

CITY OF LEESBURG
MUNICIPAL FIREMEN'S RETIREMENT PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2015

CONTRIBUTIONS APPLICABLE TO THE PLAN
YEAR ENDED SEPTEMBER 30, 2017



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

December 8, 2015

Board of Trustees
City of Leesburg
Municipal Firemen's Retirement Plan
PO Box 490630
Leesburg, FL 34749

Re: City of Leesburg
Municipal Firemen's Retirement Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Leesburg Municipal Firemen's Retirement Plan. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, and 175, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City, the Board's Administrator and Attorney, and the State of Florida, 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 Leesburg, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Leesburg Municipal Firemen's Retirement Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.



By:

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

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Leesburg Municipal Firemen's Retirement Plan, performed as of October 1, 2015, has been completed and the results are presented in this Report. The results of this valuation are applicable to the Plan year ending September 30, 2017.

The contribution requirements, compared with the amounts set forth 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>
Total Required Contribution	\$798,331	\$924,592
% of Projected Annual Payroll	35.2%	32.4%
Members Contributions (Est.)	147,485	185,463
% of Projected Annual Payroll	6.5%	6.5%
Required City and State	650,846	739,129
% of Projected Annual Payroll	28.7%	25.9%
State Contribution ¹	110,449	110,449
% of Projected Annual Payroll	4.9%	4.9%
Balance from City ²	540,397	628,680
% of Projected Annual Payroll	23.8%	21.0%

¹ Reflects "traditional" interpretation of Chapter 175, Florida Statutes.

² As requested by the Division of Retirement, the required contribution from the City and State for the year ending September 30, 2017, is 28.7% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 23.8% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received.

*Please note the City has a prepaid contribution of \$1,050.58 (see Page 23), which may be used to help offset the above stated requirement for fiscal 2016.

** Please also note that the dollar amounts shown above reflect the required percentages of payroll multiplied by the valuation payroll determined as of the valuation date. These amounts are shown for illustrative purposes only. The required contributions are the City and State requirements shown above, as a percentage of payroll.

As can be seen, the Total Required Contribution has increased when expressed as a percentage of Projected Annual Payroll. The Projected Annual Payroll included in this determination only reflects anticipated pay of those participants under assumed retirement age. The plan had favorable experience.

The primary components of favorable experience included the effect of much larger than expected turnover and a 4-year rolling average investment return of 8.81% which was greater than the assumed rate of 7.50%. Please note that through the use of the smoothing technique, the Fund has some deferred investment losses that will be realized over the next 3 years. As of October 1, 2015, the deferred investment losses totaled \$492,447. For example, if the Plan earns 7.5% this year, then the 4-year rolling average investment return used in the October 1, 2016 actuarial valuation report will be 6.93%, which would provide an actuarial loss on the investments in next year's report. The reason the costs increased when expressed as a percentage of payroll, even with the favorable experience, is that there was a significant reduction in the total annual payroll because of a reduction of the Membership. Because the amortization payment of the Unfunded Actuarial Accrued Liability is relatively fixed as a dollar amount, when the payroll goes down, this payment represents a larger percentage of payroll. Additionally, the payroll growth assumption used in amortizing the Unfunded Actuarial Accrued Liability is limited to the historical 10-year average. Last year 3.0% was used and this year it was 0.9%.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

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

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

CHANGES SINCE PRIOR VALUATION

Plan Changes

Ordinance No. 15-31, that was adopted September 14, 2015, amended the Plan to state that Firefighters who are hired on or after August 1, 2015 who terminate and take a refund of their contributions will not receive any interest on those contributions. Because the change did not affect any Members of the Plan as of October 1, 2014, we issued a no impact letter dated June 15, 2015.

Actuarial Assumption/Method Changes

There have been no assumption changes since the prior valuation. However, the payroll growth assumption utilized in amortizing the Unfunded Actuarial Accrued Liability is limited to the historical 10-year average. Last year 3.0% was used and this year it was limited to 0.9%.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

