



# NORTH RIVER FIRE DISTRICT

1225 14<sup>th</sup> AVENUE WEST PALMETTO, FLORIDA 34221

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June 26, 2018

Angelina M. Colonnese  
Clerk of Circuit Court  
1115 Manatee Ave. W.  
Bradenton, FL 34205

Mrs. Colonnese;

Pursuant to F.S. 189.418, enclosed is the 2016/2017 financial audit for the North River Fire District, which was received by this department on June 21, 2018, the Board of Fire Commissioners approved the financial audit.

Sincerely,

Michael S. Rampino  
Fire Chief  
North River Fire District

MSR/vp  
Enclosure

**NORTH RIVER FIRE DISTRICT**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017**

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NORTH RIVER FIRE DISTRICT  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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NORTH RIVER FIRE DISTRICT  
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NORTH RIVER FIRE DISTRICT  
OFFICIALS  
SEPTEMBER 30, 2017

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Board of Fire Commissioners at September 30, 2017

James Alderman  
Robert Bell  
Michael Browning  
Harry Blenuer  
Paul Pitcher  
Scott Smith  
Amy Willis

Fire Chief

Michael Rampino



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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
North River Fire District  
Manatee County, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of North River Fire District, Florida (District), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

## Opinions

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

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the supplementary schedules of changes in net pension liability and related ratios, contributions and notes, annual money-weighted rate of return, and schedule of post-employment benefits other than pension on pages 3 through 8 and 38 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 on compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

May 30, 2018  
Bradenton, Florida

## Management's Discussion and Analysis

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

### Financial Highlights

- The District's net position as of September 30, 2017 on the government-wide basis was \$(1,254,832), due mainly to complying with the requirements of GASB Statement No. 68 and the recording of a net pension liability of \$4,967,557.
- The District's total net position increased by \$159,632.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,386,364, a decrease of \$188,043 in comparison with the prior year. Of this total amount, \$1,425,670 is available for spending at the District's discretion (unassigned fund balance).
- The District's total long-term debt was \$2,158,771, which decreased during the current fiscal year by \$234,997.

### Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the District's assets plus deferred outflows, and liabilities plus deferred inflows, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by fire assessments, impact fees and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The District is engaged in only governmental activities.

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

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

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

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

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

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds follow the accrual basis of accounting. The District's fiduciary fund financial statements can be found on pages 15 and 16 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 17.

**Government-Wide Financial Analysis**

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to a private sector business. These statements include all assets, deferred outflows, liabilities, and deferred inflows on the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when the cash is received or paid.

The largest portion of the District's net position, \$2,135,639, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide fire protection and emergency services to citizens within the boundaries of the District; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The District also had significant assets in cash and cash equivalents at year-end.

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

	<b>Net Position</b>	
	<b><u>Governmental Activities</u></b>	<b><u>Governmental Activities</u></b>
	<b><u>2017</u></b>	<b><u>2016</u></b>
Current and other assets	\$ 3,565,723	\$ 3,735,523
Capital assets	<u>4,294,410</u>	<u>4,175,594</u>
Total assets	7,860,133	7,911,117
Deferred outflows of resources	487,788	1,309,738
Long-term liabilities outstanding	9,178,012	10,478,268
Other liabilities	<u>102,059</u>	<u>85,816</u>
Total liabilities	9,280,071	10,564,084
Deferred inflows of resources	322,682	71,235
Net position:		
Invested in capital assets, net of related debt	2,135,639	1,781,826
Restricted	250,870	195,883
Unrestricted	<u>(3,641,341)</u>	<u>(3,392,173)</u>
Total net position	<b><u>\$ (1,254,832)</u></b>	<b><u>\$ (1,414,464)</u></b>

An additional portion of the District's net position, \$250,870 represents resources, from impact fees that are subject to external restrictions on how they may be used. The remaining balance is *unrestricted net position*, which is a deficit of \$3,641,341, as a result of recording the District's net pension liability of \$4,967,557.

The District's net position increased by \$159,632 during the current fiscal year.

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

**Changes in Net Position**

	<u>Governmental Activities</u> <u>2017</u>	<u>Governmental Activities</u> <u>2016</u>
Revenues:		
Program revenues:		
Charges for services	\$ 98,120	\$ 79,489
Capital grants	1,000	1,000
General revenues:		
Fire assessments	7,227,388	6,816,250
Impact fees	201,131	171,097
Other	<u>65,134</u>	<u>25,649</u>
Total revenues	7,592,773	7,093,485
Expenses:		
Fire protection services	6,893,363	6,664,462
Depreciation	451,494	344,610
Interest on long-term debt	<u>88,284</u>	<u>96,854</u>
Total expenses	<u>7,433,141</u>	<u>7,105,926</u>
Increase (decrease) in net position	159,632	(12,441)
Net position – Beginning	<u>(1,414,464)</u>	<u>(1,402,023)</u>
Net position – Ending	<u>\$ (1,254,832)</u>	<u>\$ (1,414,464)</u>

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

The District utilizes only Governmental Funds, which includes a General Fund and a Capital Projects Fund, and Fiduciary Funds.

**Governmental funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,425,670.

The fund balance of the District's general fund decreased \$243,030 during the current fiscal year. Total revenues in the general fund were \$7,391,270, which includes fire assessments of \$7,227,388.

Personal service costs were \$6,111,485, operating costs were \$746,681, debt service was \$180,118, and capital outlay was \$596,016.

The capital projects fund has a total fund balance of \$250,870, all of which is reserved for the acquisition, construction or purchase of assets and related debt service required to provide fire protection and emergency services. Revenues of \$201,503 were offset by \$146,516 of expenditures, most of which was debt service.

Fiduciary Funds include pension funds for employees of the District. At September 30, 2017, total net position held for pension benefits was \$19,905,465 which increased \$2,519,888 from the prior year.

### **General Fund Budgetary Highlights**

Original and final budgeted revenues were \$7,210,423. For the current fiscal year, actual revenues exceeded budgeted revenues by \$180,847. Original budgeted expenditures were \$7,593,398 and final were \$8,059,332. Actual expenditures were less than the budgeted amount by \$425,032, mainly due to less personal service, operating costs and capital outlay than anticipated.

### **Capital Assets**

The District's investment in capital assets for the year ended September 30, 2017 amounts to \$4,294,410 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, machinery and equipment. The District's investment in capital assets for the current fiscal year increased by \$188,816. This was comprised of \$571,789 of capital additions, depreciation expense of \$451,494, and loss on disposal of assets of \$1,479.

