

CITY OF MILTON MUNICIPAL
FIREFIGHTERS' PENSION TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2015

CONTRIBUTIONS APPLICABLE TO THE PLAN/
FISCAL YEAR ENDED SEPTEMBER 30, 2017

November 23, 2015

Board of Trustees
City of Milton
Municipal Firefighters' Pension Trust Fund
P. O. Box 792
Milton, FL 32572

Re: Municipal Firefighters' Pension Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Milton Municipal Firefighters' Pension Trust Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112 and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

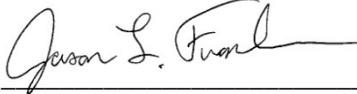
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Milton, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Milton Municipal Firefighters' Pension Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: 

Jason L. Franken, FSA
Enrolled Actuary #14-6888

JLF/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Milton Municipal Firefighters' Pension Trust Fund, performed as of October 1, 2015, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended September 30, 2017.

The contribution requirements, compared with those developed in the October 1, 2014, actuarial valuation report, are as follows:

Valuation Date	10/1/2014	10/1/2015
Applicable Fiscal Year End	<u>9/30/2016</u>	<u>9/30/2017</u>
Total Required Contribution % of Total Projected Payroll	58.4%	62.4%
Member Contributions (Est.) % of Total Projected Payroll	6.5%	6.5%
Required City and State Cont. % of Total Projected Payroll	51.9%	55.9%
State Contributions ¹ % of Total Projected Payroll	71,505 9.8%	71,505 9.8%
Balance from City ² % of Total Projected Payroll	42.1%	46.1%

¹ State contributions shown are the amounts received during calendar 2015.

² The City has a prepaid contribution in the amount of \$34,152.91 available to help offset the current year's funding requirements.

*As requested by the Division of Retirement, the required contribution from the combination of City and State sources for the year ending September 30, 2017, is 55.9% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 46.1% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. The City and State requirement for the current fiscal year ending September 30, 2016, is 51.9% of payroll.

As can be seen, the Total Required Contribution increased as a percentage of Annual Payroll. This is primarily due to the decrease in the payroll growth assumption and an increase in the level of administrative expenses.

Overall there was net unfavorable actuarial experience during the last 12 months regarding the unfunded actuarial accrued liability. The primary component of unfavorable experience was lower than anticipated turnover, but this was partially offset by the 5.6% average increases in Pensionable Compensation that were less than the 6.0% assumed rate.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Jason L. Franken, FSA, EA, MAAA

By: 
Sara E. Baumer

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2014	40.2%
(2) Summary of Contribution Impact by component:	
Change in Available State Money	1.9%
Investment Return (Actuarial Asset Basis)	0.0%
Salary Increases	-1.0%
Payroll Change	-1.5%
Payroll Growth Assumption	2.2%
Amortization Base Payoffs	0.0%
New Entrants	0.0%
Active Decrements	1.4%
Inactive Mortality	0.4%
Data Corrections	0.0%
Assumption Change	0.0%
Administrative Expenses	2.2%
Other	<u>0.3%</u>
Total Change in Contribution	5.9%
(3) Contribution Determined as of October 1, 2015	46.1%

CHANGES SINCE PRIOR VALUATION

Plan Changes – There have been no changes since the prior valuation

Actuarial Assumption/Method Changes – Since the prior valuation the payroll growth assumption has been lowered from 1.95% to 1.31% to satisfy statutory requirements.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	14	14
Service Retirees	9	9
DROP Retirees	2	2
Beneficiaries	2	2
Disability Retirees	1	1
Terminated Vested	<u>1</u>	<u>1</u>
Total	29	29
Total Annual Payroll	\$731,101	\$692,526
Payroll Under Assumed Ret. Age	731,101	692,526
Annual Rate of Payments to:		
Service Retirees	317,655	317,655
DROP Retirees	69,225	69,225
Beneficiaries	33,659	33,659
Disability Retirees	9,960	9,960
Terminated Vested	24,370	24,370
B. Assets		
Actuarial Value ¹	4,153,295	3,851,600
Market Value ¹	3,774,535	3,974,191
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	3,008,435	2,674,569
Disability Benefits	32,756	31,287
Death Benefits	18,862	17,925
Vested Benefits	652,108	605,714
Refund of Contributions	37,503	39,841
Service Retirees	3,237,526	3,291,146
DROP Retirees ¹	1,136,499	1,056,720
Beneficiaries	247,563	254,348
Disability Retirees	64,425	67,000
Terminated Vested	200,964	186,137
Excess State Monies Reserve	<u>472</u>	<u>472</u>
Total	8,637,113	8,225,159

