

CITY OF ORMOND BEACH
FIREFIGHTERS' PENSION TRUST FUND

ACTUARIAL VALUATION AND REPORT
AS OF OCTOBER 1, 2015

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

December 8, 2015

Board of Trustees
City of Ormond Beach
Firefighters' Pension Trust Fund
22 South Beach Street
Ormond Beach, FL 32174

Re: City of Ormond Beach
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 Ormond Beach 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 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 City of Ormond Beach, 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 Ormond Beach, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Ormond Beach 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:

Patrick T. Donlan
Patrick T. Donlan, ASA, EA, MAAA
Enrolled Actuary #14-6595

PTD/lke

Enclosures

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SUMMARY OF REPORT

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

The contribution requirements developed in this valuation, compared with amounts developed in the December 7, 2015 Actuarial Impact Statement, determined as of October 1, 2014, are as follows:

Valuation Date	10/1/2014	10/1/2015
Applicable Plan/Fiscal Year End	<u>9/30/2016</u>	<u>9/30/2017</u>
Total Required Contribution % of Total Annual Payroll	69.3%	66.1%
Member Contributions (Est.) % of Total Annual Payroll	8.4%	8.4%
City and State Required Contribution % of Total Annual Payroll	60.9%	57.7%
State Contribution ¹ % of Total Annual Payroll	358,368 13.4%	358,368 13.4%
Balance from City ² % of Total Annual Payroll	47.5%	44.3%

¹ Represents the amount received in calendar 2015. The City may use up to \$364,512, if received, as outlined in Ordinance No. 2008-58, under the traditional interpretation of Chapter 99-1 Florida Statutes.

² 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 57.7% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 44.3% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Please note that the City has a shortfall contribution of \$19,342.10 that is due for the prior year.

As can be seen, the Total Required Contribution has decreased when expressed as a percentage of Total Annual Payroll. This is due to favorable experience over the past year. The principal component of favorable experience was a 10.3% investment return (Actuarial Asset Basis) that exceeded the 7.0 % assumption.

For informational purposes, the City's funding requirement, when expressed as a percentage of payroll,

including an estimate of the annual pay for the DROP participants, is approximately 40% for the fiscal year ending September 30, 2017. It is important to note that this funding rate is for illustration purposes only. The City should budget based on the information provided on page 5.

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: 
Patrick T. Donlan, EA, ASA, MAAA

By: 
Christine M. O'Neal, EA, ASA, MAAA

Plan Changes Since Prior Valuation

The following plan changes were made as a result of collective bargaining:

- 1.) Firefighters who enter the DROP or Bac DROP on or after May 20, 2014 will receive the same investment return that the total Fund earns, net of investment related expenses, with a minimum of 0.0% for each quarter. In order to value the impact of this change, the projected Normal Retirement Benefits were increased by 0.5%.
- 2.) Firefighters who are hired on or after May 20, 2014 will not be allowed to participate in the DROP or Bac DROP.
- 3.) Firefighters who are hired on or after May 20, 2014 will have a 2.75% benefit accrual rate for all years of service.
- 4.) Firefighters who are hired on or after May 20, 2014 will have a Normal Retirement of the earlier of 1.) Age 60, 2.) Age 55 and the completion of 10 years of Credited Service, and 3.) Age 52 and the completion of 25 years of Credited Service.
- 5.) The maximum number of hours of overtime that can be included in pensionable Salary will be 300 hours per year. It is assumed for the purpose of this Actuarial Impact Statement that this provision will not have an effect on any of the current Firefighters.
- 6.) The maximum amount of Personal Leave that can be included as pensionable Salary will be the amount that was accrued as of May 20, 2014.

As outlined in Ordinance No. 2008-58, a modification in the benefit accrual rate is required since the State contribution received in calendar 2015 was less than \$364,512. Under the prior structure, the benefit accrual rate was 3.37% for all years of service. As a result of the reduction in the State Monies, the new benefit accrual rate will be 3.37% for all years of service prior to January 1, 2016 and 3.35% for all years of service on and after January 1, 2016. If the State Monies received in calendar 2016 fall below or above the 2015 amount, then the benefit accrual rate will need to be adjusted for future years of Credited Service.

The impact of this change is outlined in our Actuarial Impact Statement dated December 7, 2015.

Actuarial Assumption/Method Changes

The only assumption change made since the prior valuation was the 0.5% load on the Normal Retirement Benefit liability for Members hired before May 20, 2014 to value the impact of the investment guarantee on the DROP and BacDROP Balances.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	41	42
Service Retirees	31	32
DROP Retirees	4	4
Beneficiaries	1	0
Disability Retirees	2	2
Terminated Vested	<u>4</u>	<u>2</u>
Total	83	82
Total Annual Payroll	\$2,665,290	\$2,592,731
Payroll Under Assumed Ret. Age	2,665,290	2,592,731
Annual Rate of Payments to:		
Service Retirees	1,459,375	1,485,209
DROP Retirees	220,984	220,984
Beneficiaries	25,833	0
Disability Retirees	32,970	32,970
Terminated Vested	75,659	46,448
B. Assets		
Actuarial Value ¹	24,985,157	22,500,427
Market Value ¹	23,887,029	24,133,824
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	16,208,629	15,258,849
Disability Benefits	88,341	93,841
Death Benefits	52,038	55,189
Vested Benefits	976,054	1,018,155
Refund of Contributions	33,064	45,421
Service Retirees	16,487,815	17,059,207
DROP Retirees ¹	3,377,848	3,163,675
Beneficiaries	313,692	0
Disability Retirees	323,353	329,488
Terminated Vested	627,938	382,058
Excess State Monies Reserve	<u>334,809</u>	<u>334,809</u>
Total	38,823,581	37,740,692

