

CITY OF LYNN HAVEN  
FIREFIGHTERS' RETIREMENT SYSTEM

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2015

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

November 30, 2015

Board of Trustees  
City of Lynn Haven  
Firefighters' Pension Board  
1412 Pennsylvania Ave.  
Lynn Haven, FL 32444

Re: Firefighters' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Lynn Haven Firefighters' Retirement System. 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(s). 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 and the City of Lynn Haven, 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 Lynn Haven, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Firefighters' Retirement System. 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.

A handwritten signature in black ink that reads "Jason L. Franken". The signature is written in a cursive style with a long horizontal line extending to the right.

By: \_\_\_\_\_

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

JLF/lke

Enclosures

## TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	5
	b. Plan Changes Since Prior Valuation	7
	c. Requirements of Chapter 112, Part VII, Florida Statutes	8
II	Valuation Information	
	a. Reconciliation of Unfunded Actuarial Accrued Liability	13
	b. Actuarial Assumptions and Methods	14
	c. Valuation Notes	16
	d. Partial History of Premium Tax Refunds	17
	e. Excess State Monies Reserve	18
III	Trust Fund	19
IV	Member Statistics	
	a. Statistical Data	24
	b. Age and Service Distribution	25
	c. Member Reconciliation	26
V	Summary of Plan Provisions	27
VI	Governmental Accounting Standards Board Statements	30

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Lynn Haven Firefighters’ Retirement System, performed as of October 1, 2015, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended September 30, 2017.

The contribution requirements, compared with those developed in October 1, 2015 actuarial valuation, are as follows:

Valuation Date	10/1/2014	10/1/2015
Applicable Plan/Fiscal Yr. End	<u>9/30/2016</u>	<u>9/30/2017</u>
Total Required Contribution	\$234,091	\$232,249
% of Total Annual Payroll		
Member Contributions (Est.)	44,825	46,771
% of Total Annual Payroll		
City and State Required Contribution	189,266	185,478
% of Total Annual Payroll		
State Contribution <sup>1</sup>	42,089	42,089
% of Total Annual Payroll		
Balance from City <sup>2</sup>	\$147,177	\$143,389
% of Total Annual Payroll		

<sup>1</sup> State contributions shown were determined under the traditional interpretation of Chapter 99-1 Florida Statutes. Chapter 2015-39 requires that the membership and City mutually consent to the use of State Monies or the default approach will apply.

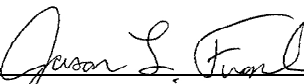
<sup>2</sup> The City has a prepaid contribution of \$21,766.54 available to offset the current year’s funding requirements.


During the last 12 months, the actuarial experience has been more favorable than expected, relative to the Plan’s actuarial assumptions. The primary components of favorable experience included a 9.58% investment return (Actuarial Asset Basis) that was greater than the 8.0% assumption and average increases in pensionable earnings that were less than the assumed rate. Partially offsetting these gains was the effect of no inactive mortality.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

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

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

## CHANGES SINCE PRIOR VALUATION

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

Actuarial Assumption/Method Changes – Since the prior valuation the actual Unfunded Actuarial Accrued Liability became a negative number and in light of this we eliminated all prior bases and set up a new “Fresh Start” base. This base will be amortized over 30 years. This negative payment is not used to offset the Total Required Contribution.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	20	20
Service Retirees	5	5
DROP Retirees	0	0
Beneficiaries	1	1
Disability Retirees	0	0
Terminated Vested	<u>0</u>	<u>0</u>
Total	26	26
Total Annual Payroll	\$844,539	\$809,401
Payroll Under Assumed Ret. Age	844,539	809,401
Annual Rate of Payments to:		
Service Retirees	137,454	137,454
DROP Retirees	0	0
Beneficiaries	21,508	21,508
Disability Retirees	0	0
Terminated Vested	0	0
B. Assets		
Actuarial Value <sup>1</sup>	5,436,074	4,840,238
Market Value <sup>1</sup>	5,298,052	5,204,722
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	4,370,536	3,987,763
Disability Benefits	47,626	43,989
Death Benefits	26,533	24,777
Vested Benefits	320,149	299,101
Refund of Contributions	15,355	64,454
Service Retirees	1,612,709	1,624,144
DROP Retirees <sup>1</sup>	0	0
Beneficiaries	204,974	208,854
Disability Retirees	0	0
Terminated Vested	0	0
Excess State Monies Reserve	<u>574,184</u>	<u>518,205</u>
Total	7,172,066	6,771,287