C. Liabilities - (Continued)	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	4,834,173	4,696,937
Present Value of Future Member Contributions	314,221	305,301
Normal Cost (Retirement)	74,030	69,788
Normal Cost (Disability)	2,174	1,976
Normal Cost (Death)	703	667
Normal Cost (Vesting)	26,320	26,414
Normal Cost (Refunds)	<u>6,930</u>	<u>6,157</u>
Total Normal Cost	110,157	105,002
Present Value of Future Normal Costs	668,137	651,621
Accrued Liability (Retirement)	2,547,559	2,223,901
Accrued Liability (Disability)	19,289	18,504
Accrued Liability (Death)	14,616	13,774
Accrued Liability (Vesting)	487,089	448,999
Accrued Liability (Refunds)	12,974	12,537
Accrued Liability (Inactives) ¹	4,886,977	4,855,351
Excess State Monies Reserve	<u>472</u>	<u>472</u>
Total Actuarial Accrued Liability	7,968,976	7,573,538
Unfunded Actuarial Accrued Liability (UAAL)	3,815,681	3,721,938
Funded Ratio (AVA / AL)	52.1%	50.9%
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	4,886,977	4,855,351
Actives	1,376,551	1,076,913
Member Contributions	<u>406,160</u>	<u>361,328</u>
Total	6,669,688	6,293,592
Non-vested Accrued Benefits	<u>110,042</u>	<u>159,062</u>
Total Present Value Accrued Benefits	6,779,730	6,452,654
Funded Ratio (MVA / PVAB)	55.7%	61.6%
 Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	202,269	
Benefits Paid	(361,274)	
Interest	486,081	
Other	<u>0</u>	
Total	327,076	

Valuation Date	10/1/2015	10/1/2014
Applicable to Fiscal Year Ending	<u>9/30/2017</u>	<u>9/30/2016</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll ²	15.7	15.7
Administrative Expenses (with interest) % of Total Annual Payroll ²	4.3	2.1
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2015) % of Total Annual Payroll ²	42.4	40.6
Total Required Contribution % of Total Annual Payroll ²	62.4	58.4
Expected Member Contributions % of Total Annual Payroll ²	6.5	6.5
Expected City & State Contribution % of Total Annual Payroll ²	55.9	51.9

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
Total Required Contribution	394,519
City and State Requirement	349,687
Actual Contributions Made:	
Members (excluding buyback)	44,832
City	<u>272,667</u>
Total	<u>394,519</u>

G. Net Actuarial (Gain)/Loss 88,961

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015 and 9/30/2014.

² Contributions developed as of 10/1/2015 are expressed as a percentage of total annual payroll at 10/1/2015 of \$731,101.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	3,815,681
2016	3,790,007
2017	3,758,139
2022	3,460,239
2027	2,885,364
2037	596,563
2045	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	5.6%	6.0%
Year Ended	9/30/2014	8.3%	6.0%
Year Ended	9/30/2013	-3.2%	6.0%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

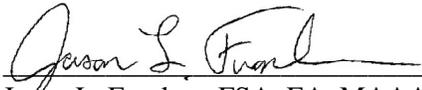
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	7.75%	7.75%
Year Ended	9/30/2014	8.85%	7.75%
Year Ended	9/30/2013	8.45%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$731,101
	10/1/2005	642,109
(b) Total Increase		13.86%
(c) Number of Years		10.00
(d) Average Annual Rate		1.31%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #14-6888

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

Ms. Sarah Carr
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2014	\$3,721,938
(2) Sponsor Normal Cost developed as of October 1, 2014	59,988
(3) Expected administrative expenses for the year ended September 30, 2015	14,201
(4) Expected interest on (1), (2) and (3)	293,650
(5) Sponsor contributions to the System during the year ended September 30, 2015	349,687
(6) Expected interest on (5)	13,370
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	3,726,720
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	88,961
(10) Unfunded Accrued Liability as of October 1, 2015	3,815,681

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2015 Amount</u>	<u>Amortization Amount</u>
"A"	10/1/2002	17	\$79,663	\$7,334
Method Change	10/1/2003	3	(13,933)	(4,933)
Actuarial Loss	10/1/2004	19	180,908	15,672
Benefit Improv.	10/1/2005	20	478,825	40,395
Actuarial Loss	10/1/2005	20	201,183	16,972
Actuarial Gain	10/1/2006	21	(274,971)	(22,641)
Actuarial Loss	10/1/2007	22	183,354	14,764
Actuarial Loss	10/1/2008	23	1,539,912	121,474
Method Change	10/1/2008	23	60,758	4,793
Actuarial Loss	10/1/2009	24	404,965	31,346
Actuarial Loss	10/1/2010	25	102,500	7,796
Assumps. Change	10/1/2010	25	242,022	18,409
Actuarial Loss	10/1/2011	26	455,472	34,089
Actuarial Loss	10/1/2012	27	285,950	21,084
Actuarial Gain	10/1/2013	28	(263,110)	(19,132)
Actuarial Loss	10/1/2014	29	63,222	4,539
Actuarial Loss	10/1/2015	30	<u>88,961</u>	<u>6,310</u>
			3,815,681	298,271