C. Liabilities - (Continued)	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	13,369,243	14,624,941
Present Value of Future Member Contributions	1,123,016	1,228,495
Normal Cost (Retirement)	661,114	642,567
Normal Cost (Disability)	11,823	11,203
Normal Cost (Death)	4,333	4,126
Normal Cost (Vesting)	68,919	69,848
Normal Cost (Refunds)	<u>6,101</u>	<u>9,084</u>
Total Normal Cost	752,290	736,827
Present Value of Future Normal Costs	3,703,343	4,041,887
Accrued Liability (Retirement)	12,994,704	11,752,428
Accrued Liability (Disability)	41,044	41,194
Accrued Liability (Death)	34,877	35,952
Accrued Liability (Vesting)	574,541	588,079
Accrued Liability (Refunds)	9,617	11,915
Accrued Liability (Inactives) ¹	21,130,646	20,934,428
Excess State Monies Reserve	<u>334,809</u>	<u>334,809</u>
Total Actuarial Accrued Liability	35,120,238	33,698,805
Unfunded Actuarial Accrued Liability (UAAL)	10,135,081	11,198,378
Funded Ratio (AVA / AL)	71.1%	66.8%
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	21,130,646	20,934,428
Actives	8,354,134	6,840,780
Member Contributions	<u>2,283,721</u>	<u>2,246,393</u>
Total	31,768,501	30,021,601
Non-vested Accrued Benefits	<u>427,999</u>	<u>687,658</u>
Total Present Value Accrued Benefits	32,196,500	30,709,259
Funded Ratio (MVA / PVAB)	74.2%	78.6%
 Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	908,474	
Benefits Paid	(1,517,760)	
Interest	2,096,527	
Other	<u>0</u>	
Total	1,487,241	

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	29.2	29.4
Administrative Expenses (with interest) % of Total Annual Payroll ²	1.6	1.2
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2015) % of Total Annual Payroll ²	35.3	38.7
Total Required Contribution % of Total Annual Payroll ²	66.1	69.3
Expected Member Contributions % of Total Annual Payroll ²	8.4	8.4
Expected City & State Contribution % of Total Annual Payroll ²	57.7	60.9

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
Total Required Contribution	1,708,662
City and State Requirement	1,494,441
Actual Contributions Made:	
Members (excluding buyback)	214,220
City	1,136,074
State	<u>358,368</u>
Total	1,708,662

G. Net Actuarial (Gain)/Loss (899,396)

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 \$2,665,290.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	10,135,081
2016	9,871,068
2017	9,597,645
2024	7,058,120
2031	3,042,462
2038	264,754
2045	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	5.47%	5.50%
Year Ended	9/30/2014	5.64%	5.50%
Year Ended	9/30/2013	1.34%	5.50%

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

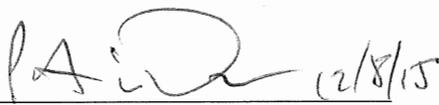
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	10.33%	7.00%
Year Ended	9/30/2014	10.61%	7.25%
Year Ended	9/30/2013	9.54%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$2,665,290
	10/1/2005	2,930,437
(b) Total Increase		-9.05%
(c) Number of Years		10.00
(d) Average Annual Rate		-0.94%

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.


Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #14-6595

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	\$11,198,378
(2)	Sponsor Normal Cost developed as of October 1, 2014	519,039
(3)	Expected administrative expenses for the year ended September 30, 2015	31,122
(4)	Expected interest on (1), (2) and (3)	821,308
(5)	Sponsor contributions to the System during the year ended September 30, 2015	1,494,442
(6)	Expected interest on (5)	40,928
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	11,034,477
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(899,396)
(10)	Unfunded Accrued Liability as of October 1, 2015	10,135,081

Type of Base	Date Established	Years Remaining	10/1/2015 Amount	Amortization Amount
	10/1/1986	1	\$8,481	\$8,481
	10/1/1992	7	(20,034)	(3,474)
	10/1/1995	10	15,610	2,077
	10/1/1996	11	46,898	5,845
	10/1/1999	14	45,274	4,838
	10/1/2000	15	220,319	22,607
	10/1/2001	16	134,910	13,347
	10/1/2002	17	2,506,348	239,919
Method Change	10/1/2004	19	1,750,465	158,283
Actuarial Loss	10/1/2004	19	1,709,492	154,578
Actuarial Loss	10/1/2005	20	51,481	4,542
Actuarial Gain	10/1/2006	21	(283,432)	(24,446)
Actuarial Gain	10/1/2007	22	(801,627)	(67,731)
Benefit Change	10/1/2007	22	1,045,936	88,373
Actuarial Loss	10/1/2008	23	123,163	10,211
Method Change	10/1/2008	23	320,591	26,580
Actuarial Loss	10/1/2009	24	190,503	15,523
Benefit Change	10/1/2009	24	(83,908)	(6,837)
Benefit Change	10/1/2009	24	29,652	2,416

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2015 <u>Amount</u>	Amortization <u>Amount</u>
Actuarial Loss	10/1/2010	25	1,652,277	132,507
Assumption	10/1/2010	25	1,660,938	133,202
Benefit Change	10/1/2010	25	(77,562)	(6,220)
Actuarial Loss	10/1/2011	26	1,274,698	100,738
Benefit Change	10/1/2011	26	123,126	9,731
Actuarial Gain	10/1/2012	27	(528,104)	(41,175)
Benefit Change	10/1/2012	27	(6,349)	(495)
Actuarial Gain	10/1/2013	28	(1,057,589)	(81,436)
Assumption	10/1/2013	28	768,252	59,157
Benefit Change	10/1/2013	28	49,342	3,799
Actuarial Gain	10/1/2014	29	(702,634)	(53,485)
Assumption	10/1/2014	29	842,093	64,100
Benefit Change	10/1/2014	29	38,822	2,955
Benefit Change	10/1/2014	29	(12,955)	(986)
Actuarial Gain	10/1/2015	30	<u>(899,396)</u>	<u>(67,737)</u>
			10,135,081	909,787

