

GREATER NAPLES FIRE RESCUE DISTRICT  
FIREFIGHTERS' PENSION PLAN

ACTUARIAL VALUATION REPORT  
AS OF OCTOBER 1, 2015

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

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January 4, 2016

Board of Trustees  
Greater Naples Fire Rescue District  
Firefighters' Pension Plan  
c/o Ms. JOYceanna J. Rautio  
Plan Administrator  
Rautio & Associates, Inc.  
10261 Windsor Way  
Naples, FL 34109

Re: Greater Naples Fire Rescue District  
Firefighters' Pension Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Greater Naples Fire Rescue District Firefighters' Pension Plan. 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 Board of Trustees, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

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

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Greater Naples Fire Rescue District, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Greater Naples Fire Rescue District Firefighters' Pension Plan. 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:



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

DHL/lke

Enclosures

## SUMMARY OF REPORT

The annual actuarial valuation of the Greater Naples Fire Rescue District Firefighters’ Pension Plan, 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 District’s plan/fiscal year ending September 30, 2017.

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

Valuation Date	10/1/2015	10/1/2014
Applicable Plan Year End	<u>9/30/2017</u>	<u>9/30/2016</u>
<b>Total Required Contribution</b>		
% of Total Annual Payroll	11.37%	10.20%
<b>Member Contributions (Est.)</b>		
% of Total Annual Payroll	3.00%	3.00%
<b>District and State Required Contribution</b>		
% of Total Annual Payroll	8.37%	7.20%
<b>State Contribution (est.) <sup>1</sup></b>	661,600	661,600
% of Total Annual Payroll	17.57%	17.57%
<b>Balance from District</b>		
% of Total Annual Payroll	0.00%	0.00%
<b>Normal Cost Minimum Funding (District and State) <sup>2</sup></b>	<b>30.77%</b>	<b>30.90%</b>

<sup>1</sup> Amount received in Calendar 2015. Additionally, the State Contribution reflects the “default” calculation under Chapter 2015-39, Florida Statutes. This requirement is effective October 1, 2015 for Plans that entered into a new collectively bargained agreement after July 1, 2015 without a mutual consent agreement between the District and Plan Membership regarding the use of State Monies. It is important to note that the estimated allowable State Contribution for purposes of offsetting the District’s bottom line funding requirement is \$679,098.83 (the amount received in Calendar 2013), but a formal actuarial analysis is required for confirmation. Future State Monies in excess of this amount will be

allocated equally between the District for annual funding and the existing Share Plan for the Membership.

<sup>2</sup> Please note that the Normal Cost Minimum Funding, as shown on the previous page, is required pursuant to provisions of Chapter 2011-216, Florida Statutes (formerly Senate Bill 1128) for valuations performed on and after October 1, 2011. For budgeting purposes, the **minimum** required Sponsor Contribution (District and State) is 30.77% of Pensionable Earnings for the fiscal year ending September 30, 2017. The precise District requirement for the year is this amount, less State Contributions described on the previous page.

Additionally, please note the District has a prepaid contribution of \$71,567.62 that may be utilized for the fiscal year ending September 30, 2016 for offsetting the District's otherwise funding requirement.


During the past year, there was net unfavorable actuarial experience, on the basis of the actuarial assumptions. The primary component of unfavorable experience was attributable to a -0.72% investment return (Market Value Basis) falling significantly short of the 7.75% assumption. This loss was partially offset by greater than expected employee turnover. For a detailed analysis that displays the actuarial gain/loss by component, please refer to page 15 of the report.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By:   
Douglas H. Lozen, EA, MAAA

By:   
Drew D. Ballard, EA, MAAA

## CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2014 <sup>1</sup>	12.89%
(2) Summary of Contribution Impact by component:	
Change in Available State Money	1.55%
Investment Return (Actuarial Asset Basis)	10.78%
Salary Increases	0.79%
Payroll Change	-1.30%
Change in Administrative Expense	0.24%
Amortization Base Payoffs	1.96%
Change in Normal Cost Rate	-0.13%
Active Decrements	-4.12%
Inactive Mortality	0.01%
Assumption Change	0.00%
Other <sup>2</sup>	<u>-9.47%</u>
Total Change in Contribution	0.31%
(3) Contribution Determined as of October 1, 2015 <sup>1</sup>	13.20%

<sup>1</sup> District contribution requirements based on Normal Cost minimum requirement.

<sup>2</sup> Includes mandatory excess contributions under the statutory Normal Cost minimum requirement

## CHANGES SINCE PRIOR VALUATION

### Plan Changes

The following Resolutions passed since the prior valuation. A letter of No Actuarial Impact was submitted for each amendment.

<u>Resolution</u>	<u>Amendment Description</u>	<u>Effective Date</u>
2015-04	Plan Name Change	March 10, 2015
2015-05	Levying amendment for excise tax on property insurance premiums	March 10, 2015
2015-06	IRS Compliance	March 10, 2015

### Actuarial Assumption/Method Changes

There have been no changes in assumptions or methods since the prior valuation.



COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	45	51
Service Retirees	1	0
Beneficiaries	0	0
Disability Retirees	2	2
Terminated Vested	<u>10</u>	<u>6</u>
Total	58	59
Total Annual Payroll	\$3,766,102	\$3,998,708
Payroll Under Assumed Ret. Age	3,766,102	3,998,708
Annual Rate of Payments to:		
Service Retirees	49,877	0
Beneficiaries	0	0
Disability Retirees	50,454	49,013
Terminated Vested	155,274	16,863
B. Assets		
Actuarial Value <sup>1</sup>	20,500,333	19,686,653
Market Value <sup>1</sup>	20,500,333	19,686,653
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	25,329,864	26,177,723
Disability Benefits	1,698,384	1,887,494
Death Benefits	161,449	175,860
Vested Benefits	60,631	90,027
Refund of Contributions	4,373	5,243
Service Retirees	664,605	0
Beneficiaries	0	0
Disability Retirees	785,117	774,844
Terminated Vested	948,657	64,749
Share Plan Balances <sup>1</sup>	<u>1,045,042</u>	<u>1,161,669</u>
Total	30,698,122	30,337,609