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$3,721,938
(2) Expected UAAL as of October 1, 2015	3,726,720
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	0
Salary Increases	(99,065)
Active Decrements	139,064
Inactive Mortality	35,461
Other	<u>13,501</u>
Increase in UAAL due to (Gain)/Loss	88,961
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2015	\$3,815,681

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate	RP-2000 Table with no projection – Based upon other studies of municipal Firefighters, we feel this assumption sufficiently accommodates future mortality improvements.
Interest Rate	7.75% per year compounded annually, net of investment related expenses. This assumption is in line with the national average utilized for public pension programs.
Retirement Age	Earlier of Age 54 and 10 years of service or 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. We feel this assumption is reasonable based on the plan provisions.
Disability Rate	See table below (1201). It is assumed that 75% of disablements and active Member deaths are service related. This assumption is consistent with other Firefighter plans in the state.
Termination Rate	See table below (1305).
Salary Increases	6% per year until the assumed Retirement Age; see table below.
Early Retirement	Commencing at eligibility for Early Retirement, members are assumed to retire with an immediate benefit at the rate of 2% per year. We feel this assumption is reasonable based on the plan provisions.
Administrative Expenses	\$30,222 added to Normal Cost.
Payroll Growth	10-year historical average of the actual payroll growth, limited to 5.0% per year (limited to 1.31% for 10/1/2015).
Funding Method	Entry Age Normal Actuarial Cost Method.
Asset Valuation Method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 53</u>
20	16.8%	0.03%	14.6%
30	15.0	0.04	26.2
40	8.2	0.07	46.9
50	1.7	0.18	84.0

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the fiscal year following the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Actuarial Accrued Liability (UAAL) is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service. Under the Entry Age Normal Actuarial Cost Method, there is also a new UAAL created each year equal to the actuarial gain or loss for that year.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

- (a) The normal cost accrual rate equals:
 - (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by
 - (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.
- (b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.
- (c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1992	21,901.56	_____%
1993	27,525.03	25.7%
1994	25,556.52	-7.2%
1995	25,173.66	-1.5%
1996	25,288.02	0.5%
1997	29,386.54	16.2%
1998	61,080.02	107.9%
1999	50,036.57	-18.1%
2000	56,865.66	13.6%
2001	57,264.06	0.7%
2002	56,906.67	-0.6%
2003	58,292.78	2.4%
2004	54,519.24	-6.5%
2005	56,949.21	4.5%
2006	66,609.12	17.0%
2007	74,796.05	12.3%
2008	84,163.95	12.5%
2009	79,534.94	-5.5%
2010	60,954.43	-23.4%
2011	56,262.10	-7.7%
2012	60,366.37	7.3%
2013	92,338.58	53.0%
2014	85,115.39	-7.8%
2015	77,019.76	-9.5%

EXCESS STATE MONIES RESERVE

Firefighters' Distribution

	Regular Distribution			Special Distribution		
	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1999	\$35,653.56	\$32,087.42	\$3,566.14	\$14,383.01	\$14,383.01	\$0.00
2000	37,398.87	37,398.87	0.00	19,466.79	17,627.56	1,839.23
2001	35,924.74	33,687.11	2,237.63	21,339.32	21,339.32	0.00
2002	38,029.27	36,149.03	1,880.24	18,877.40	18,877.40	0.00
2003	37,211.23	37,211.23	0.00	21,081.55	17,815.20	3,266.35
2004	33,785.33	33,785.33	0.00	20,733.91	21,241.10	0.00
2005	36,659.05	36,659.05	0.00	20,290.16	18,367.38	1,922.78
2006	46,238.23	71,495.54	0.00	20,370.89	20,370.89	0.00
2007	47,049.68	64,120.06	0.00	27,746.37	27,746.37	0.00
2008	44,092.87	51,795.35	0.00	40,071.08	40,071.08	0.00
2009	44,925.78	57,257.27	0.00	34,609.16	34,609.16	0.00
2010	45,614.38	76,526.38	0.00	15,340.05	15,340.05	0.00
2011	46,805.61	82,409.94	0.00	9,456.49	9,456.49	0.00
2012	47,499.82	78,999.88	0.00	12,866.55	12,866.55	0.00
2013	73,552.66	73,080.51	472.15	18,785.92	18,785.92	0.00
2014	75,277.29	82,028.33	0.00	9,838.10	9,838.10	0.00
2015	71,504.65	82,028.33	<u>0.00</u>	5,515.11	9,838.10	<u>0.00</u>
			8,156.16			7,028.36
Accumulated Regular Excess			8,156.16			
Accumulated Special Excess			<u>7,028.36</u>			
Total Excess State Monies			15,184.52			
Less Amounts Used to Help Fund Ordinance No. 1191-05			(14,712.37)			
Equals Current State Monies Reserve			\$472.15			