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$11,198,378
(2) Expected UAAL as of October 1, 2015	11,034,477
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(752,062)
Salary Increases	28,200
Active Decrements	(147,721)
Inactive Mortality	49,818
Other	<u>(77,631)</u>
Increase in UAAL due to (Gain)/Loss	(899,396)
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2015	\$10,135,081

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	RP-2000 Table with no projection, disabled lives set forward 5 years. We believe this sufficiently accounts for future mortality improvements.
<u>Termination Rates</u>	See Tables on following page (1302).
<u>Disability Rates</u>	See Tables on following page (1201).
<u>Pension Age</u>	100% at first eligibility for Normal Retirement. Also, any Member who has reached Normal Retirement eligibility is assumed to continue employment for one additional year.
<u>Early Pension</u>	Commencing at the member's eligibility for Early Pension (age 50), members are assumed to retire with an immediate, subsidized benefit at the rate of 5% per year.
<u>Interest Rate</u>	7.00% per year, compounded annually, net of investment related expenses.
<u>DROP/BACDROP Interest Load</u>	Normal Retirement benefits are increased by 0.5% for Members hired before May 20, 2014 to account for the interest floor on the DROP and BACDROP benefits.
<u>Salary Increases</u>	5.5% per year up to the assumed Pension age; see Table on following page. Projected salary at Pension is increased individually to account for non-regular payments.
<u>Payroll Growth</u>	0.0% for purpose of amortizing the unfunded actuarial accrued liability.
<u>Administrative Expenses</u>	\$40,034 annually.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method.
<u>Asset Valuation Method</u>	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 55</u>
20	6.0%	0.03%	15.4%
30	5.0	0.04	26.2
40	2.6	0.07	44.8
50	0.8	0.18	76.5

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the year beginning on 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 Accrued Liability 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.

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

Received During <u>Fiscal Year</u>	<u>Amount</u>	Increase from <u>Previous Year</u>
1993	81,321.25	_____ %
1994	82,171.86	1.0%
1995	89,018.40	8.3%
1996	93,346.62	4.9%
1997	95,808.88	2.6%
1998	146,584.66	53.0%
1999	143,340.16	-2.2%
2000	185,577.09	29.5%
2001	218,066.25	17.5%
2002	192,917.32	-11.5%
2003	220,878.19	14.5%
2004	251,578.42	13.9%
2005	197,096.70	-21.7%
2006	311,579.41	58.1%
2007	370,088.25	18.8%
2008	429,930.62	16.2%
2009	329,393.61	-23.4%
2010	339,653.87	3.1%
2011	301,433.46	-11.3%
2012	351,376.95	16.6%
2013	348,933.85	-0.7%
2014	383,041.30	9.8%
2015	358,367.53	-6.4%

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</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1999	\$108,124.02	\$89,529.42	\$18,594.60	\$35,216.14	\$35,216.14	\$0.00
2000	152,549.52	108,310.42	44,239.10	33,027.57	35,216.14	0.00
2001	180,905.88	155,624.42	25,281.46	37,160.37	35,216.14	1,944.23
2002	190,609.92	155,624.42	34,985.50	2,307.40	35,216.14	0.00
2003	209,495.34	178,434.42	31,060.92	11,382.85	35,216.14	0.00
2004	237,391.57	178,434.42	58,957.15	14,186.85	35,216.14	0.00
2005	197,096.70	178,434.42	18,662.28	0.00	35,216.14	0.00
2006	191,767.80	178,434.42	13,333.38	119,811.61	70,432.28	49,379.33
2007	203,475.26	178,434.42	25,040.84	166,612.99	35,216.14	131,396.85
2008	292,592.51	178,434.42	114,158.09	137,338.11	35,216.14	102,121.97
2009	286,100.15	286,100.15	0.00	43,293.46	43,293.46	0.00
2010	280,205.74	280,205.74	0.00	59,448.13	59,448.13	0.00
2011	203,871.31	203,871.31	0.00	97,562.15	97,562.15	0.00
2012	255,254.51	255,254.51	0.00	96,122.44	96,122.44	0.00
2013	267,786.65	267,786.65	0.00	81,147.20	81,147.20	0.00
2014	283,460.75	283,460.75	0.00	99,580.55	81,051.25	18,529.30
2015	304,426.52	304,426.52	<u>0.00</u>	53,941.01	60,085.48	<u>0.00</u>
			384,313.32			303,371.68
Accumulated Regular Excess			384,313.32			
Accumulated Special Excess			<u>303,371.68</u>			
Total Excess State Monies			687,685.00			
Less Excess Used in Funding Ordinance No. 2008-56 (3.12% B.R.)			(196,438)			
Less Excess Used in Funding Ordinance No. 2008-58 (3.37% B.R.)			<u>(156,438)</u>			
Equals Current State Monies Reserve			\$334,809.05			

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	1,457,279.66	1,457,279.66
Total Cash and Equivalents	1,457,279.66	1,457,279.66
Receivables:		
Member Contributions in Transit	5,197.62	5,197.62
Additional City Contributions	19,342.10	19,342.10
State Contributions	53,941.01	53,941.01
Investment Income	54,554.21	54,554.21
Total Receivable	133,034.94	133,034.94
Investments:		
Fixed	7,186,595.92	7,259,244.82
Equities	13,587,505.48	14,934,926.76
Miscellaneous	84,355.88	102,543.02
Total Investments	20,858,457.28	22,296,714.60
Total Assets	22,448,771.88	23,887,029.20
<u>LIABILITIES</u>		
Total Liabilities	0.00	0.00
NET POSITION RESTRICTED FOR PENSIONS	22,448,771.88	23,887,029.20

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

ADDITIONS

Contributions:

Member	214,220.26
Buy-Back	1,439.50
City	1,136,073.81
State	358,367.53

Total Contributions 1,710,101.10

Investment Income:

Net Realized Gain (Loss)	1,244,565.46
Unrealized Gain (Loss)	(2,090,862.96)
Net Increase in Fair Value of Investments	(846,297.50)
Interest & Dividends	577,251.11
Less Investment Expense ¹	(130,055.52)

