

CITY OF EDGEWATER
FIREFIGHTERS' PENSION FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2015

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

March 9, 2016

Board of Trustees
City of Edgewater
Firefighters' Pension Board
P.O. Box 100
Edgewater, FL 32132-0100

Re: City of Edgewater
Firefighters' Pension Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Edgewater Firefighters' Pension 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 175, 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 Town and the Board of Trustees, financial reports prepared by the Plan's 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 Edgewater, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Edgewater Firefighters' Pension 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:

A handwritten signature in black ink, appearing to read "Douglas Lozen", is written over a solid horizontal line.

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

DHL/lke

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	<u>Introduction</u>	
	a. Summary of Report	5
	b. Contribution Impact of Annual Changes	7
	c. Changes Since Prior Report	8
	d. Requirements of Chapter 112, Part VII, Florida Statutes	9
II	<u>Valuation Information</u>	
	a. Reconciliation of the Unfunded Actuarial Accrued Liabilities	14
	b. Detailed Actuarial (Gain)/Loss Analysis	15
	c. Actuarial Assumptions and Methods	16
	d. Valuation Notes	18
	e. Partial History of Premium Tax Refunds	19
	f. Excess State Monies Reserve	20
III	Trust Fund	21
IV	<u>Member Statistics</u>	
	a. Statistical Data	27
	b. Age and Service Distribution	28
	c. Member Reconciliation	29
V	Summary of Plan Provisions	30
VI	Governmental Accounting Standards Board Statements Disclosure Information	33

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Edgewater Firefighters’ Pension 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, are as follows:

Valuation Date	10/1/2014	10/1/2015
Applicable Plan Year End	<u>9/30/2016</u>	<u>9/30/2017</u>
Total Required Contribution % of Total Annual Payroll	29.9%	27.6%
Member Contributions (Est.) % of Total Annual Payroll	6.0%	6.0%
City and State Required Contribution % of Total Annual Payroll	23.9%	21.6%
State Contribution (est.) * % of Total Annual Payroll	59,986 4.0%	59,986 4.0%
Balance from City * % of Total Annual Payroll	19.9%	17.6%

* The City may use up to \$66,946 in State Contributions (under the traditional interpretation of Chapter 99-1, Florida Statutes) for determining its minimum funding requirements; excess amounts are allocated to the Share Plan. For budgeting purposes, the required Sponsor Contribution (City and State) is 21.6% of Pensionable Earnings for the fiscal year ending September 30, 2017. The precise City requirement for the year is this amount, less actual State Contributions (up to the maximum \$66,946).


Additionally, there is a City prepaid contribution of \$33,756.31, available for the fiscal year ending September 30, 2016. Please see page 25 for full details.

Experience during the last 12 months has been more favorable than expected, relative to the Plan's actuarial assumptions. The primary sources of favorable experience included a increases in average pensionable compensation that were lower than the assumption by approximately 0.6% and a 9.24% investment return (Actuarial Asset Basis), exceeding the 7.5% assumption. These gains were partially offset by no employee turnover.

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: 

Douglas H. Lozen, EA, MAAA

By: 

Tyler A. Koftan

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2014	19.4%
(2) Summary of Contribution Impact by component:	
Change in Available State Money	0.4%
Investment Return (Actuarial Asset Basis)	-1.4%
Salary Increases	-0.5%
Payroll Change	0.1%
Payroll Growth Assumption	-0.2%
Active Decrements	0.5%
Inactive Mortality	0.0%
Change in Administrative Expense	0.2%
Assumption Change	0.0%
Other	<u>-0.9%</u>
(Primarily due to a larger than expected decrease in the UAAL)	
Total Change in Contribution	-1.8%
(3) Contribution Determined as of October 1, 2015	17.6%

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Change

For the purpose of compliance with Part VII of Chapter 112, Florida Statutes, the payroll growth assumption (utilized for amortization of the Unfunded Actuarial Accrued Liability) is limited to the actual ten-year payroll growth average, determined as of the valuation date. Accordingly, this assumption has been lowered from 3.5% to 1.9% in conjunction with this valuation of the Plan.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	30	28
Service Retirees	5	5
Beneficiaries	0	0
Disability Retirees	1	1
Terminated Vested	<u>0</u>	<u>0</u>
Total	36	34
Total Annual Payroll	\$1,720,431	\$1,565,155
Payroll Under Assumed Ret. Age	1,516,967	1,482,094
Annual Rate of Payments to:		
Service Retirees	198,520	198,520
Beneficiaries	0	0
Disability Retirees	11,532	11,532
Terminated Vested	0	0
B. Assets		
Actuarial Value ¹	10,146,266	8,968,043
Market Value ¹	9,720,401	9,922,599
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	7,911,985	7,107,573
Disability Benefits	131,147	124,583
Death Benefits	33,556	32,831
Vested Benefits	638,131	641,544
Refund of Contributions	7,727	5,287
Service Retirees	2,580,319	2,592,053
Beneficiaries	0	0
Disability Retirees	153,805	154,229
Terminated Vested	0	0
Share Balances ¹	<u>748,483</u>	<u>701,986</u>
Total	12,205,153	11,360,086