A. Participant Data	<u>10/1/2015</u>	<u>10/1/2014</u>
Number Included		
Actives	41	52
Service Retirees	26	22
Beneficiaries	3	2
Terminated Vested	4	2
Disability Retirees	1	1
Total	<u>75</u>	<u>79</u>
Total Annual Payroll	\$2,269,006	\$2,935,998
Payroll Under Assumed Ret. Age	2,269,006	2,853,270
Annual Rate of Payments to:		
Service Retirees	992,045	748,443
Beneficiaries	45,903	34,030
Terminated Vested	54,082	0
Disability Retirees	18,408	18,408
B. Assets		
Actuarial Value ¹	16,734,353	15,898,619
Market Value ¹	16,241,906	17,027,525
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	10,491,025	13,987,361
Disability Benefits	314,770	385,781
Death Benefits	214,834	264,524
Vested Benefits	891,630	1,046,741
Refund of Contributions	30,331	50,682
Service Retirees	10,275,748	7,429,328
Beneficiaries	347,872	286,203
Terminated Vested	210,544	27,853
Disability Retirees	199,310	202,836
Share Account Balances ¹	486,573	520,692
PLOP Balances	0	0
Total	<u>23,462,637</u>	<u>24,202,001</u>

C. Liabilities - (Continued)	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	19,886,498	25,141,228
Present Value of Future Member Contributions	1,292,622	1,634,180
EAN Normal Cost (Retirement)	320,253	400,787
EAN Normal Cost (Disability)	18,327	22,975
EAN Normal Cost (Death)	11,215	13,997
EAN Normal Cost (Vesting)	44,334	54,032
EAN Normal Cost (Refunds)	<u>9,484</u>	<u>13,318</u>
Total EAN Normal Cost	403,613	505,109
Present Value of Future Normal Costs (Entry Age)	3,351,230	4,248,154
Accrued Liability (Retirement)	7,752,834	10,516,919
Accrued Liability (Disability)	162,353	192,310
Accrued Liability (Death)	119,681	144,368
Accrued Liability (Vesting)	551,603	626,559
Accrued Liability (Refunds)	4,889	6,779
Accrued Liability (Inactives) ¹	11,033,474	7,946,220
Share Account Balances	<u>486,573</u>	<u>520,692</u>
Total Actuarial Accrued Liability	20,111,407	19,953,847
Unfunded Actuarial Accrued Liability	3,377,054	4,055,228
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	11,033,474	7,946,220
Actives	3,787,589	5,650,650
Share Account Balances	486,573	520,692
Member Contributions	<u>1,424,902</u>	<u>1,777,955</u>
Total	16,732,538	15,895,517
Non-vested Accrued Benefits	<u>656,345</u>	<u>787,441</u>
Total Present Value Accrued Benefits	17,388,883	16,682,958
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	954,780	
Benefits Paid	(1,445,857)	
Interest	<u>1,197,002</u>	
Total:	705,925	

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) *	\$418,748	\$524,051
% of Projected Annual Payroll ²	18.5	18.4
Administrative Expenses (with interest) *	52,209	48,370
% of Projected Annual Payroll ²	2.3	1.7
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 25 years (as of 10/1/2015) *	327,374	352,171
% of Projected Annual Payroll ²	14.4	12.3
Total Required Contribution *	798,331	924,592
% of Projected Annual Payroll ²	35.2	32.4
Expected Member Contributions *	147,485	185,463
% of Projected Annual Payroll ²	6.5	6.5
Expected City & State Contrib. *	650,846	739,129
% of Projected Annual Payroll ²	28.7	25.9

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
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Total Required Contribution	\$898,961
City and State Requirement	720,269

Actual Contributions Made:

Members	178,693
City	609,819
State	<u>110,449</u> ³
Total	898,961

G. Net Actuarial Gain (Loss)	631,086
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¹ The asset values and liabilities include accumulated Share Account Balances as of 10/1/2014 and 10/1/2015.

² Contributions developed as of 10/1/2015 are expressed as a percentage of annual payroll under assumed retirement age at 10/1/2015 of \$2,269,006.

³ Frozen, per Chapter 175, Florida Statutes, as amended.

* Please note that the dollar amounts shown in section E are for illustrative purposes only. The required contributions are based upon % of payroll.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	3,377,054
2016	3,291,127
2017	3,195,700
2018	3,090,038
2028	1,136,427
2040	0

I. (i) 3 Year Comparison of Actual and Assumed Increases in Pensionable Compensation

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	6.22%	4.63%
Year Ended	9/30/2014	1.30%	4.75%
Year Ended	9/30/2013	0.40%	5.00%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	8.81%	7.50%
Year Ended	9/30/2014	8.16%	7.50%
Year Ended	9/30/2013	7.52%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$2,269,006
	10/1/2005	2,076,582
(b) Total Increase		9.3%
(c) Number of Years		10.00
(d) Average Annual Rate		0.9%