	<b>Governmental Activities</b>	<b>Governmental Activities</b>
	<b><u>2017</u></b>	<b><u>2016</u></b>
Land	\$ 290,648	\$ 290,648
Buildings and improvements	3,744,432	3,749,618
Machinery and equipment	4,557,139	4,251,833
Accumulated depreciation	<u>(4,297,809)</u>	<u>(4,116,505)</u>
Total net of depreciation	<b><u>\$ 4,294,410</u></b>	<b><u>\$ 4,175,594</u></b>

### **Long-Term Debt**

At the end of the current fiscal year, the District had total debt outstanding of \$2,158,771.

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

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

The fiscal year 2017-2018, budgeted revenues are \$7,496,884, including tax assessments of \$7,388,418. Budgeted expenditures are \$7,967,872. Fiscal year 2017-2018 planned expenditures include an increase in personnel service costs, and a decrease in capital outlay costs.

These factors and others were considered in preparing the fiscal year 2017-2018 budget.

**Requests for Information**

This financial report is designed to provide a general overview of the North River Fire District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the District at: 1225 14th Avenue West, Palmetto, Florida 34221.

NORTH RIVER FIRE DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,263,396
Due from other governments	60,711
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	241,616
Capital assets	
Land	290,648
Other capital assets, net of depreciation	4,003,762
Total Assets	7,860,133
 Deferred Outflows of Resources	
Deferred outflows of pension resources	487,788
 <b>LIABILITIES</b>	
Accounts payable and other current liabilities	79,359
Accrued interest	22,700
Noncurrent liabilities:	
Due within one year	244,477
Due in more than one year	8,933,535
Total Liabilities	9,280,071
 Deferred Inflows of Resources	
Deferred inflows of pension earnings	322,682
 <b>NET POSITION</b>	
Net investment in capital assets	2,135,639
Restricted for:	
Impact fees	250,870
Unrestricted	(3,641,341)
 <b>TOTAL NET POSITION</b>	<b>\$ (1,254,832)</b>

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

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NORTH RIVER FIRE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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<b>Public Safety–Fire Protection</b>	
Personal services	\$ 6,119,623
Operating expenses	773,740
Depreciation	451,494
Interest on long-term debt	88,284
<b>Total Program Expenses</b>	<u>7,433,141</u>
<b>Program Revenues:</b>	
Charges for services	98,120
Capital grants	1,000
<b>Net Program Expense</b>	<u>7,334,021</u>
<b>General Revenues:</b>	
Fire assessments	7,227,388
Impact fees	201,131
Investment earnings	1,258
Miscellaneous	63,876
<b>Total General Revenues</b>	<u>7,493,653</u>
 Increase in Net Position	 159,632
<b>Net Position – Beginning</b>	<u>(1,414,464)</u>
<b>Net Position – Ending</b>	<u><u>\$ (1,254,832)</u></u>

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

NORTH RIVER FIRE DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017

	GENERAL	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,263,396	\$ -	\$ 3,263,396
Due from other governments	51,457	9,254	60,711
Restricted assets:			
Cash and cash equivalents	-	241,616	241,616
<b>TOTAL ASSETS</b>	<b>\$ 3,314,853</b>	<b>\$ 250,870</b>	<b>\$ 3,565,723</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 3,570	\$ -	\$ 3,570
Accrued expenses	175,789	-	175,789
<b>Total liabilities</b>	<b>179,359</b>	<b>-</b>	<b>179,359</b>
Fund balances:			
Spendable:			
Restricted	-	250,870	250,870
Committed	1,709,824	-	1,709,824
Unassigned	1,425,670	-	1,425,670
<b>Total fund balances</b>	<b>3,135,494</b>	<b>250,870</b>	<b>3,386,364</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,314,853</b>	<b>\$ 250,870</b>	<b>\$ 3,565,723</b>

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

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NORTH RIVER FIRE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017

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

Fund Balance – Governmental Fund	\$ 3,386,364
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	4,294,410
Deferred outflows of resources related to the pension plan do not utilize current financial resources and, therefore, are not reported in the funds.	487,788
Deferred inflows of resources related to the pension plan do not utilize current financial resources and, therefore, are not reported in the funds.	(322,682)
Long-term liabilities and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(9,100,712)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ (1,254,832)</u></u></b>

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

NORTH RIVER FIRE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	GENERAL	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Tax assessments	\$7,227,388	\$ -	\$ 7,227,388
Impact fees	-	201,131	201,131
Interest	886	372	1,258
Reimbursements	17,498	-	17,498
Miscellaneous	63,876	-	63,876
Grant revenue	1,000	-	1,000
Charges for services	80,622	-	80,622
Total Revenues	<u>7,391,270</u>	<u>201,503</u>	<u>7,592,773</u>
<b>EXPENDITURES</b>			
Current:			
Personal service	6,111,485	-	6,111,485
Operating	746,681	1,353	748,034
Debt Service:			
Principal retirement	139,997	95,000	234,997
Interest	40,121	50,163	90,284
Capital outlay	596,016	-	596,016
Total Expenditures	<u>7,634,300</u>	<u>146,516</u>	<u>7,780,816</u>
Net Change in Fund Balances	(243,030)	54,987	(188,043)
FUND BALANCES – Beginning	<u>3,378,524</u>	<u>195,883</u>	<u>3,574,407</u>
FUND BALANCES – Ending	<u>\$ 3,135,494</u>	<u>\$ 250,870</u>	<u>\$ 3,386,364</u>

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

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

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

Net change in fund balance – total governmental funds	\$ (188,043)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions exceed depreciation expense in the current period.	118,816
The repayment of the principal on long-term debt consumes the current financial resources of governmental funds. However, the transaction has no effect on net position.	234,997
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This represents the current year change in:	
Compensated absences	45,805
Accrued interest	2,000
OPEB liability	(141,759)
Net pension liability	1,161,213
Deferred outflows of pension resources	(821,950)
Deferred inflows of pension earnings	(251,447)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 159,632</u></b>

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

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NORTH RIVER FIRE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2017

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	<u>Pension Trust Funds</u>
ASSETS	
Investments	\$ 19,905,465
 Total Assets	 <u>19,905,465</u>
 NET POSITION	
Restricted for pension benefits	<u>\$ 19,905,465</u>

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

**NORTH RIVER FIRE DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,181,219
Employee	146,685
State contributions	323,666
Total contributions	<u>1,651,570</u>
Investment Income (Loss):	
Interest	263,560
Dividends	270,280
Miscellaneous	3,046
Net appreciation (depreciation) in fair value of investments	1,787,880
Less investment expense:	
Administrative expenses	<u>(146,119)</u>
Net investment income	<u>2,178,647</u>
Total additions	<u>3,830,217</u>
<b>DEDUCTIONS</b>	
Benefits and distributions to participants	<u>(1,310,329)</u>
Total deductions	<u>(1,310,329)</u>
Change in Net Position	2,519,888
Net Position – Beginning of year	<u>17,385,577</u>
Net Position – End of year	<u><u>\$ 19,905,465</u></u>

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

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NORTH RIVER FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

- (a) Reporting Entity – The District is a public municipal corporation in the State of Florida created in 1989 by Special Law 89-502 of the Legislature of the State of Florida. The District's enabling act was subsequently amended by 91-406, 96-452 and 2007-845. It is an independent special district. No other component units exist.