C. Liabilities - (Continued)	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	38,841,239	43,500,941
Present Value of Future Member Contributions	1,165,237	1,305,028
Normal Cost (Retirement)	1,094,049	1,160,664
Normal Cost (Disability)	111,771	122,225
Normal Cost (Death)	7,743	8,517
Normal Cost (Vesting)	9,628	12,420
Normal Cost (Refunds)	<u>1,041</u>	<u>1,268</u>
Total Normal Cost	1,224,232	1,305,094
Present Value of Future Normal Costs	12,511,958	13,996,648
Accrued Liability (Retirement)	14,005,927	13,561,785
Accrued Liability (Disability)	617,304	638,356
Accrued Liability (Death)	81,660	84,074
Accrued Liability (Vesting)	37,023	54,572
Accrued Liability (Refunds)	829	912
Accrued Liability (Inactives) <sup>1</sup>	2,398,379	839,593
Share Plan Balances	<u>1,045,042</u>	<u>1,161,669</u>
Total Actuarial Accrued Liability	18,186,164	16,340,961
Unfunded Actuarial Accrued Liability (UAAL)	(2,314,169)	(3,345,692)
Funded Ratio (AVA / AL)	112.7%	120.5%
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives + Share Plan Balances <sup>1</sup>	3,443,421	2,001,262
Actives	6,482,319	6,717,920
Member Contributions	<u>441,229</u>	<u>389,984</u>
Total	10,366,969	9,109,166
Non-vested Accrued Benefits	<u>1,299,312</u>	<u>1,091,095</u>
Total Present Value Accrued Benefits	11,666,281	10,200,261
Funded Ratio (MVA / PVAB)	175.7%	193.0%
 Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	852,959	
Benefits Paid	(170,839)	
Interest	783,900	
Other	<u>0</u>	
Total	1,466,020	

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 <sup>2</sup>	33.77	33.90
Administrative Expenses (with interest) % of Total Annual Payroll <sup>2</sup>	4.52	4.28
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 27 years (as of 10/1/2015, with interest) % of Total Annual Payroll <sup>2</sup>	(26.92)	(27.98)
Total Required Contribution % of Total Annual Payroll <sup>2</sup>	11.37	10.20
Expected Member Contributions % of Total Annual Payroll <sup>2</sup>	3.00	3.00
Expected District & State Contribution % of Total Annual Payroll <sup>2</sup>	8.37	7.20

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
Total Required Contribution	1,292,412
District and State Requirement	1,178,776
Actual Contributions Made:	
Members (excluding buyback)	113,635
District	517,177
State	<u>661,600</u>
Total	1,292,412

G. Net Actuarial (Gain)/Loss 1,052,178

<sup>1</sup> The asset values and liabilities include accumulated Share Balances as of 9/30/2015 and 9/30/2014.

<sup>2</sup> Contributions developed as of 10/1/2015 are expressed as a percentage of total annual payroll at 10/1/2015 of \$3,766,102.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	(2,314,169)
2016	(1,442,019)
2017	(325,968)
2018	71,305
2019	30,156
2025	89
2042	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	7.00%	7.13%
Year Ended	9/30/2014	18.08%	7.13%
Year Ended	9/30/2013	0.38%	9.13%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	-0.72%	7.75%
Year Ended	9/30/2014	8.97%	7.75%
Year Ended	9/30/2013	8.37%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$3,766,102
	10/1/2005	1,829,234
(b) Total Increase		105.88%
(c) Number of Years		10.00
(d) Average Annual Rate		7.49%

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	(\$3,345,692)
(2) Sponsor Normal Cost developed as of October 1, 2014	1,185,133
(3) Expected administrative expenses for the year ended September 30, 2015	164,656
(4) Expected interest on (1), (2) and (3)	(161,063)
(5) Sponsor contributions to the System during the year ended September 30, 2015	1,178,777
(6) Expected interest on (5)	30,604
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	(3,366,347)
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	1,052,178
(10) Unfunded Accrued Liability as of October 1, 2015	(2,314,169)

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2015 Amount</u>	<u>Amortization Amount</u>
Actuarial Loss	10/1/2011	1	163,630	\$163,630
Actuarial Gain	10/1/2012	2	(1,640,116)	(850,650)
Assum. Change	10/1/2012	2	199,163	103,296
Benefit Change	10/1/2012	27	100	8
Actuarial Gain	10/1/2013	3	(1,030,812)	(369,547)
Assum. Changes	10/1/2013	3	(183,870)	(65,917)
Actuarial Loss	10/1/2014	4	47,550	13,250
Actuarial Loss <sup>1</sup>	10/1/2015	5	<u>130,186</u>	<u>30,062</u>
			(2,314,169)	(975,868)

<sup>1</sup> The expected UAAL as of October 1, 2015 developed in Item (7) above is \$921,992 lower than the expected UAAL determined by utilizing the walk-forward approach for all existing bases as of October 1, 2014. The walk-forward approach is determined by subtracting the scheduled 2014 amortization payment from the existing 2014 base amount, and then increasing it with a full year of interest. As requested in a letter dated June 24, 2013 from the Division of Retirement, this calculated difference will be included in the actuarial gain or loss based that is developed with each annual valuation, effective October 1, 2014.

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	(\$3,345,692)
(2) Expected UAAL as of October 1, 2015	(3,366,347)
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Market Asset Basis)	1,692,928
Salary Increases	123,421
Active Decrements	(647,365)
Inactive Mortality	1,314
Other	<u>(118,120)</u>
Increase in UAAL due to (Gain)/Loss	1,052,178
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2015	(\$2,314,169)

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rates

RP 2000 Combined Healthy – Sex Distinct.  
Disabled lives set forward 5 years.

Based on studies of public safety pension plans, we believe this assumption sufficiently accommodates expected future mortality improvements.