C. Liabilities - (Continued)	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	11,491,827	11,149,060
Present Value of Future Member Contributions	689,510	668,944
Normal Cost (Retirement)	252,429	247,721
Normal Cost (Disability)	11,911	10,808
Normal Cost (Death)	1,824	1,800
Normal Cost (Vesting)	47,180	46,850
Normal Cost (Refunds)	<u>1,890</u>	<u>1,550</u>
Total Normal Cost	315,234	308,729
Present Value of Future Normal Costs	2,245,530	2,188,115
Accrued Liability (Retirement)	6,062,934	5,310,292
Accrued Liability (Disability)	48,999	48,086
Accrued Liability (Death)	20,532	19,834
Accrued Liability (Vesting)	343,501	345,141
Accrued Liability (Refunds)	1,050	350
Accrued Liability (Inactives)	2,734,124	2,746,282
Share Balances ¹	<u>748,483</u>	<u>701,986</u>
Total Actuarial Accrued Liability	9,959,623	9,171,971
Unfunded Actuarial Accrued Liability (UAAL)	(186,643)	203,928
Funded Ratio (AVA / AL)	101.9%	97.8%
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	2,734,124	2,746,282
Actives	3,427,145	2,884,680
Share Balances	748,483	701,986
Member Contributions	<u>1,080,375</u>	<u>985,596</u>
Total	7,990,127	7,318,544
Non-vested Accrued Benefits	<u>482,049</u>	<u>425,473</u>
Total Present Value Accrued Benefits	8,472,176	7,744,017
Funded Ratio (MVA / PVAB)	114.7%	128.1%
 Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	365,287	
Benefits Paid	(210,052)	
Interest	572,924	
Other	<u>0</u>	
Total	728,159	

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	21.6	21.6
Administrative Expenses (with interest) % of Total Annual Payroll ²	3.3	3.1
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 28 years (as of 10/1/2015, with interest) % of Total Annual Payroll ²	2.7	5.2
Total Required Contribution % of Total Annual Payroll ²	27.6	29.9
Expected Member Contributions % of Total Annual Payroll ²	6.0	6.0
Expected City and State Contribution % of Total Annual Payroll ²	21.6	23.9

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
Total Required Contribution	502,329
City and State Requirement	407,550
Actual Contributions Made:	
Members (excluding buyback)	94,779
City	347,564
State	<u>59,986</u> ³
Total	502,329

G. Net Actuarial (Gain)/Loss (266,516)

¹ The asset values and liabilities include accumulated Share 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 \$1,516,967.

³ Reflects traditional interpretation of Chapter 99-1, Florida Statutes. Excess State Monies are allocated to the Share Plan.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	(186,643)
2016	(187,179)
2017	(187,499)
2024	(181,715)
2030	(159,773)
2037	(99,845)
2043	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	5.31%	5.88%
Year Ended	9/30/2014	-0.64%	5.90%
Year Ended	9/30/2013	3.74%	6.00%

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


		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	9.24%	7.50%
Year Ended	9/30/2014	10.12%	7.50%
Year Ended	9/30/2013	9.50%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$1,720,431
	10/1/2005	1,419,308
(b) Total Increase		21.2%
(c) Number of Years		10.00
(d) Average Annual Rate		1.9%

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.



Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

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	\$203,928
(2) Sponsor Normal Cost developed as of October 1, 2014	219,803
(3) Expected administrative expenses for the year ended September 30, 2015	44,645
(4) Expected interest on (1), (2) and (3)	33,454
(5) Sponsor contributions to the System during the year ended September 30, 2015	407,550
(6) Expected interest on (5)	14,407
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	79,873
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	(266,516)
(10) Unfunded Accrued Liability as of October 1, 2015	(186,643)

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2015 Amount</u>	<u>Amortization Amount</u>
Method Change	10/1/2004	19	285,941	\$23,342
Experience Loss	10/1/2004	13	254,973	26,503
Experience Loss	10/1/2005	13	6,794	706
Experience Gain	10/1/2006	13	(106,605)	(11,081)
Experience Loss	10/1/2007	13	28,877	3,002
Experience Gain	10/1/2008	3	(105,661)	(37,120)
Method Change	10/1/2008	13	(123,688)	(12,857)
Experience Loss	10/1/2009	4	305,969	82,736
Experience Loss	10/1/2010	5	282,812	62,770
Assumption	10/1/2010	15	72,649	6,859
Experience Loss	10/1/2011	6	388,882	73,780
Experience Gain	10/1/2012	7	(45,121)	(7,525)
Assumption	10/1/2012	17	(398,810)	(34,784)
Experience Gain	10/1/2013	8	(263,689)	(39,452)
Benefit Change	10/1/2013	28	(11,546)	(775)
Experience Gain	10/1/2014	9	(432,389)	(58,943)
Reconciliation Base	10/1/2015	20	(59,515)	(4,719)
Experience Gain	10/1/2015	10	<u>(266,516)</u>	<u>(33,509)</u>
			(186,643)	38,933

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$203,928
(2) Expected UAAL as of October 1, 2015	79,873
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(158,775)
Salary Increases	(60,705)
Active Decrements	52,820
Inactive Mortality	456
Other	<u>(100,312)</u>
Increase in UAAL due to (Gain)/Loss	(266,516)
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2015	(\$186,643)

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

RP 2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. We believe this sufficiently accounts for future mortality improvements.