C. Liabilities - (Continued)	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	7,810,024	7,837,040
Present Value of Future Member Contributions	390,501	391,852
Total Normal Cost	189,298	196,658
Present Value of Future Normal Costs (EAN)	1,810,403	1,768,511
Total Actuarial Accrued Liability	5,421,496	4,867,146
Unfunded Actuarial Accrued Liability (UAAL)	(14,578)	26,908
Funded Ratio (AVA / AL)	100.3%	99.4%

D. Actuarial Present Value of Accrued Benefits

Vested Accrued Benefits		
Inactives <sup>1</sup>	1,817,683	1,832,998
Actives	1,375,723	1,161,199
Member Contributions	<u>317,940</u>	<u>285,657</u>
Total	3,511,346	3,279,854
Non-vested Accrued Benefits	<u>130,520</u>	<u>94,216</u>
Total Present Value Accrued Benefits	3,641,866	3,374,070
Funded Ratio (MVA / PVAB)	145.5%	154.3%

Increase (Decrease) in Present Value of  
Accrued Benefits Attributable to:

Plan Amendments	0
Assumption Changes	0
New Accrued Benefits	172,193
Benefits Paid	(167,618)
Interest	263,221
Other	<u>0</u>
Total	267,796

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) <sup>3</sup>	\$209,666	\$217,818
Administrative Expenses (with interest) <sup>3</sup>	22,583	13,476
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2015) <sup>3</sup>	0	2,797
Total Required Contribution	232,249	234,091
Expected Member Contributions <sup>3</sup>	46,771	44,825
Expected City & State Contribution	185,478	189,266

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
City and State Requirement	217,291

Actual Contributions Made:

Members (excluding buyback)	40,940
City	175,202
State	<u>42,089</u> <sup>2</sup>
Total	258,231

G. Net Actuarial (Gain)/Loss N/A

- <sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015 and 9/30/2014.
- <sup>2</sup> Reflects traditional interpretation of Chapter 99-1, Florida Statutes.
- <sup>3</sup> Contributions developed as of 10/1/2015 displayed above have been adjusted to account for assumed salary increases and interest components

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	(14,578)
2016	(14,784)
2017	(14,977)
2024	(15,813)
2031	(14,971)
2038	(10,743)
2045	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	4.99%	6.50%
Year Ended	9/30/2014	6.73%	6.50%
Year Ended	9/30/2013	4.80%	6.50%

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

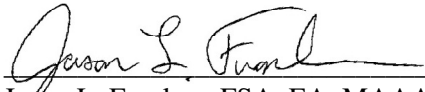
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	9.58%	8.00%
Year Ended	9/30/2014	9.60%	8.00%
Year Ended	9/30/2013	8.76%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$844,539
	10/1/2005	610,191
(b) Total Increase		38.41%
(c) Number of Years		10.00
(d) Average Annual Rate		3.3%

STATEMENT BY ENROLLED ACTUARY

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



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

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2014	\$26,908
(2)	Sponsor Normal Cost developed as of October 1, 2014	156,188
(3)	Expected administrative expenses for the year ended September 30, 2015	12,167
(4)	Expected interest on (1), (2) and (3)	15,134
(5)	Sponsor contributions to the System during the year ended September 30, 2015	217,291
(6)	Expected interest on (5)	7,684
(7)	Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	(14,578)
(8)	Change to UAAL due to Assumption Change	0
(9)	Unfunded Accrued Liability as of October 1, 2015	(14,578)

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2015 <u>Amount</u>	Amortization <u>Amount</u>
Fresh Start	10/1/2015	30	(\$14,578)	(\$889)

## ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	RP-2000 Table with no projection – Sex Distinct. Disabled lives are set forward 5 years. Based upon other studies of municipal Firefighters, we feel this assumption sufficiently accommodates future mortality improvements.
<u>Interest Rate</u>	8.0% per year compounded annually, net of investment related expenses. This assumption is in line with the national average utilized for public pension programs.
<u>Retirement Age</u>	Earlier age 55 and 10 years of service or 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based on the plan provisions.
<u>Early Retirement</u>	Commencing with eligibility for Early Retirement Age (Age 50 with 10 years of service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. We feel this assumption is reasonable based on the plan provisions.
<u>Disability Rate</u>	See table on following page (1201). It is assumed that 75% of disablements and active member deaths are service related. This assumption is consistent with other Firefighter plans in the state.
<u>Termination Rate</u>	See table on following page (1302).
<u>Salary Increases</u>	6.5% per year until the assumed retirement age; see table on the following page. In addition, final projected salary is increased individually (based on actual eligible hours as of July 1, 2011) to account for additional non-regular compensation.
<u>Non-Investment Expenses</u>	\$20,389 per year based on the prior year's actual expenses.
<u>Payroll Growth</u>	3.0% per year.
<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. It is possible that over time this technique will produce an insignificant bias above or below Market Value.
<u>Funding Method</u>	Frozen Entry Age Cost Method.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as % of Salary at Age 53</u>
20	.03%	6.0%	12.5%
30	.04	5.0	23.5
40	.07	2.6	44.1
50	.18	0.8	82.8

## VALUATION NOTES

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

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

Normal (Current Year's) Cost Rate is determined in the aggregate as the ratio of (a) and (b) as follows:

- (a) The present value of benefits for all Plan Participants, less the actuarial value of assets, less the Unfunded Actuarial Accrued Liability (UAAL).
- (b) The present value of future compensation over the anticipated number of years of participation, determined as of the valuation date.

The Normal Cost dollar requirement is the ratio of (a) and (b), multiplied by the Total Annual Payroll as of the valuation date.

Frozen Entry Age 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 Actuarial Accrued Liability (UAAL). The UAAL is reconciled each valuation with charges and credits as follows:

- (a) Charges: the Normal Cost for the prior year, in addition to interest (at the valuation assumption of 8%) on the Normal Cost and prior year's UAAL balance.
- (b) Credits: Sponsor contributions with interest at the valuation assumption of 8%.

New UAAL bases will be created only for changes in methods, assumptions, or benefits. Actuarial gains and losses are funded as part of the Normal Cost.

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 sponsor contributions during the year.



PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1993	12,095.55	_____%
1994	16,091.85	33.0%
1995	13,963.77	-13.2%
1996	18,555.17	32.9%
1997	19,422.87	4.7%
1998	36,460.99	87.7%
1999	28,632.83	-21.5%
2000	32,389.89	13.1%
2001	33,662.88	3.9%
2002	34,667.35	3.0%
2003	43,161.44	24.5%
2004	50,788.31	17.7%
2005	55,594.58	9.5%
2006	63,916.07	15.0%
2007	81,269.53	27.2%
2008	108,742.07	33.8%
2009	110,634.27	1.7%
2010	93,325.88	-15.6%
2011	92,032.89	-1.4%
2012	92,917.11	1.0%
2013	127,858.30	37.6%
2014	104,242.57	-18.5%
2015	98,068.12	-5.9%