Net Investment Income (399,101.91)

Total Additions 1,310,999.19

DEDUCTIONS

Distributions to Members:

Benefit Payments	1,517,760.48
Lump Sum DROP Distributions	0.00
Refunds of Member Contributions	0.00

Total Distributions 1,517,760.48

Administrative Expense 40,033.66

Total Deductions 1,557,794.14

Net Increase in Net Position (246,794.95)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 24,133,824.15

End of the Year 23,887,029.20

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	19.34%	
09/30/2013	13.21%	
09/30/2014	11.53%	
09/30/2015	-1.66%	
Annualized Rate of Return for prior four (4) years:		10.33%
(A) 10/01/2014 Actuarial Assets:		\$22,500,427.14
(I) Net Investment Income:		
1. Interest and Dividends		577,251.11
2. Realized Gains (Losses)		1,244,565.46
3. Change in Actuarial Value		640,661.51
4. Investment Related Expenses		(130,055.52)
	Total	2,332,422.56
(B) 10/01/2015 Actuarial Assets:		\$24,985,156.66
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		10.33%
10/01/2015 Limited Actuarial Assets:		\$24,985,156.66
10/01/2015 Market Value of Assets:		\$23,887,029.20
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$752,061.92

*Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	214,220.26	
Buy-Back	1,439.50	
City	1,136,073.81	
State	358,367.53	
Total Contributions		1,710,101.10
Earnings from Investments:		
Interest & Dividends	577,251.11	
Net Realized Gain (Loss)	1,244,565.46	
Change in Actuarial Value	640,661.51	
Total Earnings and Investment Gains		2,462,478.08
EXPENDITURES		
Distributions to Members:		
Benefit Payments	1,517,760.48	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	0.00	
Total Distributions		1,517,760.48
Expenses:		
Investment related ¹	130,055.52	
Administrative	40,033.66	
Total Expenses		170,089.18
Change in Net Assets for the Year		2,484,729.52
Net Assets Beginning of the Year		22,500,427.14
Net Assets End of the Year ²		24,985,156.66

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	307,515.74
Plus Additions	220,984.44
Investment Return Earned	17,736.27
Less Distributions	0.00
End of the Year Balance	546,236.45

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

(1) Total Required Contribution Rate	67.0%
(2) Pensionable Payroll Derived from Member Contributions	\$2,550,241.19
(3) Total Required Contribution (1) x (2)	1,708,661.60
(4) Less Actual Member Contributions	(214,220.26)
(5) Less Allowable State Contribution	<u>(358,367.53)</u>
(6) Equals Required City Contribution for Fiscal 2015	1,136,073.81
(7) Less 2014 Prepaid Contribution	(4,265.55)
(8) Less Actual City Contributions	<u>(1,112,466.16)</u>
(9) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2015	\$19,342.10

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	44	44	42	41
Average Current Age	42.5	43.6	42.0	41.5
Average Age at Employment	29.9	30.0	29.0	29.5
Average Past Service	12.6	13.6	13.0	12.0
Average Annual Salary	\$58,371	\$59,155	\$61,732	\$65,007
<u>Service Retirees</u>				
Number			32	31
Average Current Age			N/A	58.3
Average Annual Benefit			\$46,413	\$47,077
<u>DROP Retirees</u>				
Number			4	4
Average Current Age			N/A	52.6
Average Annual Benefit			\$55,246	\$55,246
<u>Beneficiaries</u>				
Number			0	1
Average Current Age			N/A	63.5
Average Annual Benefit			N/A	\$25,833
<u>Disability Retirees</u>				
Number			2	2
Average Current Age			N/A	58.4
Average Annual Benefit			\$16,485	\$16,485
<u>Terminated Vested</u>				
Number ²			2	3
Average Current Age			N/A	59.9
Average Annual Benefit			\$23,224	\$25,220

¹ Prior to 10/1/2015, averages were salary weighted.

² Excludes vested Members awaiting a refund of Contributions.

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	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	3	0	0	1	1	0	0	0	0	0	5
30 - 34	0	1	0	0	1	2	1	0	0	0	0	5
35 - 39	0	0	0	0	0	1	1	6	0	0	0	8
40 - 44	1	0	0	0	0	1	0	4	0	0	0	6
45 - 49	0	0	0	0	1	0	4	2	1	0	0	8
50 - 54	0	0	0	0	0	0	1	5	1	0	0	7
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	1	1	0	0	0	2
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	4	0	0	3	5	8	18	2	0	0	41

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	42
b. Terminations	
i. Vested (partial or full) with deferred benefits	(2)
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	0
f. DROP	0
g. Continuing participants	40
h. New entrants	1
i. Total active life participants in valuation	41

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	32	4	0	2	2	40
Retired	0	0	0	0	0	0
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	2	2
Death, With Survivor	(1)	0	1	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	31	4	1	2	4	42

SUMMARY OF PLAN PROVISIONS
 Through Ordinance No. 2012-10
 Benefit Rate adjusted to reflect December 7, 2015
 AIS and Benefits reflect April 15, 2015 AIS

<u>Eligibility</u>	Employees who are classified as full-time Firefighters shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City as a Firefighter.
<u>Salary</u>	Total compensation reportable on the member's W-2 form plus all tax deferred, tax sheltered, and tax exempt items of income. Overtime hours are limited to 300 hour per year and the maximum personal leave that can be included is the amount as of May 20, 2014.
<u>Average Final Compensation</u>	Average Salary for the best 5 years of Credited Service.
<u>Member Contributions</u>	8.4% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Chapter 112, <u>Florida Statutes</u> .
<u>Normal Pension</u>	
Date	Earlier of Age 60, Age 55 and 10 years of Credited Service, or 20 years of Credited Service. For Members hired on or after May 20, 2014 the earlier of Age 60, Age 55 and 10 years of Credited Service, or Age 52 and the completion of 25 years of Credited Service.
Benefit	3.37% of Average Final Compensation <u>times</u> Credited Service prior to January 1, 2016 3.35% of Average Final Compensation <u>times</u> Credited Service on and after January 1, 2016 For Members hired on or after May 20, 2014 the benefit multiplier is 2.75% of Average Final Compensation times Credited Service.