Interest Rate

7.5% per year compounded annually, net of investment-related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

Normal Retirement

<u>Years Eligible for Normal Retirement</u>	<u>Retirement Probability</u>
0	60%
1	0%
2	0%
3	0%
4	0%
5	100%

In addition to the above table, 100% Retirement is assumed upon the attainment of age 55 with 5 years of Credited Service. This assumption is based on the results of an experience study for the period 1999 – 2012.

Disability Rates

See table below for sample rates. 75% of Disability Retirements are assumed to be service-incurred.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>
20	0.06%
30	0.08
40	0.14
50	0.36%

This assumption is based on the results of an experience study examining Disability Retirements from plan inception through 2012.

Administrative Expenses

\$48,746 per year. This is equal to the non-investment-related expenses from the prior year.

Payroll Growth

1.9% (previously 3.5%) per year.

Funding Method

Entry Age Normal Actuarial Cost Method.

Asset Smoothing Methodology

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 de minimis bias that is above or below the Market Value of Assets.

Salary Increases

<u>Credited Service</u>	<u>Assumption</u>
Less than 10 Years	6.5%
10-15 Years	6.0%
15 Years and Greater	5.0%

This assumption is based on the results of an experience study for the period 1999 – 2012.

Final Salary Load

<u>Years of Credited Service as of October 1, 2012</u>	<u>Assumption</u>
0	No Load
Less than 10 years	10%
10 or more years	20%

Termination Rates

<u>Credited Service</u>	<u>Assumption</u>
Less than 5 years	7.5%
5 or more years	4.0%

This assumption is based on the results of an experience study for the period 1999 – 2012.

Early Retirement

Commencing at eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5% per year. We feel this is reasonable based on Plan provisions.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay as of 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 determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

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.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1993	19,117.38	_____%
1994	23,283.09	21.8%
1995	21,636.86	-7.1%
1996	23,899.69	10.5%
1997	25,299.42	5.9%
1998	47,642.95	88.3%
1999	41,330.46	-13.2%
2000	13,141.01	-68.2%
2001	99,059.22	653.8%
2002	59,783.17	-39.6%
2003	62,787.48	5.0%
2004	74,704.18	19.0%
2005	76,405.86	2.3%
2006	89,820.32	17.6%
2007	98,797.85	10.0%
2008	126,392.81	27.9%
2009	149,161.09	18.0%
2010	125,314.59	-16.0%
2011	163,191.25	30.2%
2012	164,655.18	0.9%
2013	129,102.65	-21.6%
2014	155,381.68	20.4%
2015	150,763.30	-3.0%

EXCESS STATE MONIES RESERVE

	Regular Distribution			Special Distribution		
	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>	<u>Actual State Contribution ¹</u>	<u>Applicable "Frozen" Amount ¹</u>	<u>Excess State Monies Reserve</u>
1999	\$29,676.24	\$55,291.58	\$0.00	\$11,654.22	\$11,654.22	\$0.00
2000	42,819.90	53,291.58	0.00	13,141.01	13,654.22	0.00
2001	50,806.32	55,291.58	0.00	5,433.00	11,654.22	0.00
2002	59,387.22	55,291.58	4,095.64	395.95	11,654.22	0.00
2003	60,579.48	55,291.58	5,287.90	2,208.00	11,654.22	0.00
2004	70,534.72	55,291.58	15,243.14	4,169.46	11,654.22	0.00
2005	71,009.94	55,291.58	15,718.36	5,395.92	11,654.22	0.00
2006	83,487.36	55,291.58	28,195.78	6,332.96	11,654.22	0.00
2007	90,304.80	55,291.58	35,013.22	8,493.05	11,654.22	0.00
2008	94,710.49	55,291.58	39,418.91	31,682.32	11,654.22	20,028.10
2009	94,421.39	55,291.58	39,129.81	54,739.70	11,654.22	43,085.48
2010	95,018.30	55,291.58	39,726.72	30,296.29	11,654.22	18,642.07
2011	138,045.47	55,291.58	82,753.89	25,145.78	11,654.22	13,491.56
2012	157,110.98	55,291.58	101,819.40	7,544.20	11,654.22	0.00
2013	119,654.61	55,291.58	64,363.03	9,448.04	11,654.22	0.00
2014	144,252.85	55,291.58	88,961.27	11,128.83	11,654.22	0.00
2015	146,068.89	55,291.58	<u>90,777.31</u>	4,694.41	11,654.22	<u>0.00</u>
			650,504.38			95,247.21
			650,504.38			
			<u>95,247.21</u>			
			745,751.59			
			(745,751.59)			
			\$0.00			

¹ Supplemental Distribution accrued beginning with the fiscal year ending September 30, 2013.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	304,779.08	304,779.08
Total Cash and Equivalents	304,779.08	304,779.08
Receivables:		
State Contributions	4,694.41	4,694.41
Investment Income	13,145.10	13,145.10
Total Receivable	17,839.51	17,839.51
Investments:		
U. S. Bonds and Bills	78,678.60	88,143.48
Corporate Bonds	2,437,178.86	2,455,411.92
Municipal Obligations	179,137.50	206,607.00
Certificates of Deposits	50,000.00	50,077.50
Stocks	5,926,269.95	6,638,812.75
Total Investments	8,671,264.91	9,439,052.65
Total Assets	8,993,883.50	9,761,671.24
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	5,000.00	5,000.00
Administrative Expenses	2,514.27	2,514.27
Prepaid City Contribution	33,756.31	33,756.31
Total Liabilities	41,270.58	41,270.58
NET POSITION RESTRICTED FOR PENSIONS	8,952,612.92	9,720,400.66

