

CITY OF DUNEDIN
FIREFIGHTERS' RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2015

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

February 2, 2016

Board of Trustees
Dunedin Firefighters' Retirement System
1042 Virginia Street
Dunedin, FL 34698

Re: City of Dunedin
Firefighters' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Dunedin 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. 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.

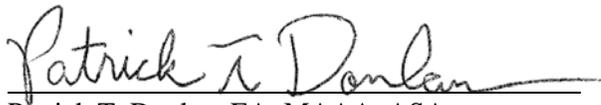
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Dunedin, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Dunedin Firefighters' Retirement 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.

By:


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

PTD/lke

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	5
	b. 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. Detailed Actuarial (Gain)/Loss Analysis	14
	c. Actuarial Assumptions and Methods	15
	d. Valuation Notes	17
	e. Partial History of Premium Tax Refunds	19
	f. Excess State Monies Reserve	20
III	Trust Fund	21
IV	Member Statistics	
	a. Statistical Data	26
	b. Age and Service Distribution	27
	c. Member Reconciliation	28
V	Summary of Plan Provisions	29
VI	Share Plan Balances	34
VII	Governmental Accounting Standards Board Disclosure Information	35

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Dunedin 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 City'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>
City and State Required Contribution	\$672,171	\$725,736
State Contribution (est.) *	\$283,050	\$283,050
Balance from City *	\$389,121	\$442,686

* The City may use up to \$283,050.40 in State Contributions for determining its minimum funding requirements, based on the traditional interpretation of Chapter 99-1, Florida Statutes.

Experience since the last valuation has been more favorable than expected, relative to the Plan's actuarial assumptions. The primary components of gain included lower than expected average increases in pensionable earnings and greater than expected inactive mortality. These gains were partially offset by the effect of no non-retirement turnover. For more details regarding the actuarial gain, please see Page 14.

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 answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Patrick T. Donlan, ASA, EA, MAAA

By: 
Drew D. Ballard, EA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

The payroll growth assumption used in amortizing the Unfunded Actuarial Accrued Liability is limited by Chapter 112, Florida Statutes, to the actual historical 10-year average. Therefore, this assumption was changed from 2.40% to 1.77% per year in this report. Additionally, since the UAAL went from a liability to a credit, we have implemented a “fresh start” to the UAAL in order to consolidate all prior existing UAAL bases into one base. Future UAAL bases will be amortized over a 30-year period, which is consistent with the prior method that was utilized prior to the fresh start.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	50	50
Service Retirees	30	32
DROP Retirees	1	1
Beneficiaries	6	5
Disability Retirees	6	6
Terminated Vested	<u>2</u>	<u>3</u>
Total	95	97
Total Annual Payroll	\$3,438,147	\$3,350,061
Payroll Under Assumed Ret. Age	3,263,629	3,255,152
Annual Rate of Payments to:		
Service Retirees	739,173	812,804
DROP Retirees	49,729	49,729
Beneficiaries	134,948	116,574
Disability Retirees	153,927	153,927
Terminated Vested	24,150	24,150
B. Assets		
Actuarial Value ¹	24,660,434	23,031,105
Market Value ¹	23,742,276	24,247,723
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	17,248,379	16,067,785
Disability Benefits	879,502	898,556
Death Benefits	157,781	164,420
Vested Benefits	175,774	183,432
Refund of Contributions	30,496	37,371
Service Retirees	7,607,140	8,501,221
DROP Retirees ¹	631,093	589,152
Beneficiaries	1,204,951	1,041,375
Disability Retirees	1,307,459	1,337,564
Terminated Vested	272,688	269,444
Excess State Monies Reserve	31,261	26,049
Accumulated Share Balances ¹	<u>100,061</u>	<u>85,685</u>
Total	29,646,585	29,202,054

C. Liabilities - (Continued)	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	24,824,993	26,228,593
Present Value of Future Member Contributions	1,365,375	1,442,573
Normal Cost (Retirement)	667,291	669,306
Normal Cost (Disability)	74,612	75,590
Normal Cost (Death)	17,300	17,595
Normal Cost (Vesting)	11,500	11,671
Normal Cost (Refunds)	<u>10,973</u>	<u>10,506</u>
Total Normal Cost	781,676	784,668
Present Value of Future Normal Costs	5,768,997	6,132,696
Accrued Liability (Retirement)	12,249,795	10,767,382
Accrued Liability (Disability)	345,709	325,043
Accrued Liability (Death)	34,504	31,952
Accrued Liability (Vesting)	79,188	78,498
Accrued Liability (Refunds)	13,739	15,993
Accrued Liability (Inactives) ¹	11,023,331	11,738,756
Excess State Monies Reserve	31,261	26,049
Accumulated Share Balances ¹	<u>100,061</u>	<u>85,685</u>
Total Actuarial Accrued Liability	23,877,588	23,069,358
Unfunded Actuarial Accrued Liability (UAAL)	(782,846)	38,253
Funded Ratio (AVA / AL)	103.3%	99.8%
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives plus Share ¹	11,123,392	11,824,441
Actives	7,211,245	6,211,660
Member Contributions	<u>1,994,099</u>	<u>1,785,477</u>
Total	20,328,736	19,821,578
Non-vested Accrued Benefits	<u>1,000,700</u>	<u>779,994</u>
Total Present Value Accrued Benefits	21,329,436	20,601,572
Funded Ratio (MVA / PVAB)	111.3%	117.7%
 Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	264,917	
Benefits Paid	(1,091,384)	
Interest	1,554,331	
Other	<u>0</u>	
Total	727,864	

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 ²	\$861,983	\$870,022
Administrative Expenses ²	66,581	51,532
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2015) ²	(58,452)	2,690
Total Required Contribution	870,112	924,244
Expected Member Contributions ²	197,941	198,508
Expected City & State Contribution	672,171	725,736

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
City and State Requirement	784,433
Actual Contributions Made:	
Members (excluding buyback)	178,122
City	501,383
State	<u>283,050</u> ³
Total	962,555

G. Net Actuarial (Gain)/Loss (718,667)

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

² Contributions developed as of 10/1/2015 displayed above have been adjusted to account for assumed salary increase and interest components.