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	267,918.81	267,918.81
Cash	4,532.95	4,532.95
Total Cash and Equivalents	272,451.76	272,451.76
Receivables:		
From Broker for Investments Sold	62,894.69	62,894.69
Investment Income	12,028.38	12,028.38
Total Receivable	74,923.07	74,923.07
Investments:		
Federal Agency Guaranteed Securities	237,030.27	238,733.15
Corporate Bonds	839,774.89	836,800.85
Stocks	2,140,868.20	2,448,928.05
Total Investments	3,217,673.36	3,524,462.05
Total Assets	3,565,048.19	3,871,836.88
<u>LIABILITIES</u>		
Payables:		
To Broker for Investments Purchased	63,149.25	63,149.25
Prepaid City Contribution	34,152.91	34,152.91
Total Liabilities	97,302.16	97,302.16
NET POSITION RESTRICTED FOR PENSIONS	3,467,746.03	3,774,534.72

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Market Value Basis

ADDITIONS

Contributions:			
Member		44,831.67	
City		272,667.27	
State		77,019.76	
Total Contributions			394,518.70
Investment Income:			
Net Realized Gain (Loss)	248,545.99		
Unrealized Gain (Loss)	(509,190.58)		
Net Increase in Fair Value of Investments		(260,644.59)	
Interest & Dividends		97,036.78	
Less Investment Expense ¹		(39,072.09)	
Net Investment Income			(202,679.90)
Total Additions			191,838.80
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		361,273.68	
Lump Sum DROP Distributions		0.00	
Refunds of Member Contributions		0.00	
Total Distributions			361,273.68
Administrative Expense			30,221.87
Total Deductions			391,495.55
Net Increase in Net Position			(199,656.75)
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			3,974,191.47
End of the Year			3,774,534.72

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2015

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*	
09/30/2012	17.93%	
09/30/2013	7.54%	
09/30/2014	11.98%	
09/30/2015	-5.08%	
Annualized Rate of Return for prior four (4) years:		7.75%
(A) 10/01/2014 Actuarial Assets:		\$3,851,600.00
(I) Net Investment Income:		
1. Interest and Dividends	97,036.78	
2. Realized Gains (Losses)	248,545.99	
3. Change in Actuarial Value	(7,838.59)	
4. Investment Related Expenses	(39,072.09)	
Total		298,672.09
(B) 10/01/2015 Actuarial Assets:		\$4,153,295.24
Actuarial Asset Rate of Return = 2I/(A+B-I):		7.75%
10/01/2015 Limited Actuarial Assets:		\$4,153,295.24
10/01/2015 Market Value of Assets:		\$3,774,534.72
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$0.00

*Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2015
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	44,831.67	
City	272,667.27	
State	77,019.76	
 Total Contributions		 394,518.70
Earnings from Investments:		
Interest & Dividends	97,036.78	
Net Realized Gain (Loss)	248,545.99	
Change in Actuarial Value	(7,838.59)	
 Total Earnings and Investment Gains		 337,744.18

EXPENDITURES

Distributions to Members:		
Benefit Payments	361,273.68	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	0.00	
 Total Distributions		 361,273.68
Expenses:		
Investment related ¹	39,072.09	
Administrative	30,221.87	
 Total Expenses		 69,293.96
 Change in Net Assets for the Year		 301,695.24
 Net Assets Beginning of the Year		 3,851,600.00
 Net Assets End of the Year ²		 4,153,295.24

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2014 to September 30, 2015

Beginning of the Year Balance	255,528.14
Plus Additions	69,224.76
Investment Return Earned	19,023.18
Less Distributions	0.00
End of the Year Balance	343,776.08

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2015

(1)	Total Required Contribution Rate	57.2%
(2)	Pensionable Payroll Derived from Member Contributions	\$689,718.00
(3)	Total Required Contribution (1) x (2)	394,518.70
(4)	Less Actual Member Contributions	<u>(44,831.67)</u>
(5)	Less Allowable State Contribution	<u>(77,019.76)</u>
(6)	Equals Required City Contribution for Fiscal 2015	272,667.27
(7)	Less 2014 Prepaid Contribution	(50,936.17)
(8)	Less Actual City Contributions	<u>(255,884.01)</u>
(9)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2015	(\$34,152.91)