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

ADDITIONS

Contributions:		
Member		94,779.10
City		347,564.14
State		150,763.30
Total Contributions		593,106.54
Investment Income:		
Net Realized Gain (Loss)	773,067.98	
Unrealized Gain (Loss)	(1,396,776.34)	
Net Increase in Fair Value of Investments		(623,708.36)
Interest & Dividends		159,564.98
Less Investment Expense ¹		(72,362.92)
Net Investment Income		(536,506.30)
Total Additions		56,600.24

DEDUCTIONS

Distributions to Members:		
Benefit Payments		210,052.20
Lump Sum DROP Distributions		0.00
Lump Sum Share Distributions		0.00
Refunds of Member Contributions		0.00
Total Distributions		210,052.20
Administrative Expense		48,746.46
Total Deductions		258,798.66
Net Increase in Net Position		(202,198.42)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		9,922,599.08
End of the Year		9,720,400.66

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

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

REVENUES

Contributions:		
Member	94,779.10	
City	347,564.14	
State	150,763.30	
 Total Contributions		 593,106.54
Earnings from Investments:		
Interest & Dividends	159,564.98	
Net Realized Gain (Loss)	773,067.98	
Change in Actuarial Value	(16,355.40)	
 Total Earnings and Investment Gains		 916,277.56

EXPENDITURES

Distributions to Members:		
Benefit Payments	210,052.20	
Lump Sum DROP Distributions	0.00	
Lump Sum Share Distributions	0.00	
Refunds of Member Contributions	0.00	
 Total Distributions		 210,052.20
Expenses:		
Investment related ¹	72,362.92	
Administrative	48,746.46	
 Total Expenses		 121,109.38
 Change in Net Assets for the Year		 1,178,222.52
 Net Assets Beginning of the Year		 8,968,043.47
 Net Assets End of the Year ²		 10,146,265.99

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

²Net Assets may be limited for actuarial consideration.

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	20.10%	
09/30/2013	10.25%	
09/30/2014	13.59%	
09/30/2015	-5.33%	
Annualized Rate of Return for prior four (4) years:		9.24%
(A) 10/01/2014 Actuarial Assets:		\$8,968,043.47
(I) Net Investment Income:		
1. Interest and Dividends	159,564.98	
2. Realized Gains (Losses)	773,067.98	
3. Change in Actuarial Value	(16,355.40)	
4. Investment Related Expenses	(72,362.92)	
Total		843,914.64
(B) 10/01/2015 Actuarial Assets:		\$10,146,265.99
Actuarial Asset Rate of Return = 2I/(A+B-I):		9.24%
10/01/2015 Limited Actuarial Assets:		\$10,146,265.99
10/01/2015 Market Value of Assets:		\$9,720,400.66
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$158,774.83

*Market Value Basis, net of investment related expenses.

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

(1)	Total Required Contribution Rate	31.8%
(2)	Pensionable Payroll Derived from Member Contributions	\$1,579,651.67
(3)	Total Required Contribution (1) x (2)	502,329.23
(4)	Less Actual Member Contributions	(94,779.10)
(5)	Less Allowable State Contribution	<u>(59,985.99)</u>
(6)	Equals Required City Contribution for Fiscal 2015	347,564.14
(7)	Less 2014 Prepaid Contribution	(26,421.19)
(8)	Less Actual City Contributions	<u>(354,899.26)</u>
(9)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2015	<u>(\$33,756.31)</u>

SHARE ACCOUNT ACTIVITY
October 1, 2014 to September 30, 2015

09/30/2014 Balance	\$701,986.49
Plus Additions	\$90,777.31
Investment Return Earned	(\$44,281.12)
Less Distributions	\$0.00
09/30/2015 Balance	\$748,482.68

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	27	26	28	30
Average Current Age	39.9	40.0	40.3	40.5
Average Age at Employment	27.9	27.7	27.7	28.8
Average Past Service	12.0	12.3	12.6	11.7
Average Annual Salary	\$56,622	\$57,777	\$55,898	\$57,348
<u>Service Retirees</u>				
Number			5	5
Average Current Age			49.5	50.5
Average Annual Benefit			\$39,704	\$39,704
<u>Beneficiaries</u>				
Number			0	0
Average Current Age			N/A	N/A
Average Annual Benefit			N/A	N/A
<u>Disability Retirees</u>				
Number			1	1
Average Current Age			37.3	38.3
Average Annual Benefit			\$11,532	\$11,532
<u>Terminated Vested</u>				
Number			0	0
Average Current Age			N/A	N/A
Average Annual Benefit			N/A	N/A