³ Reflects traditional interpretation of Chapter 99-1, Florida Statutes.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	(782,846)
2016	(786,403)
2017	(789,225)
2024	(781,263)
2031	(696,020)
2038	(471,079)
2045	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	3.01%	6.56%
Year Ended	9/30/2014	2.41%	6.96%
Year Ended	9/30/2013	3.09%	6.81%

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

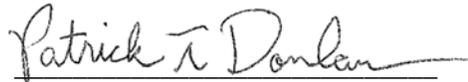
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	7.75%	7.75%
Year Ended	9/30/2014	10.95%	7.75%
Year Ended	9/30/2013	9.54%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$3,263,629
	10/1/2005	2,738,385
(b) Total Increase		19.18%
(c) Number of Years		10.00
(d) Average Annual Rate		1.77%

STATEMENT BY ENROLLED ACTUARY

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



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

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2014	\$38,253
(2) Sponsor Normal Cost developed as of October 1, 2014	605,635
(3) Expected administrative expenses for the year ended September 30, 2015	46,477
(4) Expected interest on (1), (2) and (3)	51,702
(5) Sponsor contributions to the System during the year ended September 30, 2015	784,433
(6) Expected interest on (5)	21,813
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	(64,179)
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	(718,667)
(10) Unfunded Accrued Liability as of October 1, 2015	(782,846)

<u>Type of</u> <u>Base</u>	<u>Date</u> <u>Established</u>	<u>Years</u> <u>Remaining</u>	<u>10/1/2015</u> <u>Amount</u>	<u>Amortization</u> <u>Amount</u>
UAAL Fresh Start	10/1/2015	30	(\$782,846)	(\$53,006)

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$38,253
(2) Expected UAAL as of October 1, 2015	(64,179)
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(914)
Salary Increases	(285,756)
Active Decrements	7,580
Inactive Mortality	(505,715)
Other	<u>66,138</u>
Increase in UAAL due to (Gain)/Loss	(718,667)
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2015	(\$782,846)

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rates

RP2000 Generational Mortality Table – Sex Distinct. Disabled lives set forward 5 years. This assumption sufficiently accommodates for expected future mortality improvements.

Termination Rates

<u>Service</u>	<u>Probability</u>
0	15.0%
1	15.0
2	7.0
3	7.0
4	5.0
5	5.0
6	4.0
7	4.0
8	2.0
9	2.0
10+	0.5

The assumed rates of termination were utilized and carried over from the prior actuary. We feel these rates are reasonable based on long-term expectations.

Disability Rates

See sample rates on following page. 75% of disabilities are assumed to be service-incurred. The assumed rates of disablement were utilized and carried over from the prior actuary. We feel these rates are consistent with those utilized for plans containing other Florida municipal firefighters.

Retirement Rates

Years After First Eligibility for <u>Norm</u>	<u>Retirement</u>	<u>Probability</u>
0		35%
1		20
2		20
3		20
4		20
5+		100%

Additionally, the assumed rate of retirement is 5.00% for each year of eligibility for early retirement. The assumed rates of retirement were utilized and carried over from the prior actuary. We feel these rates are reasonable based on long-term expectations and based upon plan provisions.

Interest Rate

7.75% per year, compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Administrative Expenses

Average of last 2 years (\$60,378 for this valuation report).

Salary Increases

<u>Service</u>	<u>Increase</u>
0	14.0%
1	13.0
2	12.0
3	11.0
4	10.0
5	9.0
6	8.5
7	8.0
8	7.5
9	7.0
10	6.5
11	6.0
12	5.5
13	5.0
14+	4.0

The assumed rates of salary increase were approved in conjunction with a special actuarial analysis dated March 16, 2012.

Payroll Growth

1.77% per year for amortization of the Unfunded Actuarial Accrued Liability. This is in compliance with Part VII of Chapter 112, Florida Statutes.

Funding Method

Entry Age Normal Cost Method

Funding Projection

The required dollar contributions for the following year include a half-year of interest and a full year of salary increase based on the expected average salary increase for the upcoming year.

Actuarial Asset Method

All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Disability Rates

<u>Age</u>	<u>% Becoming Disabled During the Year</u>
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%

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.

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

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

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

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

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1994	62,098.00	_____%
1995	73,833.00	18.9%
1996	82,739.00	12.1%
1997	97,823.00	18.2%
1998	98,180.40	0.4%
1999	96,222.13	-2.0%
2000	99,153.84	3.0%
2001	105,318.48	6.2%
2002	115,277.87	9.5%
2003	140,390.49	21.8%
2004	185,679.70	32.3%
2005	179,624.52	-3.3%
2006	203,474.98	13.3%
2007	291,578.32	43.3%
2008	232,457.90	-20.3%
2009	303,971.21	30.8%
2010	291,660.79	-4.0%
2011	289,418.10	-0.8%
2012	309,954.21	7.1%
2013	314,996.10	1.6%
2014	322,029.56	2.2%
2015	303,897.66	-5.6%

EXCESS STATE MONIES RESERVE

	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1999	\$96,222.13	\$102,798.40	\$0.00
2000	99,153.84	102,798.40	0.00
2001	105,318.48	102,798.40	2,520.08
2002	115,277.87	102,798.40	12,479.47
2003	140,390.49	102,798.40	37,592.09
2004	185,679.70	102,798.40	82,881.30
2005	179,624.52	102,798.40	76,826.12
2006	203,474.98	102,798.40	100,676.58
2007	291,578.32	102,798.40	188,779.92
2008	232,457.90	102,798.40	129,659.50
2009	303,971.21	102,798.40	201,172.81
2010	291,660.79	102,798.40	188,862.39
2011	289,418.10	283,050.40	6,367.70
2012	309,954.21	283,050.40	26,903.81
2013	314,996.10	283,050.40	31,945.70
2014	322,029.56	283,050.40	38,979.16
2015	303,897.66	283,050.40	20,847.26
Total Excess State Monies			1,146,493.89
Less Reserve used for Ordinance 07-24			(189,212.00)
Less Reserve used for Ordinance 11-40			(832,238.26)
Less Amounts used for Share in fiscal 2011			(4,775.77)
Less Amounts used for Share in fiscal 2012			(20,177.86)
Less Amounts used for Share in fiscal 2013			(23,959.28)
Less Amounts used for Share in fiscal 2014			(29,234.37)
Less Amounts used for Share in fiscal 2015			<u>(15,635.45)</u>
Equals Current State Monies Reserve			\$31,260.90