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

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

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

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

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NORTH RIVER FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Governmental Funds

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

Fiduciary Funds

- (3) Pension Trust Funds – The Pension Trust Funds are used to account for assets held by the District in a trustee capacity. Consequently, net position in the fiduciary fund types is reserved. Pension trust funds are accounted for on the accrual basis since capital maintenance is critical. Contributions are recognized in the period in which contributions are due. Retirement benefits and refunds are recognized when due and payable in accordance with the Plan.
- (c) Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NORTH RIVER FIRE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- (d) Budgets and Budgetary Accounting – The District prepares an annual operating budget for the fiscal year commencing October 1. Prior to September 1 of each year, the District’s Chief prepares a proposed budget for the upcoming fiscal year. The budget is based on an analysis of prior year actual revenues and expenditures along with anticipated spending and revenue sources. Once the proposed budget is compiled, it is brought before the Board of Commissioners for approval. Expenditures should not exceed total appropriations. Appropriations lapse at the end of the year.
- (e) Interfund Receivables/Payables – Interfund receivables/payables arise from temporary interfund transfers. When a fund has an interfund receivable and an interfund payable to the same fund, the amounts are recorded in separate accounts. Internal activity and balances between governmental funds has been eliminated in the government-wide statement of net position.
- (f) Fire Assessment Taxes – Fire assessment taxes become due and payable on November 1 of each year. The county tax collector remits the District's portion as such revenues are received. The District collects nearly all of its tax revenues during the period November 1 through April 1, at which time the taxes become delinquent. The maximum rates of tax are set by the Legislature of the State of Florida. Actual assessment amounts vary based on a sliding scale of the type of property involved and is determined by the Board of Commissioners of the District.

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

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

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

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

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NORTH RIVER FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- (h) Fund Balance – The District follows Governmental Accounting Standards Board (GASB) Statement No. 54. GASB 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable and Spendable. Spendable is then further classified as Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

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

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

Spendable Fund Balance:

- Restricted – includes amounts that can be spent only for specific purposes because of State or Federal laws or enabling legislation, or which are externally restricted by providers, such as creditors or grantors.
- Committed – includes amounts that can be spent only for specific purposes that are approved by a formal action of the Board of Commissioners through a resolution or the budget process.
- Assigned – includes amounts designated for a specific purpose by the Board of Commissioners through a resolution or the budget process, or by the Fire Chief, up to \$25,000, which are neither restricted or committed.
- Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

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

NORTH RIVER FIRE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

	<u>General Fund</u>	<u>Capital Projects Fund</u>
Non-spendable	\$ -0-	\$ -0-
<u>Spendable:</u>		
Restricted	-0-	250,870
Committed to:		
Vehicle apparatus, alerting system, Bunker gear, building replacement	1,709,824	-0-
Unassigned	1,425,670	-0-
	<u>\$ 3,135,494</u>	<u>\$ 250,870</u>

- (i) Cash and Cash Equivalents - Florida Statute 218.415 authorizes the District to invest in the following:
- (a) Local Government Surplus Funds Trust Fund or an intergovernmental investment pool authorized through the Florida Interlocal Cooperation Act.
  - (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating company.
  - (c) Interest bearing time deposits or savings accounts in state-certified Qualified Public Depositories as defined in Section 280.02 Florida Statutes.
  - (d) Direct obligations of the U.S. Treasury.

Demand and Time Deposits:

At September 30, 2017, the District had demand deposits held in a qualified public depository. Deposits whose values exceeded federal depository insurance limits were entirely insured or collateralized pursuant to Chapter 280 of the Florida Statutes. At September 30, 2017, the total carrying value of these deposits was \$3,505,012 and the bank balance was \$3,538,650.

- (j) Compensated Absences - It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured or are payable from current financial resources. These liabilities are liquidated out of the general fund.
- (k) Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. One item qualifies for reporting in this category. A deferred outflow of pension resources is reflected in the government-wide statement of net position.

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NORTH RIVER FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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

(k) Deferred Outflows/Inflows of Resources – Continued

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

- (l) Capital Assets – Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life of longer than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal repair and maintenance that do not add to the value of the asset or extend the useful life of the asset are expensed as incurred. The District does not have infrastructure assets.

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

<u>Asset</u>	<u>Years</u>
Buildings	40
Improvements	20 – 40
Equipment	5 – 10

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

NORTH RIVER FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**NOTE B – CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 290,648	\$ -0-	\$ -0-	\$ -0-	\$ 290,648
Total capital assets, not being depreciated	<u>290,648</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>290,648</u>
Capital assets being depreciated:					
Buildings	3,560,277	-0-	-0-	-0-	3,560,277
Building improvements	83,267	-0-	-0-	-0-	83,267
Machinery and equipment	1,180,732	21,905	(17,730)	-0-	1,184,907
Improvements and other building	106,074	8,476	(13,662)	-0-	100,888
Vehicle	<u>3,071,101</u>	<u>541,408</u>	<u>(240,277)</u>	<u>-0-</u>	<u>3,372,232</u>
Total capital assets being depreciated	8,001,451	571,789	271,669	-0-	8,301,571
Less accumulated depreciation	<u>(4,116,505)</u>	<u>(451,494)</u>	<u>270,190</u>	<u>-0-</u>	<u>(4,297,809)</u>
Total capital assets, being depreciated, net	<u>3,884,946</u>	<u>120,295</u>	<u>(1,479)</u>	<u>-0-</u>	<u>4,003,762</u>
Governmental activities capital assets, net	<u>\$ 4,175,594</u>	<u>\$ 120,295</u>	<u>\$ (1,479)</u>	<u>\$ -0-</u>	<u>\$ 4,294,410</u>

Depreciation in the amount of \$451,494 was reported as a separate line item in the statement of activities.