STATISTICAL DATA ¹

	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>
<u>Actives</u>				
Number	14	14	14	14
Average Current Age	37.7	38.6	38.3	37.8
Average Age at Employment	27.7	27.8	27.1	27.4
Average Past Service	10.0	10.8	11.2	10.4
Average Annual Salary	\$46,996	\$48,255	\$49,466	\$52,222
<u>Service Retirees</u>				
Number			9	9
Average Current Age			66.0	67.0
Average Annual Benefit			\$35,295	\$35,295
<u>DROP Retirees</u>				
Number			2	2
Average Current Age			58.8	59.8
Average Annual Benefit			\$34,613	\$34,613
<u>Beneficiaries</u>				
Number			2	2
Average Current Age			79.0	80.0
Average Annual Benefit			\$16,830	\$16,830
<u>Disability Retirees</u>				
Number			1	1
Average Current Age			70.0	71.0
Average Annual Benefit			\$9,960	\$9,960
<u>Terminated Vested</u>				
Number			1	1
Average Current Age			49.1	50.1
Average Annual Benefit			\$24,370	\$24,370

¹ Prior to 10/1/2014, averages were salary weighted.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	1	0	0	0	0	0	0	0	0	0	1
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	1	0	0	0	3	0	0	0	0	0	4
35 - 39	0	0	0	0	0	1	4	0	0	0	0	5
40 - 44	0	0	0	0	0	0	1	0	0	0	0	1
45 - 49	0	0	0	0	0	0	0	1	1	0	0	2
50 - 54	0	0	0	0	0	0	0	1	0	0	0	1
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	2	0	0	0	4	5	2	1	0	0	14

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	14
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>0</u>
f. DROP	0
g. Continuing participants	14
h. New entrants	<u>0</u>
i. Total active life participants in valuation	14

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	9	2	2	1	1	15
Retired	0	0	0	0	0	0
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	0	0
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	9	2	2	1	1	15

SUMMARY OF CURRENT PLAN
(Through Ordinance 1191-05)

ELIGIBILITY	Full-time employees who are classified as fulltime Firefighters shall participate in the System as a condition of employment.
CREDITED SERVICE	Total years and fractional parts of years of employment with the City as a Firefighter.
SALARY	Total compensation for services rendered reportable on the Member's W-2 form, plus all tax deferred, tax sheltered, and tax exempt items of income derived from elective payroll deductions, plus sick leave redemptions and holiday pay, but excluding lump sum vacation pay, sick-leave pay, and any other non-regular payments.
AVERAGE FINAL COMPENSATION	Average Salary for the highest 5 years during the 10 years preceding retirement or termination.
MEMBER CONTRIBUTIONS	6.5% of Salary.
CITY & STATE CONTRIBUTIONS	Remaining amount necessary for payment of current costs and amortization of the past service liability, if any, as provided in Part VII of Chapter 112, <u>Florida Statutes</u> .
NORMAL RETIREMENT	
Date	Earlier of age 54 and 10 years of Credited Service or 25 years of Credited Service, regardless of age.
Benefit Amount	3.85% of Average Final Compensation times Credited Service.
Form of Benefit	10 Year Certain and Life Annuity (options available).
Supplement	In addition to the formula benefit, retirees receive \$165.
EARLY RETIREMENT	
Eligibility	Age 50 and 10 years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year for early commencement of benefits.
VESTING (TERMINATION)	
Schedule	100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date, or refund of Member Contributions.

DISABILITY BENEFIT

Eligibility	a.) Service Incurred: Date of Employment; Non- Service Incurred: 10 years of Credited Service. b.) Total and permanent disability.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Accrued benefit payable for life with 10 year guarantee (options available) or until recovery (as determined by the Board).

PRE-RETIREMENT DEATH

Vested	Monthly accrued benefit payable to designated beneficiary for 10 years.
Non-Vested	Refund of accumulated contributions without interest.

BOARD OF TRUSTEES

- a.) Two legal residents appointed by the City Council,
- b.) Two Members of the Department elected by the membership, and
- c.) Fifth Member elected by the other 4 and appointed by Council.

DEFERRED RETIREMENT OPTION PROGRAM

Eligibility	Eligibility for Normal Retirement.
Participation	Not to exceed 60 months.
Rate of Return	At Member's election: (1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (2) 6.5% per annum compounded monthly.
Form of Distribution	Cash lump sum (options available).