¹ Prior to 10/1/2015, 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	1	1	0	0	0	0	0	0	0	0	0	2
25 - 29	0	0	1	0	0	1	0	0	0	0	0	2
30 - 34	0	0	0	0	0	0	4	0	0	0	0	4
35 - 39	0	1	0	0	0	3	2	0	0	0	0	6
40 - 44	0	0	0	0	0	0	3	1	0	0	0	4
45 - 49	0	0	0	0	0	0	3	2	1	1	0	7
50 - 54	0	0	0	0	0	0	0	2	1	0	0	3
55 - 59	1	0	0	0	0	0	1	0	0	0	0	2
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	2	2	1	0	0	4	13	5	2	1	0	30

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	28
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. Continuing participants	28
g. New entrants	<u>2</u>
h. Total active life participants in valuation	30

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	5	0	1	0	6
Retired	0	0	0	0	0
Vested Deferred	0	0	0	0	0
Death, With Survivor	0	0	0	0	0
Death, No Survivor	0	0	0	0	0
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	0	0
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
b. Number current valuation	5	0	1	0	6

SUMMARY OF PLAN PROVISIONS
(Through Ordinance 2014-O-20)

<u>Eligibility</u>	Full-time firefighters shall participate in the system as a condition of employment (Fire Chief may opt out).
<u>Salary</u>	Prior to October 1, 2012 – Total Compensation. On and after October 1, 2012 – Fixed monthly remuneration, including overtime up to 300 hours per year. Accruals of sick and vacation time on and after October 1, 2012 are not pensionable.
<u>Average Final Compensation (AFC)</u>	Average Salary for the highest 5 years during the 10 years immediately preceding retirement or termination.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City as a Firefighter.
<u>Member Contributions</u>	6.0% of Salary.
<u>City and State Contributions</u>	Remaining amount necessary to pay current costs and amortize past service cost, if any, as provided in Part VII of Florida Statutes, Chapter 112.
<u>Normal Retirement</u>	
Date	The earlier of: 1) age 55 and the completion of 5 years of Credited Service, or 2) the completion of 20 years of Credited Service, regardless of age.
Benefit	3.0% of Average Final Compensation times Credited Service.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Date	Age 50 and 10 years of Credited Service.
Benefit	Determined as for Normal Retirement and reduced 3.0% for each year that Early Retirement precedes Normal Retirement.

Disability Benefit

Eligibility

Service Incurred Covered from Date of Employment.

Non-Service Incurred 5 years of Credited Service.

Exclusions

Disability resulting from use of drugs, illegal participation in riots, service in military, etc.

Benefit

Benefit accrued to date of disability. Minimum benefit for Service Incurred is 42% of AFC, for Non-Service Incurred is 25% of AFC. For Disability purposes only, the greater of AFC or Compensation at the time of Disability is used.

Duration

Payable for life (with 120 monthly payments guaranteed), or until recovery (as determined by the Board).

Death Benefits

Pre-Retirement

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

Not Vested Refund of accumulated contributions without interest.

Post-Retirement According to optional form of benefit selected.

Termination of Employment

Benefit

Less than 5 years Refund of accumulated contributions without interest.

5 or more Refund of Contributions or Accrued benefit payable at retirement age.

Board of Trustees

- a. Two Council appointees,
- 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 Plan

Eligibility	Eligibility for Normal Retirement.
Participation	Not to exceed 60 months.
Rate of Return	Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.
Form of Distribution	Cash lump sum at termination of employment.

Chapter 175 Share Accounts

Allocation	Each year, commencing October 1, 2008, premium tax monies received pursuant to Chapter 175, Florida Statutes in excess of the 1998 Base Amount plus improvements will be allocated to individual Member Share accounts based on full years of credited service with the City.
Investment Earnings	Net rate of investment return, based on days worked.
Distribution	Lump sum payment at retirement, termination, disability, or death.
Vesting Schedule	Same as for other benefits (see above).

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	304,779
Total Cash and Equivalents	304,779
Receivables:	
State Contributions	4,694
Investment Income	13,145
Total Receivable	17,839
Investments:	
U. S. Bonds and Bills	88,143
Corporate Bonds	2,455,412
Municipal Obligations	206,607
Certificates of Deposits	50,078
Stocks	6,638,813
Total Investments	9,439,053
Total Assets	9,761,671
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	5,000
Administrative Expenses	2,514
Total Liabilities	7,514
NET POSITION RESTRICTED FOR PENSIONS	9,754,157

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

ADDITIONS

Contributions:

Member	93,950	
City	354,899	
State	150,763	
 Total Contributions		 599,612
 Investment Income:		
Net Increase in Fair Value of Investments	(623,709)	
Interest & Dividends	159,565	
Less Investment Expense ¹	(72,363)	
 Net Investment Income		 (536,507)
 Total Additions		 63,105

DEDUCTIONS

Distributions to Members:

Benefit Payments	210,052	
Lump Sum DROP Distributions	0	
Lump Sum Share Distributions	0	
Refunds of Member Contributions	0	
 Total Distributions		 210,052
 Administrative Expense		 48,746
 Total Deductions		 258,798
 Net Increase in Net Position		 (195,693)
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		9,949,850
 End of the Year		 9,754,157

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 Council appointees,
- 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	6
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	28
	34
	34

Benefits Provided

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

Normal Retirement:

Date: The earlier of: 1) age 55 and the completion of 5 years of Credited Service, or 2) the completion of 20 years of Credited Service, regardless of age.