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>
1998	\$18,606.60	\$18,606.60	\$0.00	N/A	N/A	N/A
1999	20,292.52	18,606.60	1,685.92	8,340.31	8,340.31	0.00
2000	21,310.21	18,606.60	2,703.61	11,079.68	8,340.31	2,739.37
2001	21,503.55	21,503.55	0.00	12,159.33	20,585.36	0.00
2002	23,367.86	23,367.86	0.00	11,299.49	18,721.05	0.00
2003	30,207.45	30,207.45	0.00	12,953.99	11,881.46	1,072.53
2004	33,956.87	33,748.60	208.27	16,831.44	8,340.31	8,491.13
2005	36,843.58	33,748.60	3,094.98	18,751.00	8,340.31	10,410.69
2006	42,637.12	33,748.60	8,888.52	21,278.95	8,340.31	12,938.64
2007	55,684.10	33,748.60	21,935.50	25,585.43	8,340.31	17,245.12
2008	61,317.26	33,748.60	27,568.66	47,424.81	8,340.31	39,084.50
2009	62,505.43	33,748.60	28,756.83	48,128.84	8,340.31	39,788.53
2010	66,187.37	33,748.60	32,438.77	27,138.51	8,340.31	18,798.20
2011	68,760.83	33,748.60	35,012.23	23,272.06	8,340.31	14,931.75
2012	70,250.50	33,748.60	36,501.90	22,666.61	8,340.31	14,326.30
2013	68,432.93	33,748.60	34,684.33	59,425.37	16,680.62	42,744.75
2014	71,262.03	33,748.60	37,513.43	32,980.54	8,340.31	24,640.23
2015	71,307.33	33,748.60	<u>37,558.73</u>	26,760.79	8,340.31	<u>18,420.48</u>
			308,551.68			265,632.22
Accumulated Regular Excess			308,551.68			
Accumulated Special Excess			<u>265,632.22</u>			
Equals Current State Monies Reserve			\$574,183.90			

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	59,262.20	59,262.20
Total Cash and Equivalents	59,262.20	59,262.20
Receivables:		
State Contributions	98,068.12	98,068.12
From Broker for Investments Sold	134,630.58	134,630.58
Investment Income	18,758.82	18,758.82
Total Receivable	251,457.52	251,457.52
Investments:		
U. S. Bonds and Bills	718,170.26	730,709.78
Federal Agency Guaranteed Securities	17,478.24	18,784.07
Corporate Bonds	836,291.65	843,785.60
Stocks	2,868,400.12	3,100,822.70
Mutual Funds:		
Fixed Income	459,743.75	465,885.00
Total Investments	4,900,084.02	5,159,987.15
Total Assets	5,210,803.74	5,470,706.87
<u>LIABILITIES</u>		
Payables:		
To Broker for Investments Purchased	150,888.29	150,888.29
Prepaid City Contribution	21,766.54	21,766.54
Total Liabilities	172,654.83	172,654.83
NET POSITION RESTRICTED FOR PENSIONS	5,038,148.91	5,298,052.04

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

ADDITIONS

Contributions:		
Member		40,940.04
City		175,202.09
State		98,068.12
Total Contributions		314,210.25
Investment Income:		
Net Realized Gain (Loss)	274,251.08	
Unrealized Gain (Loss)	(401,754.43)	
Net Increase in Fair Value of Investments		(127,503.35)
Interest & Dividends		139,540.88
Less Investment Expense <sup>1</sup>		(44,910.29)
Net Investment Income		(32,872.76)
Total Additions		281,337.49
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments		158,961.84
Lump Sum DROP Distributions		0.00
Refunds of Member Contributions		8,656.36
Total Distributions		167,618.20
Administrative Expense		20,389.35
Total Deductions		188,007.55
Net Increase in Net Position		93,329.94
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		5,204,722.10
End of the Year		5,298,052.04

<sup>1</sup>Investment 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	18.27%	
09/30/2013	10.38%	
09/30/2014	11.14%	
09/30/2015	-0.63%	
Annualized Rate of Return for prior four (4) years:		9.58%
(A) 10/01/2014 Actuarial Assets:		\$4,840,238.25
(I) Net Investment Income:		
1. Interest and Dividends	139,540.88	
2. Realized Gains (Losses)	274,251.08	
3. Change in Actuarial Value	100,751.51	
4. Investment Related Expenses	(44,910.29)	
Total		469,633.18
(B) 10/01/2015 Actuarial Assets:		\$5,436,074.13
Actuarial Asset Rate of Return = $2I/(A+B-I)$ :		9.58%
10/01/2015 Limited Actuarial Assets:		\$5,436,074.13
10/01/2015 Market Value of Assets:		\$5,298,052.04
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$77,366.01