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	267,919
Cash	4,533
Total Cash and Equivalents	272,452
Receivables:	
From Broker for Investments Sold	62,895
Investment Income	12,028
Total Receivable	74,923
Investments:	
Federal Agency Guaranteed Securities	238,733
Corporate Bonds	836,801
Stocks	2,448,928
Total Investments	3,524,462
Total Assets	3,871,837
<u>LIABILITIES</u>	
Payables:	
To Broker for Investments Purchased	63,149
Unearned Revenue	34,153
Total Liabilities	97,302
NET POSITION RESTRICTED FOR PENSIONS	3,774,535

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Market Value Basis

ADDITIONS

Contributions:

Member	44,832	
City	272,667	
State	77,020	
 Total Contributions		 394,519
 Investment Income:		
Net Increase in Fair Value of Investments	(260,645)	
Interest & Dividends	97,037	
Less Investment Expense ¹	(39,072)	
 Net Investment Income		 (202,680)
 Total Additions		 191,839

DEDUCTIONS

Distributions to Members:

Benefit Payments	361,274	
Lump Sum DROP Distributions	0	
Refunds of Member Contributions	0	
 Total Distributions		 361,274
 Administrative Expense		 30,222
 Total Deductions		 391,496
 Net Increase in Net Position		 (199,657)
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		3,974,192
 End of the Year		 3,774,535

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2015)

Plan Description

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a.) Two legal residents appointed by the City Council,
- b.) Two Members of the Department elected by the membership, and
- c.) Fifth Member elected by the other 4 and appointed by Council.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	14
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1
Active Plan Members	14
	29
	29

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of age 54 and 10 years of Credited Service or 25 years of Credited Service, regardless of age.

Benefit Amount: 3.85% of Average Final Compensation times Credited Service.

Supplement: In addition to the formula benefit, retirees receive \$165.

Early Retirement:

Eligibility: Age 50 and 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year for early commencement of benefits.

Vesting (Termination):

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date, or refund of Member Contributions.

Disability:

Eligibility: a.) Service Incurred: Date of Employment; Non- Service Incurred: 10 years of Credited Service. b.) Total and permanent disability.

Benefit: Accrued benefit payable for life with 10 year guarantee (options available) or until recovery (as determined by the Board).

Pre-Retirement Death:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

Contributions

Member Contributions: 6.5% of Salary

City & State Contributions: Remaining amount necessary for payment of current costs and amortization of the past service liability, if any, as provided in Part VII of Chapter 112, Florida Statutes.

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	45%
International Equity	15%
Domestic Bonds	40%
Total	100%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -5.08 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility: Eligibility for Normal Retirement.

Participation: Not to exceed 60 months.

Rate of Return: At Member's election:

- (1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or
- (2) 6.5% per annum compounded monthly.

The DROP balance as September 30, 2015 is \$343,776.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 7,814,371
Plan Fiduciary Net Position	\$ (3,774,535)
Sponsor's Net Pension Liability	<u>\$ 4,039,836</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	48.30%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	6.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate: RP-2000 Table with no projection. Disabled lives set forward 5 years. Based upon other studies of municipal Firefighters, we feel this assumption sufficiently accommodates future mortality improvements.

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, 2015 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.95%
International Equity	8.00%
Domestic Bonds	2.70%

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.75 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease	Current Discount Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 4,926,585	\$ 4,039,836	\$ 3,296,807

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability			
Service Cost	112,024	114,365	106,139
Interest	567,389	544,624	523,391
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	105,996	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(361,274)</u>	<u>(364,527)</u>	<u>(363,052)</u>
Net Change in Total Pension Liability	424,135	294,462	266,478
Total Pension Liability - Beginning	<u>7,390,236</u>	<u>7,095,774</u>	<u>6,829,296</u>
Total Pension Liability - Ending (a)	<u>\$ 7,814,371</u>	<u>\$ 7,390,236</u>	<u>\$ 7,095,774</u>
Plan Fiduciary Net Position			
Contributions - Employer	272,667	247,125	188,126
Contributions - State	77,020	85,115	92,339
Contributions - Employee	44,832	43,983	41,551
Net Investment Income	(202,680)	427,274	252,199
Benefit Payments, including Refunds of Employee Contributions	(361,274)	(364,527)	(363,052)
Administrative Expense	<u>(30,222)</u>	<u>(14,201)</u>	<u>(16,577)</u>
Net Change in Plan Fiduciary Net Position	(199,657)	424,769	194,586
Plan Fiduciary Net Position - Beginning	<u>3,974,192</u>	<u>3,549,423</u>	<u>3,354,837</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,774,535</u>	<u>\$ 3,974,192</u>	<u>\$ 3,549,423</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,039,836</u>	<u>\$ 3,416,044</u>	<u>\$ 3,546,351</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	48.30%	53.78%	50.02%
Covered Employee Payroll	\$ 811,423	\$ 676,661 *	\$ 639,252 *
Net Pension Liability as a percentage of Covered Employee Payroll	497.87%	504.84%	554.77%