**NOTE C – LONG-TERM DEBT**

General long-term debt consisted of the following at September 30, 2017:

Series 2008 note payable to Bank of America due in annual principal installments of \$95,000 plus interest. Interest rate is fixed at 4.34% and payable semi-annually on outstanding principal portion. The maturity date is April 1, 2028. The note is collateralized by special assessments, impact fees, and certain other lawfully available non-advalorem revenues. Principal reductions began on October 1, 2009.

Total future annual debt service requirements for this note as of September 30, 2017 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 95,000	\$ 45,353	\$ 140,353
2019	95,000	41,230	136,230
2020	95,000	37,208	132,208
2021	95,000	32,984	127,984
2022	95,000	28,861	123,861
2023-2027	475,000	82,517	557,517
2028	<u>95,000</u>	<u>4,123</u>	<u>99,123</u>
TOTAL	<u>\$ 1,045,000</u>	<u>\$ 272,276</u>	<u>\$ 1,317,276</u>

NORTH RIVER FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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

During 2015, the District entered into a financing arrangement with Oshkosh Capital for the purchase of new fire engines. The note is payable in annual installments of \$180,118 with interest at 3.2%. The note matures on February 29, 2024 and is collateralized by equipment. Total future annual debt service requirements for this debt as of September 30, 2017 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 144,477	\$ 35,641	\$ 180,118
2019	149,100	31,017	180,117
2020	153,871	26,246	180,117
2021	158,795	21,322	180,117
2022	163,876	16,241	180,117
2023-2024	<u>343,652</u>	<u>16,582</u>	<u>360,234</u>
<b>TOTAL</b>	<b><u>\$ 1,113,771</u></b>	<b><u>\$ 147,049</u></b>	<b><u>\$ 1,260,820</u></b>

**Changes in Long-Term Liabilities**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Notes Payable					
Bank of America	\$ 1,140,000	\$ -0-	\$ 95,000	\$ 1,045,000	\$ 95,000
Oshkosh Capital	<u>1,253,768</u>	<u>-0-</u>	<u>139,997</u>	<u>1,113,771</u>	<u>144,477</u>
Total Notes Payable	<u>2,393,768</u>	<u>-0-</u>	<u>234,997</u>	<u>2,158,771</u>	<u>239,477</u>
Other Long-Term Liabilities:					
Other Post Employment					
Benefits	1,057,086	141,759	-0-	1,198,845	-0-
Net Pension Liability	6,128,770	2,669,186	3,830,399	4,967,557	-0-
Compensated Absences	<u>898,644</u>	<u>379,776</u>	<u>425,581</u>	<u>852,839</u>	<u>100,000</u>
Total Other Long-Term Liabilities	<u>8,084,500</u>	<u>(3,190,721)</u>	<u>4,255,980</u>	<u>7,019,241</u>	<u>-0-</u>
Long-Term Liabilities	<b><u>\$ 10,478,268</u></b>	<b><u>\$ (3,190,721)</u></b>	<b><u>\$ 4,490,977</u></b>	<b><u>\$ 9,178,012</u></b>	<b><u>\$ 339,477</u></b>

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

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

The reconciliation between the fund balance - total governmental funds as reported in the governmental fund balance sheet and net position - governmental activities as reported in the statement of net position, is included on page 12 of the basic financial statements. One line of that reconciliation explains "long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the governmental funds." The detail of the difference is shown below:

Notes payable	\$ 2,158,771
Accrued interest	22,700
Compensated absences - long-term	752,839
Net pension liability	4,967,557
Other post-employment benefits	<u>1,198,845</u>
	<b><u>\$ 9,100,712</u></b>

NORTH RIVER FIRE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2017

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

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

The reconciliation between the net changes in fund balances – total governmental funds as reported in the statement of revenues, expenditures and changes in fund balances, and the changes in net position as reported in the statement of activities is included on page 14 of the basic financial statements. One line in that reconciliation explains that “Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of the difference are shown below:

Capital additions included as expenditures in the governmental funds	\$ 571,789
Depreciation expense	(451,494)
Loss on disposals	<u>(1,479)</u>
	<u>\$ 118,816</u>

NOTE E – RETIREMENT PLAN

Firefighters Pension Trust Fund

Plan Description and Summary of Significant Accounting Policies

The Board of Commissioners established the North River Fire District Firefighters’ Retirement Plan (FFRP). This plan meets the requirements of Chapter 175 Florida Statutes.

The FFRP is a single employer, defined benefit plan and is accounted for in the accompanying financial statements as a Pension Trust Fund. A stand alone report is not issued. Participation is mandatory (a condition of employment) for all full-time firefighters employed by the District. Plan administrative costs are paid by the plan. The District Board has the authority to amend or extend the provisions of the plan through approval by the District’s Board of Commissioners. The Pension Board consists of 2 District appointees, 2 members of the Department elected by majority vote, and 1 member elected by the other 4 trustees. The plan is administered by the Pension Board with Salem Trust Company as the Asset Custodian.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	35
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	2
Active Plan Members	<u>46</u>
	<u>83</u>

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NORTH RIVER FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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NOTE E - RETIREMENT PLAN - CONTINUED

Firefighters Pension Trust Fund - Continued

Plan Description and Summary of Significant Accounting Policies - Continued

Basis of Accounting - The FFRP's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

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

Benefit Provisions

Retirement - Age 55 and the completion of 5 years of service or the completion of 25 years of service. For those members hired on or after January 1, 2000 vesting occurs after 10 years. The pension benefit is 3.0% of the monthly average of the highest five years of earnings during the 10 year period ending on the earliest of termination or retirement date. Monthly benefits after the age of sixty-five are reduced by the Social Security amount.

Benefits are available for early retirement at age 50 and completion of 10 years of vesting service. The pension benefit is the accrued benefit reduced by 3.0 percent per year.

Benefits are available to participants who terminate employment after completing five or more years of vesting service (10 years if hired on or after January 1, 2000), but terminate prior to eligibility for early retirement. These benefits may be paid monthly by formula, or may be paid in a lump sum outlined by formula.

Death and Disability - A member with five or more years credited service who becomes disabled not in the line of duty, shall receive a disability benefit of 25 percent of average final compensation for benefits accrued to date. A member who becomes disabled in the line of duty has no service time requirement and shall receive a disability benefit accrued to date with a minimum benefit of 42 percent of average final compensation. The Board of Trustees determines disability eligibility.

Upon the death of a member who was eligible for normal or delayed retirement at the date of death, the beneficiary will receive a lump sum payment or monthly benefit for life determined by a formula within the plan.