Benefit: 3.0% of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 50 and 10 years of Credited Service.

Benefit: Determined as for Normal Retirement and reduced 3.0% for each year that Early Retirement precedes Normal Retirement.

Termination of Employment:

Less than 5 years: Refund of accumulated contributions without interest.

5 or more: Refund of Contributions or Accrued benefit payable at retirement age.

Disability:

Eligibility: Service Incurred Covered from Date of Employment.

Non-Service Incurred 5 years of Credited Service.

Benefit: Benefit accrued to date of disability. Minimum benefit for Service Incurred is 42% of AFC, for Non-Service Incurred is 25% of AFC. For Disability purposes only, the greater of AFC or Compensation at the time of Disability is used.

Pre-Retirement Death Benefits:

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

Not Vested: Refund of accumulated contributions without interest.

Chapter 175 Share Accounts:

Allocation: Each year, commencing October 1, 2008, premium tax monies received pursuant to Chapter 175, Florida Statutes in excess of the 1998 Base Amount plus improvements will be allocated to individual Member Share accounts based on full years of credited service with the City.

Investment Earnings: Net rate of investment return, based on days worked.

Distribution: Lump sum payment at retirement, termination, disability, or death.

Vesting Schedule: Same as for other benefits (see above).

Contributions

Member: 6.0% of Salary.

City and State Contribution: Remaining amount necessary to pay current costs and amortize past service cost, if any, as provided in Part VII of Florida Statutes, Chapter 112.

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	50%
International Equity	15%
Domestic Fixed Income	35%
Total	<u>100%</u>

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 -5.33 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: for Normal Retirement.

Participation: Not to exceed 60 months.

Rate of Return: Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.

The DROP balance as September 30, 2015 is \$0.

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	\$ 9,869,987
Plan Fiduciary Net Position	\$ (9,754,157)
Sponsor's Net Pension Liability	<u>\$ 115,830</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	98.83%

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	5.00% - 6.50%
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate: RP 2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. We believe this sufficiently accounts for future mortality improvements

The significant assumptions are based upon the most recent actuarial experience study dated June 11th, 2013 for the period 1990 - 2012.

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:

<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%

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 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
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Sponsor's Net Pension Liability	\$ 1,301,179	\$ 115,830	\$ (868,691)

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	317,342	323,511	300,940
Interest	715,242	652,070	601,821
Share Plan Allocation	90,777	88,962	-
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(367,566)	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(210,052)	(222,096)	(288,611)
Net Change in Total Pension Liability	545,743	842,447	614,150
Total Pension Liability - Beginning	9,324,244	8,481,797	7,867,647
Total Pension Liability - Ending (a)	<u>\$ 9,869,987</u>	<u>\$ 9,324,244</u>	<u>\$ 8,481,797</u>
Plan Fiduciary Net Position			
Contributions - Employer	354,899	392,863	469,302
Contributions - State	150,763	155,382	129,103
Contributions - Employee	93,950	88,869	87,309
Net Investment Income	(536,507)	1,160,776	766,338
Benefit Payments, including Refunds of Employee Contributions	(210,052)	(222,096)	(288,611)
Administrative Expense	(48,746)	(44,645)	(18,869)
Net Change in Plan Fiduciary Net Position	(195,693)	1,531,149	1,144,572
Plan Fiduciary Net Position - Beginning	9,949,850	8,418,701	7,274,129
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,754,157</u>	<u>\$ 9,949,850</u>	<u>\$ 8,418,701</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 115,830</u>	<u>\$ (625,606)</u>	<u>\$ 63,096</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	98.83%	106.71%	99.26%
Covered Employee Payroll*	\$ 1,579,650	\$ 1,467,330	\$ 1,455,154
Net Pension Liability as a percentage of Covered Employee Payroll	7.33%	-42.64%	4.34%

Notes to Schedule:

*The Covered Employee Payroll figures were not available. Pensionable Salaries have been reported instead.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	407,550	432,862	534,041
Contributions in relation to the Actuarially Determined Contributions	414,885	459,283	534,041
Contribution Deficiency (Excess)	\$ (7,335)	\$ (26,421)	\$ -
Covered Employee Payroll*	\$ 1,579,650	\$ 1,467,330	\$ 1,455,154
Contributions as a percentage of Covered Employee Payroll	26.26%	31.30%	36.70%

*The Covered Employee Payroll figures were not available. Pensionable Salaries have been reported instead.

Notes to Schedule

Valuation Date: 10/01/2013 (AIS 08/22/2014)
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).
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.
Interest Rate: 7.5% per year compounded annually, net of investment related expenses.

Normal Retirement: Years Eligible

for Normal Retirement	Retirement Probability
0	60%
1	0%
2	0%
3	0%
4	0%
5	100%

In addition to the above table, 100% Retirement is assumed upon the attainment of age 55 with 5 years of Credited Service.

Disability Rates: See table below. 75% of Disability Retirements are assumed to be service-incurred.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>
20	0.06%
30	0.08%
40	0.14%
50	0.36%

Payroll Growth: 3.5% (previously 4.4%) per year.
Asset Smoothing Methodology: 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 de minis bias that is above or below the Market Value of Assets.
Inflation: 3.0% per year.