Form of Benefit	Ten Year Certain and Life Annuity (options available). These options include a partial (up to 25%) lump sum of the full value of their Pension benefits in exchange for a monthly benefit that is reduced by that same percentage.
-----------------	--

Early Pension

Eligibility	Age 50 and 10 Years of Credited Service.
-------------	--

Benefit	Accrued benefit, reduced 3% per year.
---------	---------------------------------------

Vesting

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 Pension Date.
----------------	---

Disability

Eligibility	
-------------	--

Service Incurred	Covered from Date of Employment.
------------------	----------------------------------

Non-Service Incurred	10 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 but not less than 42% of Average Final Compensation (Service Incurred).
---------	---

Duration	Payable for life with ten years certain or until recovery (as determined by the Board). Options available.
----------	--

Death Benefits

Pre-Pension	
-------------	--

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

Non-Vested	Refund of accumulated contributions without interest.
------------	---

Post-Pension

Benefits payable to beneficiary in accordance with option selected at Pension.

Board of Trustees

- a. Two Commission appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other 4 appointed by Commission.

Deferred Pension Option Plan

Eligibility

Hired before May 20, 2014 and satisfaction of Normal Pension requirements (Earlier of Age 60, Age 55 and 10 years of Credited Service, or 20 years of Credited Service).

Participation

Not to exceed 60 months, or the date on which the Member completes 35 years of Service, if earlier.

Rate of Return

Rate of return earned by the fund with a minimum of 0% for each quarter.

Form of Distribution

Cash lump sum (options available) at termination of employment.

BAC-DROP

Eligibility

Hired before May 20, 2014 and satisfaction of Normal Pension requirements.

Participation

Upon election to retroactively enter DROP, the BAC-DROP period will not exceed 60 months, or the date on which the Member completes 35 years of Service, if earlier.

Rate of Return

Rate of return earned by the fund with a minimum of 0% for each quarter.

Form of Distribution

Cash lump sum (options available) at termination of employment.

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STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	1,457,280
 Total Cash and Equivalents	 1,457,280
Receivables:	
Member Contributions in Transit	5,198
Additional City Contributions	19,342
State Contributions	53,941
Investment Income	54,554
 Total Receivable	 133,035
Investments:	
Fixed	7,259,245
Equities	14,934,926
Miscellaneous	102,543
 Total Investments	 22,296,714
 Total Assets	 23,887,029
 Total Liabilities	 0
 NET POSITION RESTRICTED FOR PENSIONS	 23,887,029

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

<u>ADDITIONS</u>		
Contributions:		
Member	214,220	
Buy-Back	1,440	
City	1,136,074	
State	358,368	
Total Contributions		1,710,102
Investment Income:		
Net Increase in Fair Value of Investments	(846,298)	
Interest & Dividends	577,251	
Less Investment Expense ¹	(130,056)	
Net Investment Income		(399,103)
Total Additions		1,310,999
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments	1,517,760	
Refunds of Member Contributions	0	
Total Distributions		1,517,760
Administrative Expense		40,034
Total Deductions		1,557,794
Net Increase in Net Position		(246,795)
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		24,133,824
End of the Year		23,887,029

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 Commission appointees,
- b. Two Members of the Department elected by the Membership, and a
- c. Fifth Member elected by other 4 appointed by Commission.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	38
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	42
	82

Benefits Provided

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

Normal Pension:

Date: Earlier of Age 60, Age 55 and 10 years of Credited Service, or 20 years of Credited Service. For Member hired on or after May 20, 2014 the earlier of Age 60, Age 55 and 10 years of Credited Service, or Age 52 and the completion of 25 years of Credited Service.

Benefit: 3.37% of Average Final Compensation times Credited Service prior to January 1, 2016. 3.35% of Average Final Compensation times Credited Service on and after January 1, 2016.

For Members hired on or after May 20, 2014 the benefit multiplier is 2.75% of Average Final Compensation times Credited Service.

Early Pension:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting:

Schedule: 100% after 10 years of Credited Service.

Benefit: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Pension Date.

Disability:

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).

Pre-Pension Death Benefits:

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

Non-Vested: Refund of accumulated contributions without interest.

Contributions

Member Contributions: 8.4% of Salary.

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

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Investments

Investment Policy:

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

Asset Class	Target Allocation
Domestic Equity	55%
International Equity	10%
Fixed Income	35%
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 -1.66 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: Hired before May 20, 2014 and satisfaction of Normal Pension requirements (Earlier of Age 60, Age 55 and 10 years of Credited Service, or 20 years of Credited Service).

Participation: Not to exceed 60 months, or the date on which the Member completes 35 years of Service, if earlier.

Rate of Return: Rate of return earned by the fund with a minimum of 0% for each quarter.

BAC-DROP

Eligibility: Hired before May 20, 2014 and satisfaction of Normal Pension requirements.

Participation: Upon election to retroactively enter DROP, the BAC-DROP period will not exceed 60 months, or the date on which the Member completes 35 years of Service, if earlier.

Rate of Return: Rate of return earned by the fund with a minimum of 0% for each quarter.

The DROP balance as September 30, 2015 is \$546,236.

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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	\$ 35,152,038
Plan Fiduciary Net Position	<u>\$ (23,887,029)</u>
Sponsor's Net Pension Liability	<u>\$ 11,265,009</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	67.95%

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	5.50%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate: RP2000 Combined Healthy - Sex Distinct. Disabled lives set forward 5 years. Based upon other studies of municipal Firefighters, we feel this assumption sufficiently accommodates future mortality improvements.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study for the period 1988-2010.