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NORTH RIVER FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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NOTE E - RETIREMENT PLAN - CONTINUED

Firefighters Pension Trust Fund - Continued

Plan Description and Summary of Significant Accounting Policies - Continued

Benefit Provisions - Continued

In the event a member dies prior to the normal retirement date from causes which are not related to the fire service, the beneficiary will receive an amount equal to the actuarially equivalent lump sum value of the participant's accrued benefit determined as of his date of death. If a member otherwise not eligible for benefits dies in the line of service prior to his normal retirement date, the member would obtain eligibility for membership. This benefit will be actuarially computed using the same assumptions and basis referred to above.

Participants who have satisfied normal retirement requirements may enter the deferred retirement option program (DROP). Individuals may participate in DROP for up to 60 months. Interest is credited on a participant's DROP account at the rate of 3% compounded monthly. At September 30, 2017, the DROP balance is \$245,153.

Supplemental Retirement Benefits - The initial crediting of the \$998,041 Excess State Monies Reserve, established as of September 30, 2014, is allocated to eligible participants. Annual premium tax reserves received in excess of the applicable frozen amount of \$180,072 shall be allocated to participant accounts on a pro-rata basis based on credited service.

Contributions

The District is required to contribute an actuarially determined rate. Contributions include an amount to amortize an unfunded accrued liability. Current year employer and state contributions totaled \$1,444,585. Significant actuarial assumptions used to compute actuarial determined contribution requirements are the same as those used to compute the actuarially accrued liability. A mandatory 4.5% employee contribution is required. Employee contributions for 2017 were \$146,685, which equaled required contributions.

Investments

The Pension Board establishes investment policies and allocation of invested assets and may amend the policy by majority vote. The following was the Board's adopted asset allocation policy as of September 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	45%
International Equity	15%
Domestic Fixed Income	35%
GTAA	5%
Total	<u>100%</u>

NORTH RIVER FIRE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2017

NOTE E - RETIREMENT PLAN - CONTINUED

Firefighters Pension Trust Fund - Continued

Plan Description and Summary of Significant Accounting Policies - Continued

Plan investments are held by the Salem Trust Company and total \$19,415,669 at September 30, 2017.

	<u>Fair Value</u>	<u>Percent of Total</u>
Held by Salem Trust:		
Cash and cash equivalents	\$ 421,348	2.17%
U.S. Government Securities	660,253	3.40%
Mortgage obligations	2,084,153	10.73%
Corporate and foreign bonds	3,698,370	19.05%
Common and foreign stock	6,417,463	33.05%
Mutual funds	5,794,175	29.84%
Unit investment trusts	339,907	1.75%
	<u>\$ 19,415,669</u>	<u>100.00%</u>

Concentrations

The Plan did not hold investments in any one organization that represent 5% or more of the Pension Plan's fiduciary net position.

Rate of Return

The annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense was 12.93%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Credit Risk

The cash and cash equivalents include cash and Goldman Sachs Treasury Obligation money market funds, and represents 2.17% of assets. Goldman Sachs Treasury Obligation fund has an S&P rating of AAAM.

Interest Rate Risk

The U.S. Government Agency Obligations have interest rates between 2% and 4.5% with maturities from 2020 to 2039. Mortgage/asset backed securities have interest rates between 1.901% and 6% with maturities between 2019 and 2047. Collateralized mortgage obligations have interest rates between 3.001% and 6.15% with maturities from 2022 to 2050. Corporate and foreign bonds have interest rates between 1.375% and 9.125% with maturities from 2018 to 2044. Common stock and mutual funds are subject to market fluctuations. Foreign bonds are not exposed to significant foreign currency risk as they are expressed in U.S. dollars.

NORTH RIVER FIRE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2017

NOTE E – RETIREMENT PLAN – CONTINUED

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The Plan investments are held by Salem Trust Company as Custodian for the North River Fire District Firefighters’ Retirement Plan. Management invests with custodians it determines to have an acceptable custodial credit risk.

Foreign Currency Risk – The Board of Trustees retains outside investment managers to manage investment portfolios. The Board approves and provides investment managers with the Plan’s written investment policy. The Plan’s investment policy states that investments in foreign securities or corporations domiciled outside of the United States shall not exceed 10% of the value of Plan assets.

Fair Value

The investments held by the FFRP are measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of September 30, 2017:

	09/30/2017	Fair Value Measurements Using		
		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:				
Money Market	\$ 421,348	\$ 421,348	\$ -0-	\$ -0-
Debt securities:				
U.S. Government Obligations	2,744,406	-0-	2,744,406	-0-
Corporate and Foreign Bonds	3,698,370	-0-	3,698,370	-0-
Fixed Investment Accounts	181,410	-0-	181,410	-0-
Equity securities:				
Common and Foreign Stock (Equity)	6,417,463	6,417,463	-0-	-0-
Mutual Funds – Equity	6,102,561	-0-	6,102,561	-0-
Unit Investment Trusts	339,907	-0-	339,907	-0-
Total investments by fair value	<u>\$ 19,905,465</u>	<u>\$ 6,838,811</u>	<u>\$ 13,066,654</u>	<u>\$ -0-</u>

NORTH RIVER FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

NOTE E – RETIREMENT PLAN – CONTINUED

Fair Value – Continued

Money market accounts, debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The District did not have any investments measured as Level 3, or any liabilities measured at fair value.

Net Pension Liability

The measurement date is September 30, 2017. The measurement period for the pension expense was October 1, 2016 to September 30, 2017. The reporting period is October 1, 2016 through September 30, 2017. The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation as of October 1, 2016 and rolled forward to September 30, 2017.