\*Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	40,940.04	
City	175,202.09	
State	98,068.12	
 Total Contributions		 314,210.25
Earnings from Investments:		
Interest & Dividends	139,540.88	
Net Realized Gain (Loss)	274,251.08	
Change in Actuarial Value	100,751.51	
 Total Earnings and Investment Gains		 514,543.47

EXPENDITURES

Distributions to Members:		
Benefit Payments	158,961.84	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	8,656.36	
 Total Distributions		 167,618.20
Expenses:		
Investment related <sup>1</sup>	44,910.29	
Administrative	20,389.35	
 Total Expenses		 65,299.64
 Change in Net Assets for the Year		 595,835.88
 Net Assets Beginning of the Year		 4,840,238.25
 Net Assets End of the Year <sup>2</sup>		 5,436,074.13

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

<sup>2</sup>Net Assets may be limited for actuarial consideration.

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

(1) Required City Contribution for Fiscal 2015	175,202.09
(2) Less 2014 Prepaid Contribution	(16,893.63)
(3) Less Actual City Contributions	<u>(180,075.00)</u>
(4) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2015	(\$21,766.54)

STATISTICAL DATA <sup>1</sup>

	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>
<u>Actives</u>				
Number	21	21	20	20
Average Current Age	36.4	36.8	36.7	38.0
Average Age at Employment	26.8	26.5	26.6	29.3
Average Past Service	9.7	10.4	10.0	8.7
Average Annual Salary	\$35,024	\$38,686	\$40,470	\$42,227
<u>Service Retirees</u>				
Number			5	5
Average Current Age			54.3	55.3
Average Annual Benefit			\$27,491	\$27,491
<u>DROP Retirees</u>				
Number			0	0
Average Current Age			N/A	N/A
Average Annual Benefit			N/A	N/A
<u>Beneficiaries</u>				
Number			1	1
Average Current Age			64.5	65.5
Average Annual Benefit			\$21,508	\$21,508
<u>Disability Retirees</u>				
Number			0	0
Average Current Age			N/A	N/A
Average Annual Benefit			N/A	N/A
<u>Terminated Vested</u>				
Number			0	0
Average Current Age			N/A	N/A
Average Annual Benefit			N/A	N/A

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



## AGE AND SERVICE DISTRIBUTION

### PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	1	0	0	0	0	0	0	0	0	0	1
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	1	1	1	1	3	0	0	0	0	0	7
35 - 39	1	0	1	0	0	1	2	0	0	0	0	5
40 - 44	1	0	0	0	0	0	1	1	1	0	0	4
45 - 49	0	0	0	0	0	0	0	1	0	0	0	1
50 - 54	0	0	0	0	0	0	0	1	0	0	0	1
55 - 59	0	0	0	0	0	0	0	1	0	0	0	1
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>20</b>

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	20
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	(2)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>0</u>
f. DROP	0
g. Continuing participants	18
h. New entrants	<u>2</u>
i. Total active life participants in valuation	20

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	5	0	1	0	0	6
Retired	0	0	0	0	0	0
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	0	0
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	5	0	1	0	0	6

SUMMARY OF PLAN PROVISIONS  
(Through Ordinance No. 972)

<u>Effective Date</u>	August 14, 1973
<u>Latest Amendment</u>	August 27, 2013
<u>Eligibility</u>	Full-time employees who are classified as full-time certified Firefighters shall participate in the Plan as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Firefighter.
<u>Salary</u>	<p>Total Compensation reportable on Form W-2 plus all tax deferred, tax sheltered or tax exempt items of income.</p> <p>For Service earned on or after July 1, 2011 Salary shall not include more than 300 hours of overtime per fiscal year. Only unused sick or annual leave accrued as of July 1, 2011 and attributable only to service earned prior to July 1, 2011 may be included in Salary for pension purposes.</p>
<u>Average Final Compensation</u>	Average Salary for the highest 5 years during the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	5.0% 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 Chapter 112, <u>Florida Statutes</u> .
<u>Normal Retirement</u>	
Date	Earlier of age 55 and 10 years of Credited Service, or 25 years of Credited Service, regardless of age.
Benefit	3.5% of Average Final Compensation times Credited Service
Form of Benefit	Ten Year Certain and Life Annuity (options available).