Termination Rates

<u>Years of Service</u>	<u>Probability</u>
Less than 6	4.5%
6-9	1.5
10 and Higher	0.0

The above rates are based on results of the August 4, 2014 Experience Study.

Disability Rates

See sample rates below. 75% of disabilities are assumed to be service-incurred. These rates are consistent with those utilized by other Florida public safety Plans.

<u>Age</u>	<u>Probability of Becoming Disabled in Next Year</u>
20	0.14%
25	0.15
30	0.18
35	0.23
40	0.30
45	0.51
50	1.00
55	1.55

Normal Retirement Age

Earlier of 1) Age 55 with 6 years of Credited Service or 2) the completion of 25 years of Credited Service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.

The above rates are considered reasonable based on Plan provisions.



Early Retirement Age

Attainment of age 50 with 6 years of Credited Service. Members are assumed to retire with an immediate subsidized benefit at the same rate assumed for termination of service.

The above rates are considered reasonable based on Plan provisions.

Interest Rate

7.75% per year, compounded annually, net of investment related expenses. This assumption is reasonable, based on the Plan's target asset allocation and long-term expected returns by asset class.

Salary Increases

<u>Years of Service</u>	<u>% Increase in Salary</u>
Less than 2	15.0%
2-9	7.0
10-14	6.5
15-19	6.0
20 and Higher	5.5

The above rates are based on results of the August 4, 2014 Experience Study.

Administrative Expenses

\$163,984, based on actual administrative expenses incurred during the prior fiscal year.

Post Retirement COLA

3% per year for all categories of retirement.

Payroll Growth

None.

Funding Method

Individual Entry Age Normal Actuarial Cost Method (level percent of pay).

Asset Method

Fair Market Value, net of investment-related expenses.

## VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the valuation year for 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>
1998	71,067.18	_____%
1999	83,418.13	17.4%
2000	80,991.59	-2.9%
2001	101,629.30	25.5%
2002	143,973.40	41.7%
2003	199,828.06	38.8%
2004	253,386.19	26.8%
2005	293,128.37	15.7%
2006	321,600.23	9.7%
2007	303,292.38	-5.7%
2008	1,025,499.07	238.1%
2009	538,040.00	-47.5%
2010	484,325.00	-10.0%
2011	590,824.19	22.0%
2012	614,157.99	3.9%
2013	679,098.83	10.6%
2014	720,073.51	6.0%
2015	661,599.57	-8.1%

EXCESS STATE MONIES RESERVE

Firefighters' Distribution

	Regular Distribution			Special Distribution		
	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	\$71,067.18	\$71,067.18	\$0.00	N/A	N/A	N/A
1999	83,418.13	71,067.18	12,350.95	0.00	0.00	\$0.00
2000	51,567.71	71,067.18	0.00	29,423.88	0.00	29,423.88
2001	66,621.59	71,067.18	0.00	35,007.71	0.00	35,007.71
2002	92,626.07	71,067.18	21,558.89	51,347.33	0.00	51,347.33
2003	128,325.65	71,067.18	57,258.47	71,502.41	0.00	71,502.41
2004	158,310.83	71,067.18	87,243.65	95,075.36	0.00	95,075.36
2005	185,812.60	71,067.18	114,745.42	107,315.77	0.00	107,315.77
2006	200,990.82	71,067.18	129,923.64	120,609.41	0.00	120,609.41
2007	0.00	0.00	0.00 <sup>1</sup>	303,292.38	0.00	303,292.38
2008	731,136.77	142,134.36	589,002.41 <sup>1</sup>	294,362.30	0.00	294,362.30
2009	351,054.75	715,465.51	0.00 <sup>2</sup>	186,985.47	186,985.47	0.00
2010	324,470.54	742,596.90	0.00 131	159,854.08	159,854.08	0.00
2011	399,597.65	711,224.44	0.00 132	191,226.54	191,226.54	0.00
2012	398,031.06	686,324.05	0.00 133	216,126.93	216,126.93	0.00
2013	440,695.43	664,047.58	0.00 134	238,403.40	238,403.40	0.00
2014	463,655.24	646,032.71	0.00 135	256,418.27	256,418.27	0.00
2015	460,812.33	701,663.74	<u>0.00</u> 136	200,787.24	200,787.24	<u>0.00</u>
			\$1,012,083.43			\$1,107,936.55
Accumulated Regular Excess			1,012,083.43			
Accumulated Special Excess			<u>1,107,936.55</u>			
Less Amount Allocated as						
District Contribution			(902,450.98)			
Less Amount Allocated to Share Plan			<u>(1,217,569.00)</u>			
Equals Current State Monies Reserve			<u>\$0.00</u>			

<sup>1</sup> State contribution withheld in 2007 released in 2008.

<sup>2</sup> The sum of the Regular and Supplemental Distributions is \$902,450.98.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	902,677.46	902,677.46
Prepaid Expenses	1,111.64	1,111.64
Money Market	6,016.93	6,016.93
Total Cash and Equivalents	909,806.03	909,806.03
Receivables:		
State Contributions	200,787.24	200,787.24
Investment Income	14,438.33	14,438.33
Total Receivable	215,225.57	215,225.57
Investments:		
Stocks	3,354,870.76	3,906,069.25
Mutual Funds:		
Fixed Income	8,494,410.73	8,418,015.01
Equity	4,815,494.57	5,371,438.33
Pooled/Common/Commingled Funds:		
Master Limited Partnership	1,202,137.97	865,209.91
Real Estate	819,125.93	918,240.64
Total Investments	18,686,039.96	19,478,973.14
Total Assets	19,811,071.56	20,604,004.74
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	12,955.00	12,955.00
Administrative Expenses	19,149.58	19,149.58
Prepaid District Contribution	71,567.62	71,567.62
Total Liabilities	103,672.20	103,672.20
NET POSITION RESTRICTED FOR PENSIONS	19,707,399.36	20,500,332.54