The Sponsor's Net Pension Liability was measured as of September 30, 2017. The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

The components of the net pension liability of the sponsor on September 30, 2017 were as follows:

Total Pension Liability	\$ 24,389,936
Plan Fiduciary Net Position	<u>(19,422,379)</u>
Sponsor's Net Pension Liability	<u>\$ 4,967,557</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	79.63%

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2016	\$ 23,127,132	\$ 16,998,362	\$ 6,128,770
Changes for a Year:			
Service Cost	680,291	-0-	680,291
Interest	1,794,403	-0-	1,794,403
Share Plan Allocation	143,593	-0-	143,593
Differences Between Expected and Actual Experience	(47,804)	-0-	(47,804)
Changes in Assumptions	-0-	-0-	-0-
Changes of Benefit Terms	-0-	-0-	-0-
Contributions - Employer	-0-	1,120,919	(1,120,919)
Contributions - State	-0-	323,666	(323,666)
Contributions - Employee	-0-	141,809	(141,809)
Net Investment Income	-0-	2,196,201	(2,196,201)

NORTH RIVER FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

NOTE E – RETIREMENT PLAN – CONTINUED

Net Pension Liability – Continued

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Benefit Payments, Including Refunds			
Of Employee Contributions	(1,307,679)	(1,307,679)	-0-
Administrative Expense	-0-	(50,899)	50,899
Net Changes	<u>1,262,804</u>	<u>2,424,017</u>	<u>(1,161,213)</u>
Balances at September 30, 2017	<u>\$ 24,389,936</u>	<u>\$ 19,422,379</u>	<u>\$ 4,967,557</u>

Actuarial Assumptions

The total pension liability was determined by an actual valuation as of October 1, 2016 updated to September 30, 2017 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	6.50%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate Healthy Lives:

Female: RP2000Generational, 100% Annuitant White Collar, Scale BB.  
Male: RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection sale.  
Male: 60% RP2000 Disabled Male setback four years/40% Annuitant White Collar with no setback, no projection scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	7.5%
International Equity	8.5%
Domestic Fixed Income	2.5%
GTAA	3.5%

NORTH RIVER FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

NOTE E - RETIREMENT PLAN - CONTINUED

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. 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 7.75%, as well as 1% higher and 1% lower than the current rate.

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Sponsor's Net Pension Liability	\$ 7,797,383	\$ 4,967,557	\$ 2,624,014

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

For the year ended September 30, 2017 the Sponsor recognized pension expense of \$(87,816). On September 30, 2017 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 175,788	\$ 96,823
Changes in Assumptions	312,000	-0-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-0-	225,859
Total	<u>\$ 487,788</u>	<u>\$ 322,682</u>

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

Year ended September 30:	
2018	\$ 155,593
2019	\$ 155,593
2020	\$ (63,846)
2021	\$ (74,267)
2022	\$ (7,967)
Thereafter	\$ -0-

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NORTH RIVER FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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NOTE E - RETIREMENT PLAN - CONTINUED

Administrative Employees Money Purchase Pension Plan

Plan Description

The District has established a defined contribution plan (the Plan) to provide retirement benefits for its administrative employees (non-firefighters). The Plan is designated as a Money Purchase Pension Plan, which does not provide for fixed and determinable retirement benefits. The Plan Administrator is North River Fire District and the Trustee of the plan is the Fire Chief. In addition, the District has appointed a committee to assist in the administration of the plan and has the responsibility of making all discretionary determinations under the Plan and for giving distribution directions to the Trustee. The Trustee will hold all amounts contributed by the District in a trust fund. Upon the direction of the Committee, the Trustee will authorize all distribution and benefit payments from the trust fund to participants and beneficiaries. The Trustee will maintain all trust fund records on a plan year basis.

Eligibility

The Plan limits participation under Section 401(a) and is exempt from tax under Section 501(a) of the Code; it is intended to meet the requirements established by the Internal Revenue Service. Employees are eligible to participate in the Plan at the age of twenty-one and have completed one year of service. The Plan specifically excludes firefighting personnel, leased employees and nonresident aliens.

Contributions and Vesting

The District will make contributions on behalf of the eligible participants equal to a percentage of participant gross salaries. The amount approved by the Board of Commissioners, for the fiscal year ended September 30, 2017 was 25% of gross salaries. In addition to District contributions, each participant account will be credited annually with a share of investment earnings or losses of the trust fund. The Plan allocates participant forfeitures as additional District contributions. The District contributed \$60,300 in 2017.

Employees have a vested interest of 100% immediately upon the plan entry date. As a result, there are no forfeitures.

Custodian

The District entered into an agreement with ING Financial Services (VOYA), effective February 1, 2001, to maintain the individual accounts of participants. The District will pay administrative costs for Plan maintenance. Account maintenance fees will be paid by the participants.

NORTH RIVER FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

NOTE E - RETIREMENT PLAN - CONTINUED

Custodian - Continued

The following schedules present combining statements of fiduciary net position and changes in fiduciary net position.

Combining Statement of Fiduciary Net Position

	<u>General Employees Pension Fund</u>	<u>Firefighter Pension Fund</u>	<u>Total Employee Retirement Funds</u>
<b>ASSETS</b>			
Investments	\$ 489,796	\$ 19,415,669	\$ 19,905,465
Total Assets	<u>489,796</u>	<u>19,415,669</u>	<u>19,905,465</u>
<b>NET POSITION</b>			
Restricted for pension benefits	<u>\$ 489,796</u>	<u>\$ 19,415,669</u>	<u>\$ 19,905,465</u>

Combining Statement of Changes in Fiduciary Net Position

	<u>General Employees Pension Fund</u>	<u>Firefighter Pension Fund</u>	<u>Total Employee Retirement Funds</u>
<b>ADDITIONS</b>			
<b>Contributions:</b>			
Employer	\$ 60,300	\$ 1,120,919	\$ 1,181,219
Employee	-0-	146,685	146,685
State contributions	-0-	323,666	323,666
Total Contributions	<u>60,300</u>	<u>1,591,270</u>	<u>1,651,570</u>
<b>Investment Income (loss)</b>			
Interest	4,830	258,730	263,560
Dividends	-0-	270,280	270,280
Miscellaneous	-0-	3,046	3,046
Net appreciation in fair value of investments	<u>33,770</u>	<u>1,754,110</u>	<u>1,787,880</u>
Total Investment Income	<u>38,600</u>	<u>2,286,166</u>	<u>2,324,766</u>
<b>Less Investment Expense:</b>			
Administrative expenses	-0-	(146,119)	(146,119)
Total Investment Expense	<u>-0-</u>	<u>(146,119)</u>	<u>(146,119)</u>
Net Investment Income	<u>38,600</u>	<u>2,140,047</u>	<u>2,178,647</u>
Total Additions	<u>98,900</u>	<u>3,731,317</u>	<u>3,830,217</u>
<b>Deductions</b>			
Benefits and distributions to participants	-0-	(1,310,329)	(1,310,329)
Total Deductions	<u>-0-</u>	<u>(1,310,329)</u>	<u>(1,310,329)</u>
Changes in Net Position	98,900	2,420,988	2,519,888
Net Position - Beginning of Year	<u>390,896</u>	<u>16,994,681</u>	<u>17,385,577</u>
Net Position - End of Year	<u>\$ 489,796</u>	<u>\$ 19,415,669</u>	<u>\$ 19,905,465</u>

NORTH RIVER FIRE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2017

**NOTE F - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

The District follows Governmental Accounting Standards Board Statement No. 45, Accounting and Reporting by Employers for Post-employment Benefits Other than Pensions, (OPEB), for certain other post-employment health care and dental benefits provided by the District. The requirements of this Statement were implemented on a prospective basis. As of September 30, 2017, the actuarially accrued liability was \$1,790,000, and is being amortized over a 30 year open period.