### Early Retirement

Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% for each year that Early Retirement precedes Normal Retirement.

### Vesting

Schedule	100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit at the otherwise Normal Retirement 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 the military, etc.
Benefit	Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).
Duration	Payable as a 10 Year Certain and Life Annuity or until recovery (as determined by the Board) (Options available).

### Death Benefits

Pre-Retirement	
Vested	Monthly accrued benefit payable to designated beneficiary for 10 years.
Non-Vested	Return of Member's contributions without interest.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

### 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 and appointed by the Commission.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements (earlier of: 1) Age 55 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.)
Participation	Not to exceed 60 months
Rate of Return	Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.
Form of Distribution	Cash lump sum (options available) payable at termination of employment.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	59,262
Total Cash and Equivalents	59,262
Receivables:	
State Contributions	98,068
From Broker for Investments Sold	134,631
Investment Income	18,759
Total Receivable	251,458
Investments:	
U. S. Bonds and Bills	730,710
Federal Agency Guaranteed Securities	18,784
Corporate Bonds	843,785
Stocks	3,100,823
Mutual Funds:	
Fixed Income	465,885
Total Investments	5,159,987
Total Assets	5,470,707
<u>LIABILITIES</u>	
Payables:	
To Broker for Investments Purchased	150,888
Unearned Revenue	21,767
Total Liabilities	172,655
NET POSITION RESTRICTED FOR PENSIONS	5,298,052

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

ADDITIONS

## Contributions:

Member	40,940	
City	175,202	
State	98,068	
 Total Contributions		 314,210
 Investment Income:		
Net Increase in Fair Value of Investments	(127,505)	
Interest & Dividends	139,541	
Less Investment Expense <sup>1</sup>	(44,910)	
 Net Investment Income		 (32,874)
 Total Additions		 281,336

DEDUCTIONS

## Distributions to Members:

Benefit Payments	158,962	
Lump Sum DROP Distributions	0	
Refunds of Member Contributions	8,656	
 Total Distributions		 167,618
 Administrative Expense		 20,389
 Total Deductions		 188,007
 Net Increase in Net Position		 93,329
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		5,204,723
 End of the Year		 5,298,052

<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:

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

*Plan Membership as of October 1, 2014:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	6
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	20
	26
	26

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of age 55 and 10 years of Credited Service, or 25 years of Credited Service, regardless of age.

Benefit: 3.5% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year that Early Retirement precedes Normal Retirement.

Vesting:

Schedule: 100% after 10 years of Credited Service.

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

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

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

Pre-Retirement Death Benefits:

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

Non-Vested: Return of Member's contributions without interest.

*Contributions*

Member Contributions: 5.0% 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 Chapter 112, Florida Statutes.



Investments

*Investment Policy:*

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
International Equity	10%
Core Fixed Income	40%
Total	100%

*Concentrations:*

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

*Rate of Return:*

For the year ended September 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -0.63 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: Satisfaction of Normal Retirement requirements (earlier of: 1) Age 55 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.)

Participation: Not to exceed 60 months.

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

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

NET PENSION LIABILITY OF THE SPONSOR

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

Total Pension Liability	\$ 5,416,101
Plan Fiduciary Net Position	\$ (5,298,052)
Sponsor's Net Pension Liability	<u>\$ 118,049</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	97.82%

*Actuarial Assumptions:*

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

Inflation	3.00%
Salary Increases	6.50%
Discount Rate	8.00%
Investment Rate of Return	8.00%

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

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

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

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 8.00 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>7.00%</u>	<u>8.00%</u>	<u>9.00%</u>
Sponsor's Net Pension Liability	\$ 750,982	\$ 118,049	\$ (412,088)