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

ADDITIONS

Contributions:			
Member		113,635.25	
District		517,176.76	
State		661,599.57	
Total Contributions			1,292,411.58
Investment Income:			
Net Realized Gain (Loss)	262,639.64		
Unrealized Gain (Loss)	(906,938.63)		
Net Increase in Fair Value of Investments		(644,298.99)	
Interest & Dividends		572,685.06	
Less Investment Expense <sup>1</sup>		(72,294.92)	
Net Investment Income			(143,908.85)
Total Additions			1,148,502.73
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		49,013.28	
Lump Sum Share Distributions		116,627.00	
Refunds of Member Contributions		5,198.93	
Total Distributions			170,839.21
Administrative Expense			163,983.51
Total Deductions			334,822.72
Net Increase in Net Position			813,680.01
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			19,686,652.53
End of the Year			20,500,332.54

<sup>1</sup>Investment Related expenses include investment advisory, custodial and performance monitoring fees.

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

(1)	Total Required Contribution Rate	34.12%
(2)	Pensionable Payroll Derived from Member Contributions	\$3,787,841.67
(3)	Total Required Contribution (1) x (2)	1,292,411.58
(4)	Less Actual Member Contributions	(113,635.25)
(5)	Less Allowable State Contribution	<u>(661,599.57)</u>
(6)	Equals Required District Contribution for Fiscal 2015	517,176.76
(7)	Less 2014 Prepaid Contribution	(201,909.31)
(8)	Less Actual District Contributions	<u>(386,835.07)</u>
(9)	Equals District's Shortfall/(Prepaid) Contribution as of September 30, 2015	(\$71,567.62)

STATISTICAL DATA

	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>
<u>Actives</u>				
Number	50	49	51	45
Vested	38	39	43	40
Non-Vested	12	10	8	5
Average Current Age	37.6	38.1	39.4	40.1
Average Age at Employment	29.4	29.0	29.6	29.5
Average Past Service	8.2	9.1	9.8	10.6
Average Annual Salary	\$67,390	\$66,874	\$78,406	\$83,691
<u>Service Retirees</u>				
Number	0	0	0	1
Average Current Age	N/A	N/A	N/A	55.1
Average Annual Benefit	N/A	N/A	N/A	\$49,877
<u>Beneficiaries</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Disability Retirees</u>				
Number	1	2	2	2
Average Current Age	37.7	43.8	44.8	45.8
Average Annual Benefit	\$21,963	\$23,808	\$24,507	\$25,227
<u>Terminated Vested</u>				
Number	2	3	6	10
Average Current Age	<sup>1</sup> 42.5	35.8	34.6	41.2
Average Annual Benefit	<sup>1</sup> \$14,928	\$14,775	\$16,863	\$25,879

<sup>1</sup> Averages exclude non-vested terminated Members awaiting a refund of Member 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	1	1	0	0	1	0	0	0	0	0	3
30 - 34	0	0	0	0	0	3	5	1	0	0	0	9
35 - 39	0	0	0	0	0	4	3	1	0	0	0	8
40 - 44	0	0	0	0	0	4	7	3	0	0	0	14
45 - 49	0	0	0	1	0	2	2	1	0	0	0	6
50 - 54	0	0	0	0	0	1	0	2	0	0	0	3
55 - 59	0	0	0	0	0	1	0	0	0	0	0	1
60 - 64	1	0	0	0	0	0	0	0	0	0	0	1
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	1	1	1	0	16	17	8	0	0	0	45

## VALUATION PARTICIPANT RECONCILIATION

### 1. Active lives

a. Number in prior valuation 10/1/2014	51
b. Terminations	
i. Vested (partial or full) with deferred benefits <sup>1</sup>	(6)
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	(1)
f. DROP	<u>0</u>
g. Continuing participants	44
h. New entrants	<u>1</u>
i. Total active life participants in valuation	45

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

	Service Retirees, Vested Receiving <u>Benefits</u>	<u>DROP Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u> <sup>1</sup>	<u>Total</u>
a. Number prior valuation	0	0	0	2	6	8
Retired	1	0	0	0	0	1
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	6	6
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	(2)	(2)
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	1	0	0	2	10	13

<sup>1</sup> Includes Non-Vested terminated Members awaiting a refund of Member Contributions.

FIREFIGHTERS' PENSION PLAN  
SUMMARY OF PLAN PROVISIONS  
(Through Resolution No. 2015-06)

<u>Eligibility</u>	Full-time employees hired after December 31, 1995 who are classified as certified Firefighters participate in the Plan as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of service with the District as a Firefighter.
<u>Compensation</u>	Monthly compensation, including up to 300 hours of overtime annually, but excluding lump sum payments of unused leave.
<u>Average Final Compensation</u>	Average Compensation for the best five (5) years of Credited Service.
<u>Member Contributions</u>	3.0% of Compensation.
<u>District and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.
<u>Normal Retirement</u>	
Date	Earlier of 1) age 55 and the completion of 6 years of Credited Service, or 2) the completion of 25 years of credited service, regardless of age.
Benefit Amount	3.00% of Average Final Compensation (AFC) <u>times</u> Credited Service, limited to 100% or AFC.  In addition, a monthly supplemental benefit of \$5 times Credited Service is payable, with a minimum of \$50 per month and a maximum of \$150 per month.
Form of Benefit	Ten Year Certain and Life Annuity (options available).

### Early Retirement

Date	Age 50 and the completion of 6 years of Credited Service.
Benefit Amount	Accrued benefit, reduced 3% per year retirement precedes the earlier of age 55 and 6 years of service or the date when 25 years of service would have been completed.

### Vesting

Schedule	100% after 6 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at age 55 (unreduced), or age 50, reduced as for Early Retirement.  Non-vested members receive a refund of member contributions.

### Disability

Eligibility	Total and permanent as determined by the Board of Trustees. Members are covered from Date of Employment (Service Incurred), or after 8 years of Credited Service (Non-Service Incurred).
Benefit Amount	Accrued benefit, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).
Duration	Payable for life with 10 years certain or until recovery (as determined by the Board).