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Prepaid Expenses	1,137.35	1,137.35
Money Market	299,745.32	299,745.32
Total Cash and Equivalents	300,882.67	300,882.67
Receivables:		
State Contributions	35,347.39	35,347.39
Investment Income	47,916.32	47,916.32
Total Receivable	83,263.71	83,263.71
Investments:		
Fixed Income	5,771,494.04	5,773,313.37
Equities	12,995,755.02	15,025,334.92
Pooled/Common/Commingled Funds:		
Real Estate	2,250,000.00	2,598,045.92
Total Investments	21,017,249.06	23,396,694.21
Total Assets	21,401,395.44	23,780,840.59
 <u>LIABILITIES</u>		
Payables:		
Investment Expenses	29,175.60	29,175.60
Administrative Expenses	9,389.35	9,389.35
Total Liabilities	38,564.95	38,564.95
NET POSITION RESTRICTED FOR PENSIONS	21,362,830.49	23,742,275.64

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

ADDITIONS

Contributions:

Member	178,121.63
Buy-Back	32,876.78
City	501,383.00
State	303,897.66

Total Contributions 1,016,279.07

Investment Income:

Net Realized Gain (Loss)	97,026.85
Unrealized Gain (Loss)	(839,377.61)
Net Increase in Fair Value of Investments	(742,350.76)
Interest & Dividends	531,108.66
Less Investment Expense ¹	(142,733.67)

Net Investment Income (353,975.77)

Total Additions 662,303.30

DEDUCTIONS

Distributions to Members:

Benefit Payments	1,074,716.57
Lump Sum DROP Distributions	0.00
Lump Sum Share Distributions	0.00
Refunds of Member Contributions	16,667.84

Total Distributions 1,091,384.41

Administrative Expense 76,366.70

Total Deductions 1,167,751.11

Net Increase in Net Position (505,447.81)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 24,247,723.45

End of the Year 23,742,275.64

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

ACTUARIAL ASSET VALUATION
September 30, 2015

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/(Loss)	<u>Gains/Losses Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2015	2016	2017	2018	2019
09/30/2011	(1,106,246)	0	0	0	0	0
09/30/2012	1,581,941	316,388	0	0	0	0
09/30/2013	1,116,876	446,750	223,375	0	0	0
09/30/2014	168,706	101,224	67,482	33,741	0	0
09/30/2015	(2,228,150)	(1,782,520)	(1,336,890)	(891,260)	(445,630)	0
Total		(918,158)	(1,046,033)	(857,519)	(445,630)	0

Development of Investment Gain/Loss

Market Value of Assets, 09/30/2014, including Prepaid Contrib	24,269,526
Contributions Less Benefit Payments & Admin Expenses	(173,274)
Expected Investment Earnings*	1,874,174
Actual Net Investment Earnings	(353,976)
2015 Actuarial Investment Gain/(Loss)	(2,228,150)

*Expected Investment Earnings = $0.0775 * [24,269,526 + 0.5 * (173,274)]$

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2015	23,742,276
(2) Gains/(Losses) Not Yet Recognized	(918,158)
(3) Actuarial Value of Assets, 09/30/2015, (1) - (2)	24,660,434

(A) 09/30/2014 Actuarial Assets, including Prepaid Contrib: 23,052,908

(I) Net Investment Income:

1. Interest and Dividends	531,109
2. Realized Gains (Losses)	97,027
3. Change in Actuarial Value	1,295,398
4. Investment Expenses	(142,734)
Total	1,780,800

(B) 09/30/2015 Actuarial Assets, including Prepaid Contrib: 24,660,434

Actuarial Assets Rate of Return = $2I/(A+B-I)$: 7.75%
Market Value of Assets Rate of Return: -1.47%

Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) 914

10/01/2015 Limited Actuarial Assets: 24,660,434

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

REVENUES

Contributions:		
Member	178,121.63	
Buy-Back	32,876.78	
City	501,383.00	
State	303,897.66	
 Total Contributions		 1,016,279.07
Earnings from Investments:		
Interest & Dividends	531,108.66	
Net Realized Gain (Loss)	97,026.85	
Change in Actuarial Value	1,295,398.39	
 Total Earnings and Investment Gains		 1,923,533.90

EXPENDITURES

Distributions to Members:		
Benefit Payments	1,074,716.57	
Lump Sum DROP Distributions	0.00	
Lump Sum Share Distributions	0.00	
Refunds of Member Contributions	16,667.84	
 Total Distributions		 1,091,384.41
Expenses:		
Investment related ¹	142,733.67	
Administrative	76,366.70	
 Total Expenses		 219,100.37
 Change in Net Assets for the Year		 1,629,328.19
 Net Assets Beginning of the Year		 23,031,105.45
 Net Assets End of the Year ²		 24,660,433.64

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

²Net Assets may be limited for actuarial consideration.

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

Beginning of the Year Balance	0.00
Plus Additions	48,828.96
Investment Return Earned	(1,775.78)
Less Distributions	0.00
End of the Year Balance	47,053.18

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	51	50	50
Average Current Age	40.7	40.2	40.9	41.9
Average Age at Employment	30.0	29.8	29.7	29.6
Average Past Service	10.7	10.4	11.2	12.3
Average Annual Salary	\$66,287	\$65,789	\$67,001	\$68,763
<u>Service Retirees</u>				
Number			32	30
Average Current Age			65.7	66.8
Average Annual Benefit			\$25,400	\$24,639
<u>DROP Retirees</u>				
Number			1	1
Average Current Age			56.1	57.1
Average Annual Benefit			\$49,729	\$49,729
<u>Beneficiaries</u>				
Number			5	6
Average Current Age			52.3	55.5
Average Annual Benefit			\$23,315	\$22,491
<u>Disability Retirees</u>				
Number			6	6
Average Current Age			65.0	66.0
Average Annual Benefit			\$25,655	\$25,655
<u>Terminated Vested</u>				
Number			3	2
Average Current Age ¹			46.9	47.9
Average Annual Benefit ¹			\$24,150	\$24,150