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	7.49%
International Equity	7.40%
Fixed Income	2.35%

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.00 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>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Sponsor's Net Pension Liability	\$ 15,116,192	\$ 11,265,009	\$ 8,031,734

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

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	752,997	814,546
Interest	2,324,601	2,232,501
Change in Excess State Money	-	18,529
Changes of benefit terms	25,989	-
Differences between Expected and Actual Experience	41,476	-
Changes of assumptions	-	-
Contributions - Buy Back	1,440	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,517,760)</u>	<u>(1,873,763)</u>
Net Change in Total Pension Liability	1,628,743	1,191,813
Total Pension Liability - Beginning	33,523,295	32,331,482
Total Pension Liability - Ending (a)	<u>\$ 35,152,038</u>	<u>\$ 33,523,295</u>
Plan Fiduciary Net Position		
Contributions - Employer	1,136,074	1,289,824
Contributions - State	358,368	383,041
Contributions - Employee	214,220	251,962
Contributions - Buy Back	1,440	-
Net Investment Income	(399,103)	2,472,802
Benefit Payments, including Refunds of Employee Contributions	(1,517,760)	(1,873,763)
Administrative Expense	<u>(40,034)</u>	<u>(31,122)</u>
Net Change in Plan Fiduciary Net Position	(246,795)	2,492,744
Plan Fiduciary Net Position - Beginning	24,133,824	21,641,080
Plan Fiduciary Net Position - Ending (b)	<u>\$ 23,887,029</u>	<u>\$ 24,133,824</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 11,265,009</u>	<u>\$ 9,389,471</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	67.95%	71.99%
Covered Employee Payroll*	\$ 2,829,076	\$ 2,712,027
Net Pension Liability as a percentage of Covered Employee Payroll	398.19%	346.22%

Notes to Schedule:*Changes of benefit terms:*

For Fiscal year 2015, amounts reported as changes of benefit terms were made as a result of collective bargaining:

- 1.) Firefighters who enter the DROP or Bac DROP on or after May 20, 2014 will receive the same investment return that the total Fund earns, net of investment related expenses, with a minimum of 0.0% for each quarter. In order to value the impact of this change, the projected Normal Retirement Benefits were increased by 0.5%.
- 2.) Firefighters who are hired on or after May 20, 2014 will not be allowed to participate in the DROP or Bac DROP.
- 3.) Firefighters who are hired on or after May 20, 2014 will have a 2.75% benefit accrual rate for all years of service.
- 4.) Firefighters who are hired on or after May 20, 2014 will have a Normal Retirement of the earlier of 1.) Age 60, 2.) Age 55 and the completion of 10 years of Credited Service, and 3.) Age 52 and the completion of 25 years of Credited Service.
- 5.) The maximum number of hours of overtime that can be included in pensionable Salary will be 300 hours per year. It is assumed for the purpose of this Actuarial Impact Statement that this provision will not have an effect on any of the current Firefighters.
- 6.) The maximum amount of Personal Leave that can be included as pensionable Salary will be the amount that was accrued as of May 20, 2014.

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As outlined in Ordinance No. 2008-58, a modification in the benefit accrual rate is required since the State contribution received in calendar 2014 exceeded \$364,512. Under the prior structure, the benefit accrual rate was 3.37% for service accrued prior to January 1, 2010 and 3.34% for service accrued between January 1, 2010 and December 31, 2013 and 3.33% for service accrued on and after January 1, 2014. As a result of the increase in the State Monies, the new benefit accrual rate will be 3.37% for all years of service. If the State Monies received in calendar 2015 fall below \$364,512, then the benefit accrual rate will need to be adjusted for future years of Credited Service.

The impact of this change is outlined in our Actuarial Impact Statement dated December 7, 2015.

As outlined in Ordinance No. 2008-58, a modification in the benefit accrual rate is required since the State contribution received in calendar 2014 exceeded \$364,512. Under the prior structure, the benefit accrual rate was 3.37% for service accrued prior to January 1, 2010 and 3.34% for service accrued between January 1, 2010 and December 31, 2013 and 3.33% for service accrued on and after January 1, 2014. As a result of the increase in the State Monies, the new benefit accrual rate will be 3.37% for all years of service. If the State Monies received in calendar 2015 fall below \$364,512, then the benefit accrual rate will need to be adjusted for future years of Credited Service.

The impact of this change is outlined in our Actuarial Impact Statement dated December 7, 2015.

**The Covered Employee Payroll figure was not available. For Fiscal year 2015, Pensionable Salary plus DROP salary has been reported. For Fiscal year 2014, Pensionable Salary was reported.*

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SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2015	09/30/2014
Actuarially Determined Contribution	1,494,442	1,654,336
Contributions in relation to the Actuarially Determined Contributions	1,494,442	1,654,336
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll*	\$ 2,829,076	\$ 2,712,027
Contributions as a percentage of Covered Employee Payroll	52.82%	61.00%

*The Covered Employee Payroll figure was not available. For Fiscal year 2015, Pensionable Salary plus DROP salary has been reported. For Fiscal year 2014, Pensionable Salary was reported.

Notes to Schedule

Valuation Date: 10/01/2013 (AIS 12/30/2014)

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).
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.
Inflation:	3.0% per year.
Salary Increases:	5.5% per year up to the assumed Pension age. Projected salary at Pension is increased 20% to account for non-regular payments.
Interest Rate:	7.25% per year, compounded annually, net of investment related expenses.
Payroll Growth:	Up to 3% per year (limited to the 10-year historical average of actual payroll growth of 1% in 2013).
Pension Age:	Earlier of age 60, age 55 and 10 years of service or 20 years of service regardless of age.
Early Pension:	Commencing at the member's eligibility for Early Pension (age 50), members are assumed to retire with an immediate, subsidized benefit at the rate of 5% per year.
Termination Rates:	See table below.
Disability Rates:	See table below.
Mortality:	RP2000 Combined Healthy - Sex Distinct. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disability mortality is set forward five years.