### Death Benefits

Pre-Retirement	
Vested	Accrued benefit, actuarially reduced for commencement prior to age 50. The benefit is determined as if the participant had retired immediately prior to death and had chosen the 10 Year Certain and Life Annuity.
Non-Vested	Refund of member contributions.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

### Cost of Living Adjustment

Eligibility	Normal and Early service Retirees and Beneficiaries, Disability Retirees and Vested, Terminated Retirees.
Amount	3.0% increase at the beginning of each fiscal plan year.

### Chapter 175 Share Accounts

Allocation	Effective October 1, 2009, the initial accumulated Excess State Monies Reserve of \$1,217,569 shall be allocated to all active members who were employed on or before September 30, 2008 in a pro-rata fashion according to months of Credited Service. For subsequent years after the frozen State contribution is reduced to \$659,404, premium tax monies received pursuant to Chapter 175, Florida Statutes in excess of \$659,404 will be allocated to individual Member Share accounts based on months of Credited Service, determined as of September 30.
Investment Earnings	Net rate of investment return realized by the Plan for the preceding Plan Year. Members within 5 years of the Normal Retirement Date have a one-time option of changing the interest crediting as realized by a money market mutual fund selected by the Board. Investment earnings will not begin to accrue until the frozen State contribution is reduced to the \$659,404 level.
Vesting Schedule	Same as for other benefits.
Distribution	Lump sum payment at retirement, termination, disability, or death.
<u>Board of Trustees</u>	Two Trustees appointed by the Board of Fire Commissioners, two Members of the Plan elected by the membership, and a fifth Member elected by other 4 and appointed by the Board of Fire Commissioners as a ministerial duty.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	902,677
Prepaid Expenses	1,112
Money Market	6,017
Total Cash and Equivalents	909,806
Receivables:	
State Contributions	200,787
Investment Income	14,438
Total Receivable	215,225
Investments:	
Stocks	3,906,069
Mutual Funds:	
Fixed Income	8,418,015
Equity	5,371,439
Pooled/Common/Commingled Funds:	
Master Limited Partnership	865,210
Real Estate	918,241
Total Investments	19,478,974
Total Assets	20,604,005
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	12,955
Administrative Expenses	19,149
Prepaid District Contribution	71,568
Total Liabilities	103,672
NET POSITION RESTRICTED FOR PENSIONS	20,500,333

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

ADDITIONS

## Contributions:

Member	113,635	
District	517,177	
State	661,600	
 Total Contributions		 1,292,412
 Investment Income:		
Net Increase in Fair Value of Investments	(644,299)	
Interest & Dividends	572,685	
Less Investment Expense <sup>1</sup>	(72,295)	
 Net Investment Income		 (143,909)
 Total Additions		 1,148,503

DEDUCTIONS

## Distributions to Members:

Benefit Payments	49,013	
Lump Sum Share Distributions	116,627	
Refunds of Member Contributions	5,199	
 Total Distributions		 170,839
 Administrative Expense		 163,984
 Total Deductions		 334,823
 Net Increase in Net Position		 813,680
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		19,686,653
 End of the Year		 20,500,333

<sup>1</sup>Investment 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: Two Trustees appointed by the Board of Fire Commissioners, two Members of the Plan elected by the membership, and a fifth Member elected by other 4 and appointed by the Board of Fire Commissioners as a ministerial duty.

*Plan Membership as of October 1, 2014:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	2
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	6
Active Plan Members	51
	59

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of 1) age 55 and the completion of 6 years of Credited Service, or 2) the completion of 25 years of credited service, regardless of age.

Benefit Amount: 3.00% of Average Final Compensation (AFC) times Credited Service, limited to 100% or AFC.

In addition, a monthly supplemental benefit of \$5 times Credited Service is payable, with a minimum of \$50 per month and a maximum of \$150 per month.

Early Retirement:

Date: Age 50 and the completion of 6 years of Credited Service.

Benefit Amount: Accrued benefit, reduced 3% per year retirement precedes the earlier of age 55 and 6 years of service or the date when 25 years of service would have been completed.

Vesting:

Schedule: 100% after 6 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at age 55 (unreduced), or age 50, reduced as for Early Retirement.

Non-vested members receive a refund of member contributions.

Disability:

Eligibility: Total and permanent as determined by the Board of Trustees. Members are covered from Date of Employment (Service Incurred), or after 8 years of Credited Service (Non-Service Incurred).

Benefit Amount: Accrued benefit, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Vested: Accrued benefit, actuarially reduced for commencement prior to age 50. The benefit is determined as if the participant had retired immediately prior to death and had chosen the 10 Year Certain and Life Annuity.

Non-Vested: Refund of Member contributions.

Cost-of-Living Adjustment:

Eligibility: Normal and Early service Retirees and Beneficiaries, Disability Retirees and Vested, Terminated Retirees.

Amount: 3.0% increase at the beginning of each fiscal plan year.



Chapter 175 Share Accounts

Allocation: Effective October 1, 2009, the initial accumulated Excess State Monies Reserve of \$1,217,569 shall be allocated to all active Members who were employed on or before September 30, 2008 in a pro-rata fashion according to months of Credited Service. For subsequent years after the frozen State contribution is reduced to \$659,404, premium tax monies received pursuant to Chapter 175, Florida Statutes in excess of \$659,404 will be allocated to individual Member Share accounts based on months of Credited Service, determined as of September 30.

Investment Earnings: Net rate of investment return realized by the Plan for the preceding Plan Year. Members within 5 years of the Normal Retirement Date have a one-time option of changing the interest crediting as realized by a money market mutual fund selected by the Board. Investment earnings will not begin to accrue until the frozen State contribution is reduced to the \$659,404 level.

Vesting Schedule: Same as for other benefits.

*Contributions*

Member Contributions: 3.0% of Compensation.

District and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.