¹ Excludes non-vested members awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	1	0	0	2	0	0	0	0	0	3
30 - 34	0	0	3	0	0	4	2	0	0	0	0	9
35 - 39	0	0	0	0	0	2	5	1	0	0	0	8
40 - 44	0	0	1	0	0	3	3	4	0	0	0	11
45 - 49	0	0	0	0	0	1	5	2	2	0	0	10
50 - 54	0	0	0	0	0	2	2	1	1	0	0	6
55 - 59	0	0	0	0	0	0	0	1	1	0	0	2
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	1	0	0	0	1
Total	0	0	5	0	0	14	17	10	4	0	0	50

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	50
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>0</u>
g. Continuing participants	50
h. New entrants	<u>0</u>
i. Total active life participants in valuation	50

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>	<u>Vested Deferred</u>	<u>Total</u>
a. Number prior valuation	32	1	5	6	3	47
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	(1)	0	1	0	0	0
Death, No Survivor	(1)	0	0	0	0	(1)
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	(1)	(1)
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	30	1	6	6	2	45

FIREFIGHTERS' RETIREMENT TRUST FUND
SUMMARY OF PLAN PROVISIONS
(Through Ordinance 13-24)

<u>Eligibility</u>	All actively employed full-time firefighters participate in the plan as a condition of employment.
<u>Credited Service</u>	Service is measured as the total number of years and fractional parts of years of service as a firefighter with member contributions. No service is credited for any periods of employment for which the member received a refund of their contributions.
<u>Salary</u>	The fixed monthly compensation for services rendered to the City as a firefighter including holiday pay, plus all tax deferred, tax sheltered and tax exempt items of income otherwise includable as fixed monthly compensation.
<u>Final Average Compensation</u>	One twelfth of the average Compensation for the highest 3 years out of the last 10 years of Credited Service prior to termination or retirement.
<u>Member Contributions</u>	5.5% of Compensation.
<u>Employer Contributions</u>	Chapter 175 Premium Tax Refunds and any additional amount determined by the actuary needed to fund the plan properly according to State laws.
<u>Normal Retirement</u>	
Eligibility	A member may retire on the first day of the month coincident with or next following the earlier of: (1) age 52 and 25 years of Credited Service, or (2) age 55 and 10 years of Credited Service, or (3) 20 years of Credited Service regardless of age.
Benefit	3% of AFC multiplied by Credited Service up to 25 years plus 2% of AFC multiplied by Credited Service in excess of 37.5 years. Total benefit is limited to 100% of AFC. In addition, a supplemental benefit of \$3 per year of Credited Service up to a maximum of \$75 is payable monthly to members who meet the requirements for Normal Retirement and retire on or after March 21, 2003.
Form of Benefit	Ten Year Certain and Life thereafter; other options available.

Early Retirement

Date A member may retire on the first day of the month coincident with or next following age 45 and 10 years of Credited Service.

Benefit The Normal Retirement Benefit is actuarially reduced by 3.00% for each year to age 50 and 3.33% for each year from age 50 to age 45 by which the commencement of benefits precedes the member's Normal Retirement date had the member continued employment as a firefighter. For this purpose, the Normal Retirement date upon completion of 20 years of Credited Service is disregarded.

Form of Benefit Ten Year Certain and Life thereafter; other options available.

Delayed Retirement

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

Vested Termination

Eligibility A member has earned a non-forfeitable right to Plan benefits after the completion of 10 years of Credited Service.

Benefit The benefit is the member's accrued Normal Retirement Benefit as of the date of termination. The benefit is payable at the member's Normal Retirement age determined as if the member continued employment as a firefighter. Alternatively, members can elect a reduced Early Retirement Benefit anytime after age 45.

Members with less than 10 years of Credited Service will receive a refund of their own accumulated contributions.

Form of Benefit Ten Year Certain and Life thereafter; other options available.

Service Connected Disability

Eligibility Any member who becomes totally and permanently disabled and unable to render useful and efficient service as a firefighter as a result from an act occurring in the performance of service for the City is immediately eligible for a disability benefit.

Benefit	The greater of: (1) The accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability, or (2) 60% of average salary over the 5 highest years of Credited Service.
Duration	Payable until death or recovery from disability with 120 payments guaranteed.

Non-Service Connected Disability

Eligibility	Any member who has 10 years of Credited Service and becomes totally and permanently disabled and unable to render useful and efficient service as a firefighter is immediately eligible for a disability benefit.
Benefit	The greater of: (1) The accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability, or (2) 30% of average salary over the 5 highest years of Credited Service.
Duration	Payable until death or recovery from disability with 120 payments guaranteed.

Death Benefits

In the Line of Duty

Eligibility	Any member whose death is determined to be the result of a service incurred injury is eligible for survivor benefits regardless of Credited Service.
Benefit	50% of base rate of pay in effect on date of death is payable to the spouse. If there is no spouse, or upon death or remarriage of the spouse, 15% of the member's salary is payable to each unmarried child under age 18 (age 22 if a full-time student); 50% total maximum for all such children.
Duration	Spouse benefits payable until death or remarriage. Children's benefits are payable until death, marriage or the attainment of age 18 (age 22 if a full-time student).

Other Pre-Retirement

Eligibility	Any member who dies, and whose death is not attributable to active duty or service, while employed as a firefighter by the City is eligible for survivor benefits regardless of Credited Service.
-------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Benefit	25% of base rate of pay in effect on date of death is payable to the spouse. If there is no spouse, or upon death or remarriage of the spouse, 7.5% of the member's salary is payable to each unmarried child under age 18 (age 22 if a full-time student)
Duration	Spouse benefits payable until death or remarriage. Children's benefits are payable until death, marriage or the attainment of age 18 (age 22 if a full-time student).
Post-Retirement	Benefit determined by the form of benefit elected upon retirement.

Deferred Retirement Option Plan

Eligibility	A member may retire on the first day of the month coincident with or next following the earlier of: (1) age 52 and 25 years of Credited Service, or (2) age 55 and 10 years of Credited Service, or (3) 20 years of Credited Service regardless of age. Members who meet eligibility must submit a written election to participate in the DROP.
Benefit	<p>The member's Credited Service and FAC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and FAC.</p> <p>In addition, a supplemental benefit of \$3 per year of Credited Service up to a maximum of \$75 is payable monthly to members who meet the requirements for Normal Retirement and retire. DROP participants do not receive the supplement until actual termination of employment.</p>
Maximum DROP Period	The earlier of 5 years of participation in the DROP or when the member has completed 30 years of Credited Service.
Interest Credited	The member's average daily balance of the DROP account is debited or credited with interest on a quarterly basis at a rate equal to the Trust Fund's net investment return for the quarter.
Form of Benefit:	Lump Sum, or the member may elect that the DROP distribution be used to purchase an annuity.

Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are a Single Life Annuity of the 50%, 66 2/3%, 75% and 100% Joint and Survivor options. A Social Security option is also available for members retiring prior to the time they are eligible for Social Security retirement benefits.

Share Plan

75% of the Excess State Monies received each fiscal year (amounts above \$283,050.40) are allocated equally among Eligible Members.

Board of Trustees

Two Council appointees, two Members of the Plan elected by the membership, and a fifth Member elected by other 4 and appointed by Council as a ministerial duty.

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

9/30/2014 Balance	85,684.63
Plus Additions	15,635.45
Investment Return Earned	(1,259.51)
Less Distributions	0.00
9/30/2015 Balance	100,060.57

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Prepaid Expenses	1,138
Money Market	299,745
Total Cash and Equivalents	300,883
Receivables:	
State Contributions	35,347
Investment Income	47,916
Total Receivable	83,263
Investments:	
Fixed Income	5,773,313
Equities	15,025,335
Mutual Funds:	
Real Estate	2,598,046
Total Investments	23,396,694
Total Assets	23,780,840
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	29,175
Administrative Expenses	9,389
Total Liabilities	38,564
NET POSITION RESTRICTED FOR PENSIONS	23,742,276

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

ADDITIONS

Contributions:

Member	178,122	
Buy-Back	32,877	
City	501,383	
State	303,898	
 Total Contributions		 1,016,280
 Investment Income:		
Net Increase in Fair Value of Investments	(742,351)	
Interest & Dividends	531,109	
Less Investment Expense ¹	(142,734)	
 Net Investment Income		 (353,976)
 Total Additions		 662,304

DEDUCTIONS

Distributions to Members:

Benefit Payments	1,074,717	
Lump Sum DROP Distributions	0	
Lump Sum Share Distributions	0	
Refunds of Member Contributions	16,668	
 Total Distributions		 1,091,385
 Administrative Expense		 76,367
 Total Deductions		 1,167,752
 Net Increase in Net Position		 (505,448)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		24,247,724
End of the Year		23,742,276

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

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

Plan Description

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of: Two Council appointees, two Members of the Plan elected by the membership, and a fifth Member elected by other four and appointed by Council as a ministerial duty.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	44
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	3
Active Plan Members	50
	97

Benefits Provided

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

Normal Retirement:

Eligibility: A Member may retire on the first day of the month coincident with or next following the earlier of: (1) age 52 and 25 years of Credited Service, or (2) age 55 and 10 years of Credited Service, or (3) 20 years of Credited Service regardless of age.

Benefit: 3% of AFC multiplied by Credited Service up to 25 years plus 2% of AFC multiplied by Credited Service in excess of 37.5 years. Total benefit is limited to 100% of AFC. In addition, a supplemental benefit of \$3 per year of Credited Service up to a maximum of \$75 is payable monthly to Members who meet the requirements for Normal Retirement and retire on or after March 21, 2003.

Early Retirement:

Date: A Member may retire on the first day of the month coincident with or next following age 45 and 10 years of Credited Service.

Benefit: The Normal Retirement Benefit is actuarially reduced by 3.00% for each year to age 50 and 3.33% for each year from age 50 to age 45 by which the commencement of benefits precedes the member's Normal Retirement date had the Member continued employment as a firefighter. For this purpose, the Normal Retirement date upon completion of 20 years of Credited Service is disregarded.

Delayed Retirement:

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

Vested Termination:

Eligibility: A Member has earned a non-forfeitable right to Plan benefits after the completion of 10 years of Credited Service.

Benefit: The benefit is the Member's accrued Normal Retirement Benefit as of the date of termination. The benefit is payable at the Member's Normal Retirement age determined as if the Member continued employment as a firefighter. Alternatively, Members can elect a reduced Early Retirement Benefit anytime after age 45.

Members with less than 10 years of Credited Service will receive a refund of their own accumulated contributions.

Service Connected Disability

Eligibility: Any member who becomes totally and permanently disabled and unable to render useful and efficient service as a firefighter as a result from an act occurring in the performance of service for the City is immediately eligible for a disability benefit.

Benefit: The greater of: (1) The accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability, or (2) 60% of average salary over the 5 highest years of Credited Service.

Non-Service Connected Disability

Eligibility: Any member who has 10 years of Credited Service and becomes totally and permanently disabled and unable to render useful and efficient service as a firefighter is immediately eligible for a disability benefit.

Benefit: The greater of: (1) The accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability, or (2) 30% of average salary over the 5 highest years of Credited Service.

Death Benefits in the Line of Duty:

Eligibility: Any Member whose death is determined to be the result of a service incurred injury is eligible for survivor benefits regardless of Credited Service.

Benefit: 50% of base rate of pay in effect on date of death is payable to the spouse. If there is no spouse, or upon death or remarriage of the spouse, 15% of the Member's salary is payable to each unmarried child under age 18 (age 22 if a full-time student); 50% total maximum for all such children.

Other Pre-Retirement Death Benefits:

Eligibility: Any Member who dies, and whose death is not attributable to active duty or service, while employed as a firefighter by the City is eligible for survivor benefits regardless of Credited Service.

Benefit: 25% of base rate of pay in effect on date of death is payable to the spouse. If there is no spouse, or upon death or remarriage of the spouse, 7.5% of the Member's salary is payable to each unmarried child under age 18 (age 22 if a full-time student).

Share Plan:

75% of the Excess State Monies received each fiscal year (amounts above \$283,050.40) are allocated equally among Eligible Members.

Contributions

Member Contributions: 5.5% of Compensation.

Employer Contributions: Chapter 175 Premium Tax Refunds and any additional amount determined by the actuary needed to fund the plan properly according to State laws.