Notes to Schedule:

* The reported Covered Employee Payroll figure for 2013-2014 was based on Pensionable Salary.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	349,687	332,240	279,992
Contributions in relation to the Actuarially Determined Contributions	349,687	332,240	279,992
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 811,423	\$ 676,661 *	\$ 639,252 *
Contributions as a percentage of Covered Employee Payroll	43.10%	49.10%	43.80%

* The reported Covered Employee Payroll figure for 2013-2014 was based on Pensionable Salary.

Notes to Schedule

Valuation Date: 10/01/2013

Actuarially determined contribution rates are calculated as of 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: 30 Years (as of 10/01/2013 Valuation).
 Mortality: RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).
 Interest Rate: 7.75% per year compounded annually, net of investment related expenses.
 Inflation: 3.0% per year.
 Retirement Age: Earlier of Age 54 and 10 years of service or 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.
 Disability Rates: See table below (1201). It is assumed that 75% of disablements and active Member deaths are service related.
 Termination Rates: See table below (1305).
 Salary Increases: 6% per year until the assumed Retirement Age.
 Early Retirement: Commencing at eligibility for Early Retirement, members are assumed to retire with an immediate benefit at the rate of 2% per year.
 Payroll Growth: 10-year historical average of the actual payroll growth, limited to 5.0% per year (limited to 2.38% for 10/1/2013).
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:	% Terminating	% Becoming
	During the	Disabled During
Age	Year	the Year
20	16.8%	0.03%
30	15.0%	0.04%
40	8.2%	0.07%
50	1.7%	0.18%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return			
Net of Investment Expense	-5.08%	11.98%	7.54%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2016)

General Information about the Pension Plan

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a.) Two legal residents appointed by the City Council,
- b.) Two Members of the Department elected by the membership, and
- c.) Fifth Member elected by the other 4 and appointed by Council.

Full-time employees who are classified as fulltime Firefighters shall participate in the System as a condition of employment.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	14
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1
Active Plan Members	14
	29
	29

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of age 54 and 10 years of Credited Service or 25 years of Credited Service, regardless of age.

Benefit Amount: 3.85% of Average Final Compensation times Credited Service.

Supplement: In addition to the formula benefit, retirees receive \$165.

Early Retirement:

Eligibility: Age 50 and 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year for early commencement of benefits.

Vesting (Termination):

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement

Date, or refund of Member Contributions.

Disability:

Eligibility: a.) Service Incurred: Date of Employment; Non- Service Incurred: 10 years of Credited Service. b.) Total and permanent disability.

Benefit: Accrued benefit payable for life with 10 year guarantee (options available) or until recovery (as determined by the Board).

Pre-Retirement Death:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

Contributions

Member Contributions: 6.5% of Salary

City & State Contributions: Remaining amount necessary for payment of current costs and amortization of the past service liability, if any, as provided in Part VII of Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2015.

The measurement period for the pension expense was October 1, 2014 to September 30, 2015.

The reporting period is October 1, 2015 through September 30, 2016.

The Sponsor's Net Pension Liability was measured as of September 30, 2015.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	6.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate: RP-2000 Table with no projection. Disabled lives set forward 5 years. Based upon other studies of municipal Firefighters, we feel this assumption sufficiently accommodates future mortality improvements.

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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	45%	7.95%
International Equity	15%	8.00%
Domestic Bonds	40%	2.70%
Total	100%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.75 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2014	\$ 7,390,236	\$ 3,974,192	\$ 3,416,044
Changes for a Year:			
Service Cost	112,024	-	112,024
Interest	567,389	-	567,389
Differences between Expected and Actual Experience	105,996	-	105,996
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	272,667	(272,667)
Contributions - State	-	77,020	(77,020)
Contributions - Employee	-	44,832	(44,832)
Net Investment Income	-	(202,680)	202,680
Benefit Payments, including Refunds of Employee Contributions	(361,274)	(361,274)	-
Administrative Expense	-	(30,222)	30,222
Net Changes	424,135	(199,657)	623,792
Balances at September 30, 2015	\$ 7,814,371	\$ 3,774,535	\$ 4,039,836

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 4,926,585	\$ 4,039,836	\$ 3,296,807

Pension Plan Fiduciary Net Position.

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$377,866.