**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	35%
International Equity	12%
Bonds	28%
High Yield Bonds	5%
Convertibles	8%
Private Real Estate	5%
MLPs	5%
Cash	2%
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 -0.72 percent.

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

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	\$ 18,695,947
Plan Fiduciary Net Position	\$ (20,500,333)
Sponsor's Net Pension Liability	<u>\$ (1,804,386)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	109.65%

*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	Service based
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate: RP 2000 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 1998-2013.

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	8.0%
International Equity	3.0%
Bonds	4.4%
High Yield Bonds	6.0%
Convertibles	6.4%
Private Real Estate	4.6%
MLPs	10.4%
Cash	1.1%

Discount Rate:

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

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

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.75%</u>	<u>7.75%</u>	<u>8.75%</u>
Sponsor's Net Pension Liability	\$ 1,296,184	\$ (1,804,386)	\$ (4,332,412)

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	1,309,059	1,076,925
Interest	1,249,582	1,073,926
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	1,408,146	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(170,839)</u>	<u>(62,080)</u>
Net Change in Total Pension Liability	3,795,948	2,088,771
Total Pension Liability - Beginning	<u>14,899,999</u>	<u>12,811,228</u>
Total Pension Liability - Ending (a)	<u><u>18,695,947</u></u>	<u><u>\$ 14,899,999</u></u>
 Plan Fiduciary Net Position		
Contributions - Employer	517,177	506,016
Contributions - State	661,600	720,074
Contributions - Employee	113,635	110,558
Net Investment Income	(143,909)	1,574,687
Benefit Payments, including Refunds of Employee Contributions	(170,839)	(62,080)
Administrative Expense	<u>(163,984)</u>	<u>(164,656)</u>
Net Change in Plan Fiduciary Net Position	813,680	2,684,599
Plan Fiduciary Net Position - Beginning	<u>19,686,653</u>	<u>17,002,054</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 20,500,333</u></u>	<u><u>\$ 19,686,653</u></u>
 Net Pension Liability - Ending (a) - (b)	<u><u>\$ (1,804,386)</u></u>	<u><u>\$ (4,786,654)</u></u>
 Plan Fiduciary Net Position as a percentage of the Total Pension Liability	109.65%	132.13%
 Covered Employee Payroll*	\$ 3,787,836	\$ 3,685,271
Net Pension Liability as a percentage of Covered Employee Payroll	-47.64%	-129.89%

\* The Covered Employee Payroll figures are based on Pensionable Salary.

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	09/30/2015	09/30/2014
Actuarially Determined Contribution	1,178,777	1,226,090
Contributions in relation to the Actuarially Determined Contributions	1,178,777	1,226,090
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll*	\$ 3,787,836	\$ 3,685,271
Contributions as a percentage of Covered Employee Payroll	31.12%	33.27%

\* The Covered Employee Payroll figures are based on Pensionable Salary.

Notes to Schedule

Valuation Date: 10/01/2013  
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Individual Entry Age Normal Actuarial Cost Method (level percent of pay).  
Amortization Method: Level Dollar, Closed.  
Remaining Amortization Period: 29 Years (as of 10/01/2013).  
Inflation: 3.0% per year.  
Mortality: RP 2000 Combined Healthy – Sex Distinct. Disabled lives set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

	Years of Service	Probability
Termination Rates:	Less than 6	4.5%
	6-9	1.5%
	10 and Higher	0.0%

Disability Rates: See table on following page. 75% of disabilities are assumed to be service-incurred.

Normal Retirement Age: Earlier of 1) Age 55 with 6 years of Credited Service or 2) the completion of 25 years of Credited Service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.

Early Retirement Age: Attainment of age 50 with 6 years of Credited Service. Members are assumed to retire with an immediate subsidized benefit at the same rate assumed for termination of service.

Interest Rate: 7.75% per year, compounded annually, net of investment related expenses.

	Years of Service	% Increase in Salary
Salary Increases:	Less than 2	15.0%
	2 -9	7.0%
	10-14	6.5%
	15-19	6.0%
	20 and Higher	5.5%

Post Retirement COLA: 3% per year for all categories of retirement.

Payroll Growth: None.

Asset Method: Fair Market Value, net of investment related expenses.

## GASB 67

### Disability Rates:

Age	Probability of Becoming Disabled in Next Year
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%
55	1.55%

### Mortality Rates:

Age	Male	Female
50	0.21%	0.17%
55	0.36%	0.27%
60	0.67%	0.51%
65	1.27%	0.97%
70	2.22%	1.67%
75	3.78%	2.81%
80	6.44%	4.59%

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	-0.72%	8.97%

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: Two Trustees appointed by the Board of Fire Commissioners, two Members of the Plan elected by the membership, and a fifth Member elected by other 4 and appointed by the Board of Fire Commissioners as a ministerial duty. Full-time employees hired after December 31, 1995 who are classified as certified Firefighters participate in the Plan as a condition of employment.

*Plan Membership as of October 1, 2014:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	2
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	6
Active Plan Members	51
	<u>59</u>

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of 1) age 55 and the completion of 6 years of Credited Service, or 2) the completion of 25 years of credited service, regardless of age.

Benefit Amount: 3.00% of Average Final Compensation (AFC) times Credited Service, limited to 100% or AFC.

In addition, a monthly supplemental benefit of \$5 times Credited Service is payable, with a minimum of \$50 per month and a maximum of \$150 per month.

Early Retirement:

Date: Age 50 and the completion of 6 years of Credited Service.

Benefit Amount: Accrued benefit, reduced 3% per year retirement precedes the earlier of age 55 and 6 years of service or the date when 25 years of service would have been completed.

Vesting:

Schedule: 100% after 6 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at age 55 (unreduced), or age 50, reduced as for Early Retirement.

Non-vested members receive a refund of member contributions.

Disability:

Eligibility: Total and permanent as determined by the Board of Trustees. Members are covered from Date of Employment (Service Incurred), or after 8 years of Credited Service (Non-Service Incurred).