Plan Description - The District has established a single employer post retirement health plan. A stand alone report is not issued. The District provides optional health, dental and vision insurance to retirees, their spouses, and their dependents.

The plan requires retirees to contribute an amount based on the average cost of providing the benefit to the covered group. Participants totaled 4 retirees and 53 active employees as part of the actuarial valuation.

As required by Florida Statutes, the District subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at the blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

Funding Policy - Currently, the District's OPEB benefits are unfunded. There is no separate trust fund or equivalent arrangement into which the District would make contributions to advance-fund the obligation, as it does for its pension plans. Therefore, the ultimate subsidies which are provided over time are financed directly by general assets of the District, which are invested in qualified public depositories.

Annual OPEB Cost and Net OPEB Obligation

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

The following table shows the components of the District's annual OPEB cost and the net OPEB obligation for the year ended September 30, 2017:

Annual Required Contribution (ARC)	\$ 139,573
Interest on Net OPEB Obligation	52,854
Adjustment to the ARC	<u>(50,095)</u>
Total Annual OPEB Cost	142,332
Age Adjusted Contributions Made	<u>(573)</u>
Increase in Net OPEB Obligation	141,759
Net OPEB Obligation - beginning of year	<u>1,057,086</u>
Net OPEB Obligation - end of year	<u>\$ 1,198,845</u>

NORTH RIVER FIRE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2017

NOTE F – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – CONTINUED

Annual OPEB Cost and Net OPEB Obligation – Continued

Schedule of funding progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9/30/14	\$ -0-	\$ 1,790,000	\$ 1,790,000	0.00%	\$ 3,399,820	52.65%
9/30/15	\$ -0-	\$ 1,790,000	\$ 1,790,000	0.00%	\$ 2,594,962	68.98%
9/30/16	\$ -0-	\$ 1,790,000	\$ 1,790,000	0.00%	\$ 3,745,628	47.79%

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

Fiscal Year	Annual OPEB Cost	Age Adjusted Contributions	% of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/17	\$ 142,332	\$ 573	0.0%	\$ 1,198,845
9/30/16	\$ 145,443	\$ 573	0.0%	\$ 1,057,086
9/30/15	\$ 141,586	\$ 400	0.0%	\$ 912,216

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

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

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NORTH RIVER FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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**NOTE F - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - CONTINUED**

The September 30, 2017, OPEB actuarial valuation was calculated using the alternative measurement method in accordance with GASB methodology. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 5% discount rate. The actuarial assumptions also included mortality rates set forth in the RP-2000 mortality tables, and standard turnover assumptions based on GASB 45. Retirement was assumed to occur at age 53. Health care cost rates were assumed to be 8% in year 1, decreasing to 4.70% in year 10. Projected salary increases are 3.8%. The cost trend numbers used in the analysis were developed consistent with the Getzen model promulgated by the Society of Actuaries for use in long-term trend projection.

**NOTE G - CONCENTRATIONS OF LABOR SUBJECT TO COLLECTIVE BARGAINING AGREEMENT**

The District's professional Firefighters, engineers and captains, which represent a significant portion of the District's employees, are represented by a Union.

**NOTE H - RENTAL INCOME**

The District rents space at fire stations to the County for EMS services. The District also rents space on its towers to a third party for cell phone providers. Total current year rents were \$56,967. Future rental income for the next five years is expected to approximate \$60,000, \$61,000, \$62,000, \$63,000 and \$64,000.

**NOTE I - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There has been no significant decrease in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

**REQUIRED SUPPLEMENTARY INFORMATION**

NORTH RIVER FIRE DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES –BUDGET AND ACTUAL–GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Tax assessments	\$ 7,110,079	\$ 7,110,079	\$ 7,227,388	\$ 117,309
Interest	804	804	886	82
Reimbursements	3,000	3,000	17,498	14,498
Miscellaneous	21,040	21,040	63,876	42,836
Grants	1,000	1,000	1,000	-
Charges for services	74,500	74,500	80,622	6,122
<b>Total Revenues</b>	<b>7,210,423</b>	<b>7,210,423</b>	<b>7,391,270</b>	<b>180,847</b>
<b>EXPENDITURES</b>				
Personal service	6,319,020	6,316,020	6,111,485	204,535
Operating	926,421	893,821	746,681	147,140
Debt Service	180,118	180,118	180,118	-
Capital outlay	167,839	669,373	596,016	73,357
<b>Total Expenditures</b>	<b>7,593,398</b>	<b>8,059,332</b>	<b>7,634,300</b>	<b>425,032</b>
<b>Net Change in Fund Balance</b>	<b>(382,975)</b>	<b>(848,909)</b>	<b>(243,030)</b>	<b>605,879</b>
<b>FUND BALANCE – Beginning</b>	<b>3,378,524</b>	<b>3,378,524</b>	<b>3,378,524</b>	<b>-</b>
<b>FUND BALANCE – Ending</b>	<b>\$ 2,995,549</b>	<b>\$ 2,529,615</b>	<b>\$ 3,135,494</b>	<b>\$ 605,879</b>

**Note 1–Budegtary Basis**

The general fund budget is prepared on a basis consistent with generally accepted accounting principles.