GASB 67

Salary Increases:

Credited Service	Assumption
Less than 10 Years	6.5%
10-15 Years	6.0%
15 Years and Greater	5.0%

Final Salary Load:

Years of Credited Service as of October 1, 2012	Assumption
0	No Load
Less than 10 years	10.0%
10 or more years	20.0%

A flat 20% load was utilized for valuations prior to October 1, 2014.

Termination Rates:

Credited Service	Assumption
Less than 6 years	7.5%
5 or more years	4.0%

Early Retirement:

Commencing at eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5% per year.

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	-5.33%	13.59%	10.25%

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 Council appointees,
- 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 firefighters shall participate in the system as a condition of employment (Fire Chief may opt out).

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	6
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	28
	34
	34

Benefits Provided

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

Normal Retirement:

Date: The earlier of: 1) age 55 and the completion of 5 years of Credited Service, or 2) the completion of 20 years of Credited Service, regardless of age.

Benefit: 3.0% of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 50 and 10 years of Credited Service.

Benefit: Determined as for Normal Retirement and reduced 3.0% for each year that Early Retirement precedes Normal Retirement.

Termination of Employment:

Less than 5 years: Refund of accumulated contributions without interest.

5 or more: Refund of Contributions or Accrued benefit payable at retirement age.

Disability:

Eligibility: Service Incurred Covered from Date of Employment.

Non-Service Incurred 5 years of Credited Service.

Benefit: Benefit accrued to date of disability. Minimum benefit for Service Incurred is 42% of AFC, for Non-Service Incurred is 25% of AFC. For Disability purposes only, the greater of AFC or Compensation at the time of Disability is used.

Pre-Retirement Death Benefits:

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

Not Vested: Refund of accumulated contributions without interest.

Chapter 175 Share Accounts:

Allocation: Each year, commencing October 1, 2008, premium tax monies received pursuant to Chapter 175, Florida Statutes in excess of the 1998 Base Amount plus improvements will be allocated to individual Member Share accounts based on full years of credited service with the City.

Investment Earnings: Net rate of investment return, based on days worked.

Distribution: Lump sum payment at retirement, termination, disability, or death.

Vesting Schedule: Same as for other benefits (see above).

Contributions

Member: 6.0% of Salary.

City and State Contribution: Remaining amount necessary to pay current costs and amortize past service cost, if any, as provided in Part VII of Florida Statutes, Chapter 112.

GASB 68

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	5.00% - 6.50%
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate: RP 2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. We believe this sufficiently accounts for future mortality improvements

The significant assumptions are based upon the most recent actuarial experience study dated June 11th, 2013 for the period 1990 - 2012.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	50%	7.5%
International Equity	15%	8.5%
Domestic Fixed Income	35%	2.5%
<u>Total</u>	<u>100%</u>	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 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)
Reporting Period Ending September 30, 2015	\$ 9,324,244	\$ 9,949,850	\$ (625,606)
Changes for a Year:			
Service Cost	317,342	-	317,342
Interest	715,242	-	715,242
Share Plan Allocation	90,777	-	90,777
Differences between Expected and Actual Experience	(367,566)	-	(367,566)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	354,899	(354,899)
Contributions - State	-	150,763	(150,763)
Contributions - Employee	-	93,950	(93,950)
Net Investment Income	-	(536,507)	536,507
Benefit Payments, including Refunds of Employee Contributions	(210,052)	(210,052)	-
Administrative Expense	-	(48,746)	48,746
Net Changes	545,743	(195,693)	741,436
Reporting Period Ending September 30, 2016	\$ 9,869,987	\$ 9,754,157	\$ 115,830

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 1,301,179	\$ 115,830	\$ (868,691)

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 \$381,318.

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	-	315,056
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	644,491	-
Employer and State contributions subsequent to the measurement date	TBD	-
Total	\$ 644,491	\$ 315,056

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State 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	\$	62,179
2018	\$	62,179
2019	\$	103,499
2020	\$	206,596
2021	\$	(52,509)
Thereafter	\$	(52,509)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

Reporting Period Ending Measurement Date	09/30/2016 09/30/2015	09/30/2015 09/30/2014	09/30/2014 09/30/2013
Total Pension Liability			
Service Cost	317,342	323,511	300,940
Interest	715,242	652,070	601,821
Share Plan Allocation	90,777	88,962	-
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(367,566)	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(210,052)	(222,096)	(288,611)
Net Change in Total Pension Liability	545,743	842,447	614,150
Total Pension Liability - Beginning	9,324,244	8,481,797	7,867,647
Total Pension Liability - Ending (a)	<u>\$ 9,869,987</u>	<u>\$ 9,324,244</u>	<u>\$ 8,481,797</u>
Plan Fiduciary Net Position			
Contributions - Employer	354,899	392,863	469,302
Contributions - State	150,763	155,382	129,103
Contributions - Employee	93,950	88,869	87,309
Net Investment Income	(536,507)	1,160,776	766,338
Benefit Payments, including Refunds of Employee Contributions	(210,052)	(222,096)	(288,611)
Administrative Expense	(48,746)	(44,645)	(18,869)
Net Change in Plan Fiduciary Net Position	(195,693)	1,531,149	1,144,572
Plan Fiduciary Net Position - Beginning	9,949,850	8,418,701	7,274,129
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,754,157</u>	<u>\$ 9,949,850</u>	<u>\$ 8,418,701</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 115,830</u>	<u>\$ (625,606)</u>	<u>\$ 63,096</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	98.83%	106.71%	99.26%
Covered Employee Payroll	\$ 1,579,650	\$ 1,467,330	\$ 1,455,154
Net Pension Liability as a percentage of Covered Employee Payroll	7.33%	-42.64%	4.34%