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	55%
International Equity	10%
Domestic Bonds	25%
Real Estate	10%
Total	100%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -1.47 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: A Member may retire on the first day of the month coincident with or next following the earlier of: (1) age 52 and 25 years of Credited Service, or (2) age 55 and 10 years of Credited Service, or (3) 20 years of Credited Service regardless of age. Members who meet eligibility must submit a written election to participate in the DROP.

Benefit: The Member's Credited Service and FAC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and FAC. In addition, a supplemental benefit of \$3 per year of Credited Service up to a maximum of \$75 is payable monthly to Members who meet the requirements for Normal Retirement and retire. DROP participants do not receive the supplement until actual termination of employment.

Maximum DROP Period: The earlier of 5 years of participation in the DROP or when the Member has completed 30 years of Credited Service.

Maximum Interest Credited: The Member's average daily balance of the DROP account is debited or credited with interest on a quarterly basis at a rate equal to the Trust Fund's net investment return for the quarter.

The DROP balance as September 30, 2015 is \$47,053.

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	\$ 24,357,446
Plan Fiduciary Net Position	\$ (23,742,276)
Sponsor's Net Pension Liability	<u>\$ 615,170</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	97.47%

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	4.00% - 14.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rates: RP-2000 Generational Mortality Table, Sex Distinct. Disableds 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	7.95%
International Equity	8.00%
Domestic Bonds	2.70%
Real Estate	6.00%

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	\$ 3,340,568	\$ 615,170	\$ (1,681,404)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	795,653	793,320	736,260
Interest	1,800,848	1,685,549	1,586,064
Change in Excess State Money	5,213	9,746	-
Share Plan Allocation	15,635	29,234	-
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(214,235)	-	-
Changes of assumptions	-	-	-
Contributions - Buy Back	32,877	64,645	-
Benefit Payments, including Refunds of Employee Contributions	(1,091,385)	(1,083,306)	(1,108,108)
Net Change in Total Pension Liability	1,344,606	1,499,188	1,214,216
Total Pension Liability - Beginning	23,012,840	21,513,652	20,299,436
Total Pension Liability - Ending (a)	<u>\$ 24,357,446</u>	<u>\$ 23,012,840</u>	<u>\$ 21,513,652</u>
Plan Fiduciary Net Position			
Contributions - Employer	501,383	510,314	549,848
Contributions - State	303,898	322,030	314,996
Contributions - Employee	178,122	176,623	172,605
Contributions - Buy Back	32,877	64,645	-
Net Investment Income	(353,976)	1,904,122	2,667,160
Benefit Payments, including Refunds of Employee Contributions	(1,091,385)	(1,083,306)	(1,108,108)
Administrative Expense	(76,367)	(44,389)	(48,564)
Net Change in Plan Fiduciary Net Position	(505,448)	1,850,039	2,547,937
Plan Fiduciary Net Position - Beginning	24,247,724	22,397,685	19,849,748
Plan Fiduciary Net Position - Ending (b)	<u>\$ 23,742,276</u>	<u>\$ 24,247,724</u>	<u>\$ 22,397,685</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 615,170</u>	<u>\$ (1,234,884)</u>	<u>\$ (884,033)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	97.47%	105.37%	104.11%
Covered Employee Payroll*	\$ 3,288,615	\$ 3,211,327	\$ 3,138,275
Net Pension Liability as a percentage of Covered Employee Payroll	18.71%	-38.45%	-28.17%

Notes to Schedule:

* For the Fiscal years 2013 and 2014, the reported Covered Employee Payroll figures were based on Pensionable Salary.

The inflation assumption has been lowered from 3.50% to 3.00%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	784,433	793,364	832,898
Contributions in relation to the Actuarially Determined Contributions	784,433	793,364	832,898
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll*	\$ 3,288,615	\$ 3,211,327	\$ 3,138,275
Contributions as a percentage of Covered Employee Payroll	23.85%	24.71%	26.54%

* For the Fiscal years 2013 and 2014, the reported Covered Employee Payroll figures were based on Pensionable Salary.

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Cost Method.
Amortization Method: Level Percentage of Pay, Closed.
Remaining Amortization Period: 26 Years (as of 10/01/2013).
Inflation: 3% per year.
Mortality Rates: RP2000 Generational Mortality Table – Sex Distinct. Disableds set forward 5 years.
Termination Rates: See table on following page.
Disability Rates: See table below. 75% of disabilities are assumed to be service-incurred.

Retirement Rates:	Number of Years After First Eligibility For Normal Retirement	Probability of Normal Retirement
		0
	1	20%
	2	20%
	3	20%
	4	20%
	5+	100%

Interest Rate: The assumed rate of retirement is 5.0% for each year of eligibility for early 7.75% per year, compounded annually, net of investment related expenses.
Salary Increases: See table on following page.
Post Retirement COLA: None.
Payroll Growth: 3.5% per year for amortization of the Unfunded Actuarial Accrued Liability.

Disability Rates:	% Becoming Disabled During	
	Age	the Year
	20	0.14%
	25	0.15%
	30	0.18%
	35	0.23%
	40	0.30%
	45	0.51%
	50	1.00%

GASB 67

Salary Increases:

Years of Service	% Increase in Salary
0	14.0%
1	13.0%
2	12.0%
3	11.0%
4	10.0%
5	9.0%
6	8.5%
7	8.0%
8	7.5%
9	7.0%
10	6.5%
11	6.0%
12	5.5%
13	5.0%
14+	4.0%

Mortality Rates (2013):

Age	Male	Female
50	0.17%	0.13%
55	0.28%	0.25%
60	0.55%	0.47%
65	1.06%	0.91%
70	1.82%	1.57%
75	3.15%	2.53%
80	5.65%	4.19%

Termination Rates:

Sample Ages	Years of Service	% of Active Members Separating Within Next Year
ALL	0	15.0%
	1	15.0%
	2	7.0%
	3	7.0%
	4	5.0%
	5	5.0%
	6	4.0%
	7	4.0%
	8	2.0%
	9	2.0%
	10+	0.5%

Actuarial Asset Method:

All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return			
Net of Investment Expense	-1.47%	8.56%	13.40%

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 Council appointees, two Members of the Plan elected by the membership, and a fifth Member elected by other four and appointed by Council as a ministerial duty.