On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	79,497	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	317,263	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ 396,760	\$ -

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2016.

Other 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:		
2017	\$	98,201
2018	\$	98,200
2019	\$	98,200
2020	\$	102,159
2021	\$	-
Thereafter	\$	-

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	112,024	114,365	106,139
Interest	567,389	544,624	523,391
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	105,996	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(361,274)	(364,527)	(363,052)
Net Change in Total Pension Liability	424,135	294,462	266,478
Total Pension Liability - Beginning	7,390,236	7,095,774	6,829,296
Total Pension Liability - Ending (a)	<u>\$ 7,814,371</u>	<u>\$ 7,390,236</u>	<u>\$ 7,095,774</u>
Plan Fiduciary Net Position			
Contributions - Employer	272,667	247,125	188,126
Contributions - State	77,020	85,115	92,339
Contributions - Employee	44,832	43,983	41,551
Net Investment Income	(202,680)	427,274	252,199
Benefit Payments, including Refunds of Employee Contributions	(361,274)	(364,527)	(363,052)
Administrative Expense	(30,222)	(14,201)	(16,577)
Net Change in Plan Fiduciary Net Position	(199,657)	424,769	194,586
Plan Fiduciary Net Position - Beginning	3,974,192	3,549,423	3,354,837
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,774,535</u>	<u>\$ 3,974,192</u>	<u>\$ 3,549,423</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,039,836</u>	<u>\$ 3,416,044</u>	<u>\$ 3,546,351</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	48.30%	53.78%	50.02%
Covered Employee Payroll	\$ 811,423	\$ 676,661 *	\$ 639,252 *
Net Pension Liability as a percentage of Covered Employee Payroll	497.87%	504.84%	554.77%

Notes to Schedule:

* The reported Covered Employee Payroll figure for 2013-2014 was based on Pensionable Salary.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	349,687	332,240	279,992
Contributions in relation to the Actuarially Determined Contributions	349,687	332,240	279,992
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 811,423	\$ 676,661 *	\$ 639,252 *
Contributions as a percentage of Covered Employee Payroll	43.10%	49.10%	43.80%

* The reported Covered Employee Payroll figure for 2013-2014 was based on Pensionable Salary.

Notes to Schedule

Valuation Date: 10/01/2013

Actuarially determined contribution rates are calculated as of 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:	30 Years (as of 10/01/2013 Valuation).
Mortality:	RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).
Interest Rate:	7.75% per year compounded annually, net of investment related expenses.
Inflation:	3.0% per year.
Retirement Age:	Earlier of Age 54 and 10 years of service or 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.
Disability Rates:	See table below (1201). It is assumed that 75% of disablements and active Member deaths are service related.
Termination Rates:	See table below (1305).
Salary Increases:	6% per year until the assumed Retirement Age.
Early Retirement:	Commencing at eligibility for Early Retirement, members are assumed to retire with an immediate benefit at the rate of 2% per year.
Payroll Growth:	10-year historical average of the actual payroll growth, limited to 5.0% per year (limited to 2.38% for 10/1/2013).
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:	% Terminating	% Becoming
	During the	Disabled During
Age	Year	the Year
20	16.80%	0.03%
30	15.00%	0.04%
40	8.20%	0.07%
50	1.70%	0.18%

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 3,416,044	\$ 121,833	\$ 272,667	\$ -
Employer Contributions made after September 30, 2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	112,024	-	-	112,024
Interest	567,389	-	-	567,389
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	105,996	-	105,996	-
Current year amortization of experience difference	-	-	(26,499)	26,499
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(361,274)	-	-	(361,274)
Net change	<u>424,135</u>	<u>-</u>	<u>79,497</u>	<u>344,638</u>
Plan Fiduciary Net Position:				
Contributions - Employer	272,667	-	(272,667)	-
Contributions - State	77,020	-	-	(77,020)
Contributions - Employee	44,832	-	-	(44,832)
Net Investment Income	308,117	-	-	(308,117)
Difference between projected and actual earnings on Pension Plan investments	(510,797)	-	510,797	-
Current year amortization	-	(30,459)	(102,160)	71,701
Benefit Payments	(361,274)	-	-	361,274
Administrative Expenses	(30,222)	-	-	30,222
Net change	<u>(199,657)</u>	<u>(30,459)</u>	<u>135,970</u>	<u>33,228</u>
Ending Balance	<u><u>\$ 4,039,836</u></u>	<u><u>\$ 91,374</u></u>	<u><u>TBD</u></u>	<u><u>\$ 377,866</u></u>

* Employer Contributions subsequent to the measurement date made after September 30, 2015 but made on or before September 30, 2016 needs to be added.