**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	189,512	191,324
Interest	370,363	340,740
Change in Excess State Money	55,979	62,154
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(74,169)	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(167,618)</u>	<u>(152,334)</u>
Net Change in Total Pension Liability	374,067	441,884
Total Pension Liability - Beginning	<u>5,042,034</u>	<u>4,600,150</u>
Total Pension Liability - Ending (a)	<u>\$ 5,416,101</u>	<u>\$ 5,042,034</u>
Plan Fiduciary Net Position		
Contributions - Employer	175,202	191,373
Contributions - State	98,068	104,243
Contributions - Employee	40,940	41,786
Net Investment Income	(32,874)	509,709
Benefit Payments, including Refunds of Employee Contributions	(167,618)	(152,334)
Administrative Expense	<u>(20,389)</u>	<u>(12,167)</u>
Net Change in Plan Fiduciary Net Position	93,329	682,610
Plan Fiduciary Net Position - Beginning	<u>5,204,723</u>	<u>4,522,113</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,298,052</u>	<u>\$ 5,204,723</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 118,049</u>	<u>\$ (162,689)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	97.82%	103.23%
Covered Employee Payroll	\$ 826,871	\$ 835,712
Net Pension Liability as a percentage of Covered Employee Payroll	14.28%	-19.47%

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	09/30/2015	09/30/2014
Actuarially Determined Contribution	217,291	233,462
Contributions in relation to the Actuarially Determined Contributions	217,291	233,462
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll	\$ 826,871	\$ 835,712
Contributions as a percentage of Covered Employee Payroll	26.28%	27.94%

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: Frozen Entry Age Cost Method.  
 Amortization Method: Level Percentage of Pay, Closed.  
 Remaining Amortization Period: 28 Years (as of 10/01/2013).  
 Inflation: 3.0% per year.  
 Mortality: RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives 8.0% per year compounded annually, net of investment related expenses.  
 Interest Rate: 8.0% per year compounded annually, net of investment related expenses.  
 Retirement Age: Earlier age 55 and 10 years of service or 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.  
 Early Retirement: Commencing with eligibility for Early Retirement Age (Age 50 with 10 years of service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.  
 Disability Rates: See table below (1201). It is assumed that 75% of disablements and active member deaths are service related.  
 Termination Rates: See table below (1302).  
 Salary Increases: 6.5% per year until the assumed retirement age. In addition, final projected salary is increased individually to account for additional non-regular compensation.  
 Payroll Growth: 3.0% per year.  
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

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

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	-0.63%	11.14%

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

General Information about the Pension Plan

*Plan Description*

Any Employee who is employed as a police officer or public safety officer.

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
- c. Fifth Member elected by other four and appointed by the Commission.

Full-time employees who are classified as full-time certified Firefighters shall participate in the Plan as a condition of employment.

*Plan Membership as of October 1, 2014:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	6
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	20
	26
	26

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of age 55 and 10 years of Credited Service, or 25 years of Credited Service, regardless of age.

Benefit: 3.5% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year that Early Retirement precedes Normal Retirement.

Vesting:

Schedule: 100% after 10 years of Credited Service.

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

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

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

Pre-Retirement Death Benefits:

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

Non-Vested: Return of Member's contributions without interest.

*Contributions*

Member Contributions: 5.0% 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 Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2015.

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

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

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

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

*Actuarial Assumptions:*

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

Inflation	3.00%
Salary Increases	6.50%
Discount Rate	8.00%
Investment Rate of Return	8.00%

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

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	50%	7.50%
International Equity	10%	8.50%
Core Fixed Income	40%	2.50%
Total	<u>100%</u>	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 8.00 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.

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	\$ 5,042,034	\$ 5,204,723	\$ (162,689)
Changes for a Year:			
Service Cost	189,512	-	189,512
Interest	370,363	-	370,363
Change in Excess State Money	55,979	-	55,979
Differences between Expected and Actual Experience	(74,169)	-	(74,169)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	175,202	(175,202)
Contributions - State	-	98,068	(98,068)
Contributions - Employee	-	40,940	(40,940)
Net Investment Income	-	(32,874)	32,874
Benefit Payments, including Refunds of Employee Contributions	(167,618)	(167,618)	-
Administrative Expense	-	(20,389)	20,389
Net Changes	374,067	93,329	280,738
Balances at September 30, 2015	\$ 5,416,101	\$ 5,298,052	\$ 118,049

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	7.00%	8.00%	9.00%
Sponsor's Net Pension Liability	\$ 750,982	\$ 118,049	\$ (412,088)