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	6.00%	0.03%
30	5.00%	0.04%
40	2.60%	0.07%
50	0.80%	0.18%

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SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	-1.66%	11.53%

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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 Commission appointees,
- b. Two Members of the Department elected by the Membership, and a
- c. Fifth Member elected by other 4 appointed by Commission.

Employees who are classified as full-time 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	38
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	42
	82
	82

Benefits Provided

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

Normal Pension:

Date: Earlier of Age 60, Age 55 and 10 years of Credited Service, or 20 years of Credited Service. For Member hired on or after May 20, 2014 the earlier of Age 60, Age 55 and 10 years of Credited Service, or Age 52 and the completion of 25 years of Credited Service.

Benefit: 3.37% of Average Final Compensation times Credited Service prior to January 1, 2016. 3.35% of Average Final Compensation times Credited Service on and after January 1, 2016.

For Members hired on or after May 20, 2014 the benefit multiplier is 2.75% of Average Final Compensation times Credited Service.

Early Pension:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting:

Schedule: 100% after 10 years of Credited Service.

Benefit: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Pension Date.

Disability:

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).

Pre-Pension Death Benefits:

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

Non-Vested: Refund of accumulated contributions without interest.

Contributions

Member Contributions: 8.4% of Salary.

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

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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	5.50%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate: RP2000 Combined Healthy - Sex Distinct. Disabled lives set forward 5 years. Based upon other studies of municipal Firefighters, we feel this assumption sufficiently accommodates future mortality improvements.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study for the period 1988-2010.

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	55%	7.49%
International Equity	10%	7.40%
Fixed Income	35%	2.35%
Total	100%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.00 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.

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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	\$ 33,523,295	\$ 24,133,824	\$ 9,389,471
Changes for a Year:			
Service Cost	752,997	-	752,997
Interest	2,324,601	-	2,324,601
Differences between Expected and Actual Experience	41,476	-	41,476
Changes of assumptions	-	-	-
Changes of benefit terms	25,989	-	25,989
Contributions - Employer	-	1,136,074	(1,136,074)
Contributions - State	-	358,368	(358,368)
Contributions - Employee	-	214,220	(214,220)
Contributions - Buy Back	1,440	1,440	-
Net Investment Income	-	(399,103)	399,103
Benefit Payments, including Refunds of Employee Contributions	(1,517,760)	(1,517,760)	-
Administrative Expense	-	(40,034)	40,034
Net Changes	1,628,743	(246,795)	1,875,538
Balances at September 30, 2015	<u>\$ 35,152,038</u>	<u>\$ 23,887,029</u>	<u>\$ 11,265,009</u>

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability	\$ 15,116,192	\$ 11,265,009	\$ 8,031,734

Pension Plan Fiduciary Net Position.

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

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**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 \$1,114,020.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	31,107	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	1,100,702	-
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ 1,131,809</u>	<u>\$ -</u>

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	\$ 237,683
2018	\$ 237,683
2019	\$ 237,683
2020	\$ 418,760
2021	\$ -
Thereafter	\$ -

Payable to the Pension Plan

On September 30, 2015, the Sponsor reported a payable of \$19,342 for the outstanding amount of contributions of the Pension Plan required for the year ended September 30, 2015.

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

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	752,997	814,546
Interest	2,324,601	2,232,501
Change in Excess State Money	-	18,529
Changes of benefit terms	25,989	-
Differences between Expected and Actual Experience	41,476	-
Changes of assumptions	-	-
Contributions - Buy Back	1,440	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,517,760)</u>	<u>(1,873,763)</u>
Net Change in Total Pension Liability	1,628,743	1,191,813
Total Pension Liability - Beginning	<u>33,523,295</u>	<u>32,331,482</u>
Total Pension Liability - Ending (a)	<u>\$ 35,152,038</u>	<u>\$ 33,523,295</u>
Plan Fiduciary Net Position		
Contributions - Employer	1,136,074	1,289,824
Contributions - State	358,368	383,041
Contributions - Employee	214,220	251,962
Contributions - Buy Back	1,440	-
Net Investment Income	(399,103)	2,472,802
Benefit Payments, including Refunds of Employee Contributions	<u>(1,517,760)</u>	<u>(1,873,763)</u>
Administrative Expense	<u>(40,034)</u>	<u>(31,122)</u>
Net Change in Plan Fiduciary Net Position	(246,795)	2,492,744
Plan Fiduciary Net Position - Beginning	<u>24,133,824</u>	<u>21,641,080</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 23,887,029</u>	<u>\$ 24,133,824</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 11,265,009</u>	<u>\$ 9,389,471</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	67.95%	71.99%
Covered Employee Payroll*	\$ 2,829,076	\$ 2,712,027
Net Pension Liability as a percentage of Covered Employee Payroll	398.19%	346.22%

Notes to Schedule:

Changes of benefit terms:

For Fiscal year 2015, amounts reported as changes of benefit terms were made as a result of collective bargaining:

- 1.) Firefighters who enter the DROP or Bac DROP on or after May 20, 2014 will receive the same investment return that the total Fund earns, net of investment related expenses, with a minimum of 0.0% for each quarter. In order to value the impact of this change, the projected Normal Retirement Benefits were increased by 0.5%.
- 2.) Firefighters who are hired on or after May 20, 2014 will not be allowed to participate in the DROP or Bac DROP.
- 3.) Firefighters who are hired on or after May 20, 2014 will have a 2.75% benefit accrual rate for all years of service.
- 4.) Firefighters who are hired on or after May 20, 2014 will have a Normal Retirement of the earlier of 1.) Age 60, 2.) Age 55 and the completion of 10 years of Credited Service, and 3.) Age 52 and the completion of 25 years of Credited Service.
- 5.) The maximum number of hours of overtime that can be included in pensionable Salary will be 300 hours per year. It is assumed for the purpose of this Actuarial Impact Statement that this provision will not have an effect on any of the current Firefighters.
- 6.) The maximum amount of Personal Leave that can be included as pensionable Salary will be the amount that was accrued as of May 20, 2014.