All actively employed full-time 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	44
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	3
Active Plan Members	50
	97
	97

Benefits Provided

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

Normal Retirement:

Eligibility: A Member may retire on the first day of the month coincident with or next following the earlier of: (1) age 52 and 25 years of Credited Service, or (2) age 55 and 10 years of Credited Service, or (3) 20 years of Credited Service regardless of age.
Benefit: 3% of AFC multiplied by Credited Service up to 25 years plus 2% of AFC multiplied by Credited Service in excess of 37.5 years. Total benefit is limited to 100% of AFC. In addition, a supplemental benefit of \$3 per year of Credited Service up to a maximum of \$75 is payable monthly to Members who meet the requirements for Normal Retirement and retire on or after March 21, 2003.

Early Retirement:

Date: A Member may retire on the first day of the month coincident with or next following age 45 and 10 years of Credited Service.
Benefit: The Normal Retirement Benefit is actuarially reduced by 3.00% for each year to age 50 and 3.33% for each year from age 50 to age 45 by which the commencement of benefits precedes the member's Normal Retirement date had the Member continued employment as a firefighter. For this purpose, the Normal Retirement date upon completion of 20 years of Credited Service is disregarded.

Delayed Retirement:

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

Vested Termination:

Eligibility: A Member has earned a non-forfeitable right to Plan benefits after the completion of 10 years of Credited Service.
Benefit: The benefit is the Member's accrued Normal Retirement Benefit as of the date of termination. The benefit is payable at the Member's Normal Retirement age determined as if the Member continued employment as a firefighter. Alternatively, Members can elect a reduced Early Retirement Benefit anytime after age 45.

Members with less than 10 years of Credited Service will receive a refund of their own accumulated contributions.

Service Connected Disability

Eligibility: Any member who becomes totally and permanently disabled and unable to render useful and efficient service as a firefighter as a result from an act occurring in the performance of service for the City is immediately eligible for a disability benefit.
Benefit: The greater of: (1) The accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability, or (2) 60% of average salary over the 5 highest years of Credited Service.

Non-Service Connected Disability

Eligibility: Any member who has 10 years of Credited Service and becomes totally and permanently disabled and unable to render useful and efficient service as a firefighter is immediately eligible for a disability benefit.

Benefit: The greater of: (1) The accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability, or (2) 30% of average salary over the 5 highest years of Credited Service.

GASB 68

Death Benefits in the Line of Duty:

Eligibility: Any Member whose death is determined to be the result of a service incurred injury is eligible for survivor benefits regardless of Credited Service.

Benefit: 50% of base rate of pay in effect on date of death is payable to the spouse. If there is no spouse, or upon death or remarriage of the spouse, 15% of the Member's salary is payable to each unmarried child under age 18 (age 22 if a full-time student); 50% total maximum for all such children.

Other Pre-Retirement Death Benefits:

Eligibility: Any Member who dies, and whose death is not attributable to active duty or service, while employed as a firefighter by the City is eligible for survivor benefits regardless of Credited Service.

Benefit: 25% of base rate of pay in effect on date of death is payable to the spouse. If there is no spouse, or upon death or remarriage of the spouse, 7.5% of the Member's salary is payable to each unmarried child under age 18 (age 22 if a full-time student).

Share Plan:

75% of the Excess State Monies received each fiscal year (amounts above \$283,050.40) are allocated equally among Eligible Members.

Contributions

Member Contributions: 5.5% of Compensation.

Employer Contributions: Chapter 175 Premium Tax Refunds and any additional amount determined by the actuary needed to fund the plan properly according to State laws.

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	4.00% - 14.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rates: RP-2000 Generational Mortality Table, Sex Distinct. Disableds set forward 5 years. Based upon other studies of municipal Firefighters, we feel this assumption sufficiently accommodates future mortality improvements.

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	55%	7.95%
International Equity	10%	8.00%
Domestic Bonds	25%	2.70%
Real Estate	10%	6.00%
Total	100%	

Discount Rate:

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2015	\$ 23,012,840	\$ 24,247,724	\$ (1,234,884)
Changes for a Year:			
Service Cost	795,653	-	795,653
Interest	1,800,848	-	1,800,848
Change in Excess State Money	5,213	-	5,213
Share Plan Allocation	15,635	-	15,635
Differences between Expected and Actual Experience	(214,235)	-	(214,235)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	501,383	(501,383)
Contributions - State	-	303,898	(303,898)
Contributions - Employee	-	178,122	(178,122)
Contributions - Buy Back	32,877	32,877	-
Net Investment Income	-	(353,976)	353,976
Benefit Payments, including Refunds of Employee Contributions	(1,091,385)	(1,091,385)	-
Administrative Expense	-	(76,367)	76,367
Net Changes	1,344,606	(505,448)	1,850,054
Reporting Period Ending September 30, 2016	\$ 24,357,446	\$ 23,742,276	\$ 615,170

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	\$ 3,340,568	\$ 615,170	\$ (1,681,404)

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 \$989,951.

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	-	171,388
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	1,679,607	-
Employer and State Contributions subsequent to the measurement date	-	-
Total	\$ 1,679,607	\$ 171,388

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

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:			
2017		\$	368,535
2018		\$	368,535
2019		\$	368,535
2020		\$	402,614
2021		\$	-
Thereafter		\$	-

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

Reporting Period Ending	09/30/2016	09/30/2015	09/30/2014
Measurement Date	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	795,653	793,320	736,260
Interest	1,800,848	1,685,549	1,586,064
Change in Excess State Money	5,213	9,746	-
Share Plan Allocation	15,635	29,234	-
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(214,235)	-	-
Changes of assumptions	-	-	-
Contributions - Buy Back	32,877	64,645	-
Benefit Payments, including Refunds of Employee Contributions	(1,091,385)	(1,083,306)	(1,108,108)
Net Change in Total Pension Liability	1,344,606	1,499,188	1,214,216
Total Pension Liability - Beginning	23,012,840	21,513,652	20,299,436
Total Pension Liability - Ending (a)	<u>\$ 24,357,446</u>	<u>\$ 23,012,840</u>	<u>\$ 21,513,652</u>
Plan Fiduciary Net Position			
Contributions - Employer	501,383	510,314	549,848
Contributions - State	303,898	322,030	314,996
Contributions - Employee	178,122	176,623	172,605
Contributions - Buy Back	32,877	64,645	-
Net Investment Income	(353,976)	1,904,122	2,667,160
Benefit Payments, including Refunds of Employee Contributions	(1,091,385)	(1,083,306)	(1,108,108)
Administrative Expense	(76,367)	(44,389)	(48,564)
Net Change in Plan Fiduciary Net Position	(505,448)	1,850,039	2,547,937
Plan Fiduciary Net Position - Beginning	24,247,724	22,397,685	19,849,748
Plan Fiduciary Net Position - Ending (b)	<u>\$ 23,742,276</u>	<u>\$ 24,247,724</u>	<u>\$ 22,397,685</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 615,170</u>	<u>\$ (1,234,884)</u>	<u>\$ (884,033)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	97.47%	105.37%	104.11%
Covered Employee Payroll*	\$ 3,288,615	\$ 3,211,327	\$ 3,138,275
Net Pension Liability as a percentage of Covered Employee Payroll	18.71%	-38.45%	-28.17%