Benefit Amount: Accrued benefit, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Vested: Accrued benefit, actuarially reduced for commencement prior to age 50. The benefit is determined as if the participant had retired immediately prior to death and had chosen the 10 Year Certain and Life Annuity.

Non-Vested: Refund of Member contributions.

Cost-of-Living Adjustment:

Eligibility: Normal and Early service Retirees and Beneficiaries, Disability Retirees and Vested, Terminated Retirees.

Amount: 3.0% increase at the beginning of each fiscal plan year.

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### Chapter 175 Share Accounts

Allocation: Effective October 1, 2009, the initial accumulated Excess State Monies Reserve of \$1,217,569 shall be allocated to all active Members who were employed on or before September 30, 2008 in a pro-rata fashion according to months of Credited Service. For subsequent years after the frozen State contribution is reduced to \$659,404, premium tax monies received pursuant to Chapter 175, Florida Statutes in excess of \$659,404 will be allocated to individual Member Share accounts based on months of Credited Service, determined as of September 30.

Investment Earnings: Net rate of investment return realized by the Plan for the preceding Plan Year. Members within 5 years of the Normal Retirement Date have a one-time option of changing the interest crediting as realized by a money market mutual fund selected by the Board. Investment earnings will not begin to accrue until the frozen State contribution is reduced to the \$659,404 level.

Vesting Schedule: Same as for other benefits.

### *Contributions*

Member Contributions: 3.0% of Compensation.

District and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.



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	Service based
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate: RP 2000 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 1998-2013.

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	35%	8.00%
International Equity	12%	3.00%
Bonds	28%	4.40%
High Yield Bonds	5%	6.00%
Convertibles	8%	6.40%
Private Real Estate	5%	4.60%
MLPs	5%	10.40%
Cash	2%	1.10%
<b>Total</b>	<b>100%</b>	

Discount Rate:

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2014	\$ 14,899,999	\$ 19,686,653	\$ (4,786,654)
Changes for a Year:			
Service Cost	1,309,059	-	1,309,059
Interest	1,249,582	-	1,249,582
Differences between Expected and Actual Experience	1,408,146	-	1,408,146
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	517,177	(517,177)
Contributions - State	-	661,600	(661,600)
Contributions - Employee	-	113,635	(113,635)
Net Investment Income	-	(143,909)	143,909
Benefit Payments, including Refunds of Employee Contributions	(170,839)	(170,839)	-
Administrative Expense	-	(163,984)	163,984
Net Changes	3,795,948	813,680	2,982,268
Balances at September 30, 2015	\$ 18,695,947	\$ 20,500,333	\$ (1,804,386)

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 1,296,184	\$ (1,804,386)	\$ (4,332,412)

*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 \$811,125.

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	1,280,132	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	1,236,972	-
Employers contributions subsequent to the measurement date	-	-
Total	<u>\$ 2,517,104</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	\$ 426,556
2018	\$ 426,556
2019	\$ 426,555
2020	\$ 469,359
2021	\$ 128,013
Thereafter	\$ 640,065

**Payable to the Pension Plan**

On September 30, 2015, the Sponsor reported a payable of \$200,787 for the outstanding amount of contributions of the Pension Plan required for the year ended September 30, 2015.

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

	09/30/2015	09/30/2014
Total Pension Liability		
Service Cost	1,309,059	1,076,925
Interest	1,249,582	1,073,926
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	1,408,146	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	(170,839)	(62,080)
Net Change in Total Pension Liability	3,795,948	2,088,771
Total Pension Liability - Beginning	14,899,999	12,811,228
Total Pension Liability - Ending (a)	<u>\$ 18,695,947</u>	<u>\$ 14,899,999</u>
 Plan Fiduciary Net Position		
Contributions - Employer	517,177	506,016
Contributions - State	661,600	720,074
Contributions - Employee	113,635	110,558
Net Investment Income	(143,909)	1,574,687
Benefit Payments, including Refunds of Employee Contributions	(170,839)	(62,080)
Administrative Expense	(163,984)	(164,656)
Net Change in Plan Fiduciary Net Position	813,680	2,684,599
Plan Fiduciary Net Position - Beginning	19,686,653	17,002,054
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,500,333</u>	<u>\$ 19,686,653</u>
 Net Pension Liability - Ending (a) - (b)	<u>\$ (1,804,386)</u>	<u>\$ (4,786,654)</u>
 Plan Fiduciary Net Position as a percentage of the Total Pension Liability	109.65%	132.13%
 Covered Employee Payroll*	\$ 3,787,836	\$ 3,685,271
Net Pension Liability as a percentage of Covered Employee Payroll	-47.64%	-129.89%

\* The Covered Employee Payroll figures are based on Pensionable Salary.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2015	09/30/2014
Actuarially Determined Contribution	1,178,777	1,226,090
Contributions in relation to the		
Actuarially Determined Contributions	1,178,777	1,226,090
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll	\$ 3,787,836	\$ 3,685,271
Contributions as a percentage of		
Covered Employee Payroll	31.12%	33.27%

Notes to Schedule

Valuation Date: 10/01/2013

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

Methods and assumptions used to determine contribution rates:

Funding Method: Individual Entry Age Normal Actuarial Cost  
 Amortization Method: Level Dollar, Closed.  
 Remaining Amortization Period: 29 Years (as of 10/01/2013).  
 Inflation: 3.0% per year.  
 Mortality: RP 2000 Combined Healthy – Sex Distinct. Disabled lives set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

Termination Rates:	Years of Service	Probability
	Less than 6	4.50%
	6-9	1.50%
	10 and Higher	0.00%

Disability Rates: See table on following page. 75% of disabilities are assumed to be service-incurred.  
 Normal Retirement Age: Earlier of 1) Age 55 with 6 years of Credited Service or 2) the completion of 25 years of Credited Service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.

Early Retirement Age: Attainment of age 50 with 6 years of Credited Service. Members are assumed to retire with an immediate subsidized benefit at the same rate assumed for termination of service.