*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 \$130,224.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	65,928
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	278,825	-
Employer contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 278,825</b>	<b>\$ 65,928</b>

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	\$	54,414
2018	\$	54,414
2019	\$	54,414
2020	\$	82,619
2021	\$	(8,241)
Thereafter	\$	(24,723)

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	189,512	191,324
Interest	370,363	340,740
Change in Excess State Money	55,979	62,154
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(74,169)	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(167,618)</u>	<u>(152,334)</u>
Net Change in Total Pension Liability	374,067	441,884
Total Pension Liability - Beginning	<u>5,042,034</u>	<u>4,600,150</u>
Total Pension Liability - Ending (a)	<u>\$ 5,416,101</u>	<u>\$ 5,042,034</u>
Plan Fiduciary Net Position		
Contributions - Employer	175,202	191,373
Contributions - State	98,068	104,243
Contributions - Employee	40,940	41,786
Net Investment Income	(32,874)	509,709
Benefit Payments, including Refunds of Employee Contributions	(167,618)	(152,334)
Administrative Expense	<u>(20,389)</u>	<u>(12,167)</u>
Net Change in Plan Fiduciary Net Position	93,329	682,610
Plan Fiduciary Net Position - Beginning	<u>5,204,723</u>	<u>4,522,113</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,298,052</u>	<u>\$ 5,204,723</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 118,049</u>	<u>\$ (162,689)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	97.82%	103.23%
Covered Employee Payroll	\$ 826,871	\$ 835,712
Net Pension Liability as a percentage of Covered Employee Payroll	14.28%	-19.47%

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	09/30/2015	09/30/2014
Actuarially Determined Contribution	217,291	233,462
Contributions in relation to the Actuarially Determined Contributions	217,291	233,462
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll	\$ 826,871	\$ 835,712
Contributions as a percentage of Covered Employee Payroll	26.28%	27.94%

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: Frozen Entry Age Cost Method.  
 Amortization Method: Level Percentage of Pay, Closed.  
 Remaining Amortization Period: 28 Years (as of 10/01/2013).  
 Inflation: 3.0% per year.  
 Mortality: RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).  
 Interest Rate: 8.0% per year compounded annually, net of investment related expenses.  
 Retirement Age: Earlier age 55 and 10 years of service or 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.  
 Early Retirement: Commencing with eligibility for Early Retirement Age (Age 50 with 10 years of service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.  
 Disability Rates: See table below (1201). It is assumed that 75% of disablements and active member deaths are service related.  
 Termination Rates: See table below (1302).  
 Salary Increases: 6.5% per year until the assumed retirement age. In addition, final projected salary is increased individually to account for additional non-regular compensation.  
 Payroll Growth: 3.0% per year.  
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:

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

COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (162,689)	\$ 112,819	\$ 175,202	\$ -
Employer Contributions made after September 30, 2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	189,512	-	-	189,512
Interest	370,363	-	-	370,363
Change in Excess State Money	55,979	-	-	55,979
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(74,169)	74,169	-	-
Current year amortization of experience difference	-	(8,241)	-	(8,241)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(167,618)	-	-	(167,618)
Net change	<u>374,067</u>	<u>65,928</u>	<u>-</u>	<u>439,995</u>
Plan Fiduciary Net Position:				
Contributions - Employer	175,202	-	(175,202)	-
Contributions - State	98,068	-	-	(98,068)
Contributions - Employee	40,940	-	-	(40,940)
Net Investment Income	421,426	-	-	(421,426)
Difference between projected and actual earnings on Pension Plan investments	(454,300)	-	454,300	-
Current year amortization	-	(28,204)	(90,860)	62,656
Benefit Payments	(167,618)	-	-	167,618
Administrative Expenses	(20,389)	-	-	20,389
Net change	<u>93,329</u>	<u>(28,204)</u>	<u>188,238</u>	<u>(309,771)</u>
Ending Balance	<u>\$ 118,049</u>	<u>\$ 150,543</u>	<u>TBD</u>	<u>\$ 130,224</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.