Notes to Schedule:

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

The inflation assumption has been lowered from 3.50% to 3.00%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

Reporting Period Ending	09/30/2016	09/30/2015	09/30/2014
Measurement Date	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	784,433	793,364	832,898
Contributions in relation to the Actuarially Determined Contributions	784,433	793,364	832,898
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll*	\$ 3,288,615	\$ 3,211,327	\$ 3,138,275
Contributions as a percentage of Covered Employee Payroll	23.85%	24.71%	26.54%

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

Notes to Schedule

Valuation Date: 10/01/2013

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Cost Method.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 26 Years (as of 10/01/2013).
 Inflation: 3% per year.
 Mortality Rates: RP2000 Generational Mortality Table – Sex Distinct. Disableds set forward 5 years.
 Termination Rates: See table on following page.
 Disability Rates: See table below. 75% of disabilities are assumed to be service-incurred.

Retirement Rates:	Number of Years After First Eligibility For Normal	Probability of Normal Retirement
	0	35%
	1	20%
	2	20%
	3	20%
	4	20%
	5+	100%

The assumed rate of retirement is 5.0% for each year of eligibility for early retirement.

Interest Rate: 7.75% per year, compounded annually, net of investment related expenses.
 Salary Increases: See table on following page.
 Post Retirement COLA: None.
 Payroll Growth: 3.5% per year for amortization of the Unfunded Actuarial Accrued Liability.
 Disability Rates: % Becoming Disabled During

Age	% Becoming Disabled During the Year
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%

GASB 68

Salary Increases:

Years of Service	% Increase in Salary
0	14.0%
1	13.0%
2	12.0%
3	11.0%
4	10.0%
5	9.0%
6	8.5%
7	8.0%
8	7.5%
9	7.0%
10	6.5%
11	6.0%
12	5.5%
13	5.0%
14+	4.0%

Mortality Rates (2013):

Age	Male	Female
50	0.17%	0.13%
55	0.28%	0.25%
60	0.55%	0.47%
65	1.06%	0.91%
70	1.82%	1.57%
75	3.15%	2.53%
80	5.65%	4.19%

Termination Rates:

Sample Ages	Years of Service	% of Active Members Separating Within Next Year
ALL	0	15.0%
	1	15.0%
	2	7.0%
	3	7.0%
	4	5.0%
	5	5.0%
	6	4.0%
	7	4.0%
	8	2.0%
	9	2.0%
	10+	0.5%

Actuarial Asset Method:

All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (884,033)	\$ -	\$ 832,344	\$ -
Employer and State Contributions made after 09/30/2014	-	-	805,281	-
Total Pension Liability Factors:				
Service Cost	793,320	-	-	793,320
Interest	1,685,549	-	-	1,685,549
Change in Excess State Money	9,746	-	-	-
Share Plan Allocation	29,234	-	-	-
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	64,645	-	-	64,645
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	-	-	-
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(1,083,306)	-	-	(1,083,306)
Net change	<u>1,499,188</u>	<u>-</u>	<u>805,281</u>	<u>1,460,208</u>
Plan Fiduciary Net Position:				
Contributions - Employer	510,314	-	(510,314)	-
Contributions - State	322,030	-	(322,030)	-
Contributions - Employee	176,623	-	-	(176,623)
Contributions - Buy Back	64,645	-	-	(64,645)
Net Investment Income	1,733,725	-	-	(1,733,725)
Difference between projected and actual earnings on Pension Plan investments	170,397	170,397	-	-
Current year amortization	-	(34,080)	-	(34,080)
Benefit Payments	(1,083,306)	-	-	1,083,306
Administrative Expenses	(44,389)	-	-	44,389
Net change	<u>1,850,039</u>	<u>136,317</u>	<u>(832,344)</u>	<u>(881,378)</u>
Ending Balance	<u>\$ (1,234,884)</u>	<u>\$ 136,317</u>	<u>\$ 805,281</u>	<u>\$ 578,830</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (1,234,884)	\$ 136,317	\$ 805,281	\$ -
Employer and State Contributions made after 09/30/2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	795,653	-	-	795,653
Interest	1,800,848	-	-	1,800,848
Change in Excess State Money	5,213	-	-	-
Share Plan Allocation	15,635	-	-	-
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	32,877	-	-	32,877
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(214,235)	214,235	-	-
Current year amortization of experience difference	-	(42,847)	-	(42,847)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(1,091,385)	-	-	(1,091,385)
Net change	<u>1,344,606</u>	<u>171,388</u>	<u>-</u>	<u>1,495,146</u>
Plan Fiduciary Net Position:				
Contributions - Employer	501,383	-	(501,383)	-
Contributions - State	303,898	-	(303,898)	-
Contributions - Employee	178,122	-	-	(178,122)
Contributions - Buy Back	32,877	-	-	(32,877)
Net Investment Income	1,873,329	-	-	(1,873,329)
Difference between projected and actual earnings on Pension Plan investments	(2,227,305)	-	2,227,305	-
Current year amortization	-	(34,080)	(445,461)	411,381
Benefit Payments	(1,091,385)	-	-	1,091,385
Administrative Expenses	(76,367)	-	-	76,367
Net change	<u>(505,448)</u>	<u>(34,080)</u>	<u>976,563</u>	<u>(505,195)</u>
Ending Balance	<u>\$ 615,170</u>	<u>\$ 273,625</u>	<u>TBD</u>	<u>\$ 989,951</u>

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