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As outlined in Ordinance No. 2008-58, a modification in the benefit accrual rate is required since the State contribution received in calendar 2014 exceeded \$364,512. Under the prior structure, the benefit accrual rate was 3.37% for service accrued prior to January 1, 2010 and 3.34% for service accrued between January 1, 2010 and December 31, 2013 and 3.33% for service accrued on and after January 1, 2014. As a result of the increase in the State Monies, the new benefit accrual rate will be 3.37% for all years of service. If the State Monies received in calendar 2015 fall below \$364,512, then the benefit accrual rate will need to be adjusted for future years of Credited Service.

The impact of this change is outlined in our Actuarial Impact Statement dated December 7, 2015.

As outlined in Ordinance No. 2008-58, a modification in the benefit accrual rate is required since the State contribution received in calendar 2014 exceeded \$364,512. Under the prior structure, the benefit accrual rate was 3.37% for service accrued prior to January 1, 2010 and 3.34% for service accrued between January 1, 2010 and December 31, 2013 and 3.33% for service accrued on and after January 1, 2014. As a result of the increase in the State Monies, the new benefit accrual rate will be 3.37% for all years of service. If the State Monies received in calendar 2015 fall below \$364,512, then the benefit accrual rate will need to be adjusted for future years of Credited Service.

The impact of this change is outlined in our Actuarial Impact Statement dated December 7, 2015.

**The Covered Employee Payroll figure was not available. For Fiscal year 2015, Pensionable Salary plus DROP salary has been reported. For Fiscal year 2014, Pensionable Salary was reported.*

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SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2015	09/30/2014
Actuarially Determined Contribution	1,494,442	1,654,336
Contributions in relation to the Actuarially Determined Contributions	1,494,442	1,654,336
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll*	\$ 2,829,076	\$ 2,712,027
Contributions as a percentage of Covered Employee Payroll	52.82%	61.00%

*The Covered Employee Payroll figure was not available. For Fiscal year 2015, Pensionable Salary plus DROP salary has been reported. For Fiscal year 2014, Pensionable Salary was reported.

Notes to Schedule

Valuation Date: 10/01/2013 (AIS 12/30/2014)
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).
Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.
Inflation: 3.0% per year.
Salary Increases: 5.5% per year up to the assumed Pension age. Projected salary at Pension is increased 20% to account for non-regular payments.
Interest Rate: 7.25% per year, compounded annually, net of investment related expenses.
Payroll Growth: Up to 3% per year (limited to the 10-year historical average of actual payroll growth of 1% in 2013).
Pension Age: Earlier of age 60, age 55 and 10 years of service or 20 years of service regardless of age.
Early Pension: Commencing at the member's eligibility for Early Pension (age 50), members are assumed to retire with an immediate, subsidized benefit at the rate of 5% per year.
Termination Rates: See table below.
Disability Rates: See table below.
Mortality: RP2000 Combined Healthy - Sex Distinct. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disability

Termination and Disability Rate Table:	% Terminating	% Becoming
	During the	Disabled During
Age	Year	the Year
20	6.0%	0.03%
30	5.0%	0.04%
40	2.6%	0.07%
50	0.8%	0.18%

GASB 68

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 10,690,402	\$ -	\$ 1,289,824	\$ -
Employer Contributions made after September 30, 2014	-	-	1,136,074	-
Total Pension Liability Factors:				
Service Cost	814,546	-	-	814,546
Interest	2,232,501	-	-	2,232,501
Change in Excess State Money	18,529	-	-	18,529
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	(1,873,763)	-	-	(1,873,763)
Net change	<u>1,191,813</u>	<u>-</u>	<u>1,136,074</u>	<u>1,191,813</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,289,824	-	(1,289,824)	-
Contributions - State	383,041	-	-	(383,041)
Contributions - Employee	251,962	-	-	(251,962)
Net Investment Income	1,515,574	-	-	(1,515,574)
Difference between projected and actual earnings on Pension Plan investments	957,228	957,228	-	-
Current year amortization	-	(191,445)	-	(191,445)
Benefit Payments	(1,873,763)	-	-	1,873,763
Administrative Expenses	(31,122)	-	-	31,122
Net change	<u>2,492,745</u>	<u>765,783</u>	<u>(1,289,824)</u>	<u>(437,137)</u>
Ending Balance	<u>\$ 9,389,471</u>	<u>\$ 765,783</u>	<u>\$ 1,136,074</u>	<u>\$ 754,676</u>

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PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 9,389,471	\$ 765,783	\$ 1,136,074	\$ -
Employer Contributions made after September, 30, 2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	752,997	-	-	752,997
Interest	2,324,601	-	-	2,324,601
Changes in benefit terms	25,989	-	-	25,989
Contributions - Buy Back	1,440	-	-	1,440
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	41,476	-	41,476	-
Current year amortization of experience difference	-	-	(10,369)	10,369
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(1,517,760)	-	-	(1,517,760)
Net change	<u>1,628,743</u>	<u>-</u>	<u>31,107</u>	<u>1,597,636</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,136,074	-	(1,136,074)	-
Contributions - State	358,368	-	-	(358,368)
Contributions - Employee	214,220	-	-	(214,220)
Contributions - Buy Back	1,440	-	-	(1,440)
Net Investment Income	1,694,698	-	-	(1,694,698)
Difference between projected and actual earnings on Pension Plan investments	(2,093,801)	-	2,093,801	-
Current year amortization	-	(191,445)	(418,761)	227,316
Benefit Payments	(1,517,760)	-	-	1,517,760
Administrative Expenses	(40,034)	-	-	40,034
Net change	<u>(246,795)</u>	<u>(191,445)</u>	<u>538,966</u>	<u>(483,616)</u>
Ending Balance	<u>\$ 11,265,009</u>	<u>\$ 574,338</u>	<u>TBD</u>	<u>\$ 1,114,020</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.