**NORTH RIVER FIRE DISTRICT  
SCHEDULE OF CHANGES IN NET POSITION LIABILITY  
AND RELATED RATIOS**

	Last 10 Fiscal Years		
	<u>9/30/17</u>	<u>9/30/16</u>	<u>9/30/15</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 680,291	\$ 673,061	\$ 669,463
Interest	1,794,403	1,639,293	1,553,157
Share Plan Allocation	143,593	170,882	150,213
Changes of Benefit Terms	-0-	-0-	-0-
Differences Between Expected and Actual Experience	(47,804)	263,681	(99,731)
Changes in Assumptions	-0-	468,002	-0-
Contributions – Buy Back	-0-	-0-	-0-
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,307,679)</u>	<u>(1,133,779)</u>	<u>(1,196,758)</u>
Net Change in Total Pension Liability	1,262,804	2,081,140	1,076,344
Total Pension Liability – Beginning	<u>23,127,132</u>	<u>21,045,992</u>	<u>19,969,648</u>
Total Pension Liability – Ending (a)	<u>\$ 24,389,936</u>	<u>\$ 23,127,132</u>	<u>\$ 21,045,992</u>
<b>Plan Fiduciary Net Position</b>			
Contributions – Employer	\$ 1,120,919	\$ 1,070,563	\$ 1,000,169
Contributions – State	323,666	350,955	330,286
Contributions – Employee	141,809	139,484	134,233
Contributions – Buy Back	-0-	-0-	-0-
Net Investment Income	2,196,201	1,160,545	85,284
Benefit Payments, Including Refunds of Employee Contributions	(1,307,679)	(1,133,779)	(1,196,758)
Administrative Expense	<u>(50,899)</u>	<u>(45,838)</u>	<u>(41,199)</u>
Net Change in Plan Fiduciary Net Position	2,424,017	1,541,930	312,015
Plan Fiduciary Net Position – Beginning	<u>16,998,362</u>	<u>15,456,432</u>	<u>15,144,417</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ 19,422,379</u>	<u>\$ 16,998,362</u>	<u>\$ 15,456,432</u>
<b>Net Pension Liability – Ending (a) – (b)</b>	<u>\$ 4,967,557</u>	<u>\$ 6,128,770</u>	<u>\$ 5,589,560</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	79.63%	73.50%	73.44%
<b>Covered Employee Payroll</b>	\$ 3,151,295	\$ 3,099,332	\$ 3,153,453
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	157.64%	197.74%	177.25%

Until a full 10-year trend is compiled, information will be presented for those years available.

**Notes to Schedule:**

<sup>1</sup> The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the September 30, 2015 measurement period which includes DROP payroll.

**Changes of assumptions**

For measurement date September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

**NORTH RIVER FIRE DISTRICT  
SCHEDULE OF CONTRIBUTIONS AND NOTES**

	<u>9/30/17</u>	<u>9/30/16</u>	<u>9/30/15</u>
Actuarially Determined Contribution	\$ 1,300,991	\$ 1,250,635	\$ 1,180,242
Contributions in Relation to the Actuarially Determined Contributions	<u>1,300,991</u>	<u>1,250,635</u>	<u>1,180,242</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
 Covered Employee Payroll	 \$ 3,151,295	 \$ 3,099,332	 \$ 3,153,453
Contributions as a Percentage of Covered Employee Payroll	41.28%	40.35%	37.43%

**ACTUARIAL METHODS AND ASSUMPTIONS**

Valuation Date: 10/01/15

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	21 Years (as of 10/01/15).
Asset Valuation Method:	The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.
Salary Increases:	6.5% per year until the assumed retirement age.
Interest Rate:	7.75% per year compounded annually, net of investment related expenses.
Payroll Growth:	3.8% per year
Retirement Age:	Earlier of 1.) Age 55 and the completion of 5 years of service or 2.) the completion of 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing at eligibility for Early Retirement (age 50 with 10 years of service), members are assumed to retire with an immediate benefit at the rate of 5% per year.
Termination Rates:	See table below.
Disability:	See below table. 75% of Disability Retirement and Active Member deaths are assumed to be Line-of-Duty related.
Mortality:	RP-2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
Other Information:	Termination and Disability Rate Table.

Age	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	.14%	6.00%
30	.18%	5.00%
40	.30%	2.60%
50	1.00%	0.80%

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NORTH RIVER FIRE DISTRICT  
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN

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	<u>9/30/17</u>	<u>9/30/16</u>	<u>9/30/15</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	12.93%	7.26%	0.55%

**NORTH RIVER FIRE DISTRICT  
SCHEDULE OF POST-EMPLOYMENT BENEFITS  
OTHER THAN PENSION**

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

Valuation Date	<u>9/30/2016</u>
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll
Remaining Amortization Period	30 years
Asset Valuation Method	Unfunded
Actuarial Assumptions:	
Investment rate of return	5%
Initial Health Care Cost Trend Rate	8%
Ultimate Health Care Cost Trend Rate	4.7%
Initial Dental Cost Trend Rate	3.5%
Ultimate Dental Cost Trend Rate	3%
Initial Pharmacy Cost Trend Rate	8%
Ultimate Pharmacy Cost Trend	4.7%
Vision Cost Trend Rate	3%

**SCHEDULE OF FUNDING PROGRESS**

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) (B-A)	(A/B) FUNDED RATIO	(C) COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((B-A)/C)
09/30/14	\$ -0-	\$ 1,790,000	\$ 1,790,000	0.00%	\$ 3,399,820	52.65%
09/30/15	\$ -0-	\$ 1,790,000	\$ 1,790,000	0.00%	\$ 2,594,962	68.98%
09/30/16	\$ -0-	\$ 1,790,000	\$ 1,790,000	0.00%	\$ 3,745,628	47.79%

**HISTORY OF NET OPEB OBLIGATION**

FISCAL YEAR ENDED	ANNUAL OPEB COST	AGE ADJUSTED CONTRIBUTION	PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED	ESTIMATED OPEB OBLIGATION
9/30/17	\$ 142,332	\$ 573	0.0%	\$ 1,198,845
9/30/16	\$ 145,443	\$ 573	0.0%	\$ 1,057,086
9/30/15	\$ 141,586	\$ 400	0.0%	\$ 912,216

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

FISCAL YEAR ENDED	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
9/30/17	\$ 139,573	0.0%
9/30/16	\$ 143,062	0.0%
9/30/15	\$ 139,573	0.0%

**OTHER AUDITOR'S REPORTS**



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

To the Board of Commissioners  
North River Fire District  
Manatee County, Florida

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of North River Fire District, Florida (District) as of and for the year ended September 30, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 30, 2018.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider 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 North River Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

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

May 30, 2018  
Bradenton, Florida



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## MANAGEMENT LETTER

Board of Commissioners  
North River Fire District  
Manatee County, Florida

We have audited the financial statements of North River Fire District, (the District) as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated May 30, 2018.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 30, 2018, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

### Financial Condition and Management

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

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

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

#### Annual Financial Report

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

#### Additional Matters

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

#### Purpose of this Letter

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

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

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

May 30, 2018  
Bradenton, Florida



INDEPENDENT ACCOUNTANT'S REPORT  
ON INVESTMENT COMPLIANCE

Board of Commissioners  
North River Fire District  
Manatee County, Florida

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

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

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

In our opinion, the District complied in all material respects, with the aforementioned compliance requirements for the year ended September 30, 2017.

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

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

May 30, 2018  
Bradenton, Florida