Interest Rate: 7.75% per year, compounded annually, net of investment related expenses.

Salary Increases:	Years of Service	% Increase in Salary
	Less than 2	15.0%
	2 -9	7.0%
	10-14	6.5%
	15-19	6.0%
	20 and Higher	5.5%

Post Retirement COLA: 3% per year for all categories of retirement.

Payroll Growth: None.

Asset Method: Fair Market Value, net of investment related expenses.

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Disability Rates:

Age	Probability of Becoming Disabled in Next Year
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%
55	1.55%

Mortality Rates:

Age	Male	Female
50	0.21%	0.17%
55	0.36%	0.27%
60	0.67%	0.51%
65	1.27%	0.97%
70	2.22%	1.67%
75	3.78%	2.81%
80	6.44%	4.59%

FINAL COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (4,190,826)	\$ -	\$ 506,016	\$ -
Employer Contributions made after September 30, 2014	-	-	517,177	-
Total Pension Liability Factors:				
Service Cost	1,076,925	-	-	1,076,925
Interest	1,073,926	-	-	1,073,926
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	(62,080)	-	-	(62,080)
Net change	<u>2,088,771</u>	<u>-</u>	<u>517,177</u>	<u>2,088,771</u>
Plan Fiduciary Net Position:				
Contributions - Employer	506,016	-	(506,016)	-
Contributions - State	720,074	-	-	(720,074)
Contributions - Employee	110,558	-	-	(110,558)
Net Investment Income	1,360,668	-	-	(1,360,668)
Difference between projected and actual earnings on Pension Plan investments	214,019	214,019	-	-
Current year amortization	-	(42,803)	-	(42,803)
Benefit Payments	(62,080)	-	-	62,080
Administrative Expenses	(164,656)	-	-	164,656
Net change	<u>2,684,599</u>	<u>171,216</u>	<u>(506,016)</u>	<u>(2,007,367)</u>
Ending Balance	<u>\$ (4,786,654)</u>	<u>\$ 171,216</u>	<u>\$ 517,177</u>	<u>\$ 81,404</u>

**PRELIMINARY COMPONENTS OF PENSION EXPENSE**  
**FISCAL YEAR SEPTEMBER 30, 2016**

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (4,786,654)	\$ 171,216	\$ 517,177	\$ -
Employer Contributions made after September 30, 2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	1,309,059	-	-	1,309,059
Interest	1,249,582	-	-	1,249,582
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	1,408,146	-	1,408,146	-
Current year amortization of experience difference	-	-	(128,014)	128,014
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(170,839)	-	-	(170,839)
Net change	<u>3,795,948</u>	<u>-</u>	<u>1,280,132</u>	<u>2,515,816</u>
Plan Fiduciary Net Position:				
Contributions - Employer	517,177	-	(517,177)	-
Contributions - State	661,600	-	-	(661,600)
Contributions - Employee	113,635	-	-	(113,635)
Net Investment Income	1,562,822	-	-	(1,562,822)
Difference between projected and actual earnings on Pension Plan investments	(1,706,731)	-	1,706,731	-
Current year amortization	-	(42,804)	(341,347)	298,543
Benefit Payments	(170,839)	-	-	170,839
Administrative Expenses	(163,984)	-	-	163,984
Net change	<u>813,680</u>	<u>(42,804)</u>	<u>848,207</u>	<u>(1,704,691)</u>
Ending Balance	<u>\$ (1,804,386)</u>	<u>\$ 128,412</u>	<u>TBD</u>	<u>\$ 811,125</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.



SUPPLEMENTAL CHAPTER 175 SHARE PLAN ACTIVITY  
October 1, 2014 through September 30, 2015

09/30/2014 Balance	1,161,669.01
Plus Additions	-
Investment Return Earned	-
Less Distributions	(116,627.00)
09/30/2015 Balance	1,045,042.01

CUMULATIVE STATE MONIES (EXCESS OF \$659,404)

An excerpt of Resolution 2009-05, Section 2, reads "Any premium tax revenues received by the District in excess of the \$902,451 "applicable frozen amount" during any plan year beginning October 1, 2008 or later shall be used for the supplemental pension benefit provided in Section 3 below. The District and the Union have further agreed that the "applicable frozen amount" shall remain at \$902,451 until such time, as determined by the plan actuary, the District has received cumulative premium tax revenues in excess of \$659,404 equal to 274,223, plus interest at the rate of 4% per year, compounded annually; at which time the "applicable frozen amount" shall be adjusted to \$659,404 <sup>1</sup>.

The purpose of the below schedule is to report the cumulative premium tax revenues (in excess of \$659,404) received since the plan year beginning October 1, 2008. As stated above, once the accumulation with interest reaches \$274,223, the "applicable frozen amount" will be reduced from \$902,451 to 659,404 annually <sup>1</sup>.

<u>Plan Year Ending September 30</u>	<u>Regular Premium Tax Distribution</u>	<u>Supplemental Premium Tax Distribution</u>	<u>Total Premium Tax Distribution</u>	<u>Excess above \$659,404</u>	<u>Applicable Interest</u>	<u>Cumulative Excess</u>
2009	351,054.75	186,985.47	538,040.22	0.00	N/A	0.00
2010	324,470.54	159,854.08	484,324.62	0.00	N/A	0.00
2011	399,597.65	191,226.54	590,824.19	0.00	N/A	0.00
2012	398,031.06	216,126.93	614,157.99	0.00	N/A	0.00
2013	440,695.43	238,403.40	679,098.83	19,694.83	N/A	19,694.83
2014	463,655.24	256,418.27	720,073.51	60,669.51	787.79	81,152.13
2015	460,812.33	200,787.24	661,599.57	2,195.57	3,246.09	<b>86,593.79</b>

<sup>1</sup> In absence of a mutual consent between the District and Plan Membership, this agreement shall be superseded by the requirements of Chapter 2015-39 beginning with the fiscal year ending September 30, 2016. Please see pages 5-6 of this report for additional details.