50.
Other decrements:	*Assumed employment termination* is based on gender, age and service, termination rates range from 15.00% for males and 10.01% for females with less than two years of service to 4.30% for males and 4.75% for females with between 8 and 10 years of service; for participants with at least 10 years of service, termination rates range from 4.28% for males and 5.41% for females at age 25 to 0.00% at age 55. *Assumed disability* is based on gender and age and ranges from 0.067% for males and 0.040% for females at age 25 to 1.00% for males and 0.84% for females at age 55.
Non-investment expenses:	Liabilities have been loaded by 1.00% to account for non-investment expenses.
Future contributions:	Contributions from the employer and employees are assumed to be made as legally required.
Changes:	Since the prior measurement date, the health supplement was changed to $30 for each year of service with a maximum of $750.

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

Annual money-weighted rate of return, net of investment expense	
September 30,	
2015	-0.11%
2016	8.43%
2017	13.83%
2018	7.69%
2019	5.79%
2020	7.15%
2021	20.80%
2022	-14.18%

* Ultimately this schedule will include information for the last ten 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, 2022, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements and have issued our report thereon dated May 22, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that have not been identified.

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Report on 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.

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

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

May 22, 2023
Bradenton, Florida