Notes to Schedule:

**For Reporting Period Ending years 2014 and 2015, the Covered Employee Payroll figures were based on Pensionable Salary.*

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

Reporting Period Ending	09/30/2016	09/30/2015	09/30/2014
Measurement Date	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	407,550	432,862	534,041
Contributions in relation to the Actuarially Determined Contributions	414,885	459,283	534,041
Contribution Deficiency (Excess)	\$ (7,335)	\$ (26,421)	\$ -
Covered Employee Payroll	\$ 1,579,650	\$ 1,467,330	\$ 1,455,154
Contributions as a percentage of Covered Employee Payroll	26.26%	31.30%	36.70%

**For Reporting Period Ending years 2014 and 2015, the Covered Employee Payroll figures were based on Pensionable Salary.*

Notes to Schedule

Valuation Date: 10/01/2013 (AIS 08/22/2014)
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).
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.
Interest Rate: 7.5% per year compounded annually, net of investment related expenses.

Normal Retirement: Years Eligible

for Normal Retirement	Retirement Probability
0	60%
1	0%
2	0%
3	0%
4	0%
5	100%

In addition to the above table, 100% Retirement is assumed upon the attainment of age 55 with 5 years of Credited Service.

Disability Rates: See table below. 75% of Disability Retirements are assumed to be service-incurred.

Age	% Becoming Disabled During the Year
20	0.06%
30	0.08%
40	0.14%
50	0.36%

Payroll Growth: 3.5% (previously 4.4%) per year.

GASB 68

Asset Smoothing Methodology: 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 de minis bias that is above or below the Market Value of Assets.

Inflation: 3.0% per year.

Salary Increases:

Credited Service	Assumption
Less than 10 Years	6.50%
10-15 Years	6.00%
15 Years and Greater	5.00%

Final Salary Load:

Years of Credited Service as of October 1, 2012	Assumption
0	No Load
Less than 10 years	10.00%
10 or more years	20.00%

A flat 20% load was utilized for valuations prior to October 1, 2014.

Termination Rates:

Credited Service	Assumption
Less than 6 years	7.50%
5 or more years	4.00%
0	0.00%

Commencing at eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5% per year.

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ 63,096	\$ 165,276	\$ 548,245	\$ -
Employer and State contributions made after 09/30/2014	-	-	505,662	-
Total Pension Liability Factors:				
Service Cost	323,511	-	-	323,511
Interest	652,070	-	-	652,070
Share Plan Allocation	88,962	-	-	88,962
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	-	-	-
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(222,096)	-	-	(222,096)
Net change	<u>842,447</u>	<u>-</u>	<u>505,662</u>	<u>842,447</u>
Plan Fiduciary Net Position:				
Contributions - Employer	392,863	-	(392,863)	-
Contributions - State	155,382	-	(155,382)	-
Contributions - Employee	88,869	-	-	(88,869)
Net Investment Income	645,292	-	-	(645,292)
Difference between projected and actual earnings on Pension Plan investments	515,484	515,484	-	-
Current year amortization	-	(144,415)	-	(144,415)
Benefit Payments	(222,096)	-	-	222,096
Administrative Expenses	(44,645)	-	-	44,645
Net change	<u>1,531,149</u>	<u>371,069</u>	<u>(548,245)</u>	<u>(611,835)</u>
Ending Balance	<u>\$ (625,606)</u>	<u>\$ 536,345</u>	<u>\$ 505,662</u>	<u>\$ 230,612</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (625,606)	\$ 536,345	\$ 505,662	\$ -
Employer and State Contributions made after 09/30/2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	317,342	-	-	317,342
Interest	715,242	-	-	715,242
Share Plan Allocation	90,777	-	-	90,777
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(367,566)	367,566	-	-
Current year amortization of experience difference	-	(52,510)	-	(52,510)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(210,052)	-	-	(210,052)
Net change	<u>545,743</u>	<u>315,056</u>	<u>-</u>	<u>860,799</u>
Plan Fiduciary Net Position:				
Contributions - Employer	354,899	-	(354,899)	-
Contributions - State	150,763	-	(150,763)	-
Contributions - Employee	93,950	-	-	(93,950)
Net Investment Income	759,019	-	-	(759,019)
Difference between projected and actual earnings on Pension Plan investments	(1,295,526)	-	1,295,526	-
Current year amortization	-	(144,416)	(259,106)	114,690
Benefit Payments	(210,052)	-	-	210,052
Administrative Expenses	(48,746)	-	-	48,746
Net change	<u>(195,693)</u>	<u>(144,416)</u>	<u>530,758</u>	<u>(479,481)</u>
Ending Balance	<u>\$ 115,830</u>	<u>\$ 706,985</u>	<u>TBD</u>	<u>\$ 381,318</u>

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