STATEMENT BY ENROLLED ACTUARY

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


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	\$4,055,228
(2)	Sponsor Normal Cost developed as of October 1, 2014	319,646
(3)	Expected Administrative expenses for the fiscal year ending September 30, 2015	46,622
(4)	Interest on (1), (2) and (3)	331,612
(5)	Sponsor contributions to the System during the fiscal year ending September 30, 2015	720,268
(6)	Interest on (5)	24,700
(7)	Change to UAAL due to Actuarial (Gain)/Loss	(631,086)
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Method Change	0
(10)	Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)+(7)+(8)+(9)	3,377,054

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2015 Amount</u>	<u>Amortization Amount</u>
Initial Base	10/1/2007	12	\$3,062,442	\$353,096
Method Change	10/1/2008	13	(1,177,520)	(128,823)
Assumption Changes	10/1/2010	15	(209,367)	(20,955)
Benefit Change	10/1/2010	25	(10,739)	(829)
Assumption Changes	10/1/2013	18	150,951	13,622
Method Change	10/1/2013	18	2,503,191	225,893
Actuarial Gain	10/1/2014	9	(310,818)	(43,907)
Actuarial Gain	10/1/2015	10	<u>(631,086)</u>	<u>(82,556)</u>
			\$3,377,054	\$315,541

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$4,055,228
(2)	Expected UAAL as of October 1, 2015	4,008,140
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(204,923)
	Salary Increases	85,217
	Active Decrements	(543,807)
	Inactive Mortality	33,997
	Other	<u>(1,570)</u>
	Increase in UAAL due to (Gain)/Loss	(631,086)
(4)	Actual UAAL as of October 1, 2015	\$3,377,054

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rates RP2000 Combined Healthy - Sex Distinct. Disability mortality is set forward five years. We believe this sufficiently accounts for future mortality improvements.

Termination Rates 25% in year one
10% in years 2 through 5
3% in years 6 through 10
2% in years 11 and up

These rates were developed in a March 7, 2014 Experience Study.

<u>Disability Rates</u>	<u>% Becoming Disabled During the Year</u>
Age	
20	0.05%
30	0.06
40	0.12
50	0.43

75% of disabilities are assumed to occur in the line of duty.

Retirement Age 50% at first eligibility for Normal Retirement.
50% in second year of eligibility.
100% in third year of eligibility.

These rates were developed in a March 7, 2014 Experience Study.

Early Retirement 3.00% per year eligible.

Interest Rate 7.50% per year, compounded annually, net of investment-related expenses. This is in line with the national average for Pension Plans.

Salary Increases 6.00% in years 1 – 5
5.00% in years 6-10
4.00% in years 11 and up

These rates were developed in a March 7, 2014 Experience Study.

Payroll Growth 0.9% for amortizing UAAL (3.0% in 10/1/14 valuation).

Administrative Expenses \$50,322 annually.

Funding Method Entry Age Normal Cost Method (20-Year Amortization of new Base).

Asset Valuation Method Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

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 is the current year's cost for benefits yet to be funded.

Unfunded Actuarial Accrued Liability (UAAL) is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service. Under the Entry Age Normal Actuarial Cost Method, there is also a new UAAL created each year equal to the actuarial gain or loss for that year.

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	63,955.26	_____%
1995	63,314.22	-1.0%
1996	65,179.45	2.9%
1997	69,719.13	7.0%
1998	97,054.72	39.2%
1999	94,115.90	-3.0%
2000	98,330.96	4.5%
2001	94,572.00	-3.8%
2002	101,495.00	7.3%
2003	114,619.00	12.9%
2004	119,788.00	4.5%
2005	123,857.00	3.4%
2006	138,695.00	12.0%
2007	179,780.63	29.6%
2008	177,356.72	-1.3%
2009	151,617.38	-14.5%
2010	150,459.61	-0.8%
2011	148,365.97	-1.4%
2012	163,137.34	10.0%
2013	156,635.48	-4.0%
2014	161,481.42	3.1%
2015	166,379.91	3.0%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	337,180.31	337,180.31
Money Market	9,444.76	9,444.76
Cash	25,186.61	25,186.61
Total Cash and Equivalents	371,811.68	371,811.68
Receivables:		
Investment Income	34,592.04	34,592.04
Total Receivable	34,592.04	34,592.04
Investments:		
U. S. Bonds and Bills	376,155.84	373,874.80
Federal Agency Guaranteed Securities	141,909.83	148,243.46
Corporate Bonds	3,361,629.30	3,314,645.37
Stocks	4,732,919.63	4,956,040.44
Mutual Funds:		
Fixed Income	1,438,459.68	1,545,031.28
Equity	4,028,479.60	3,947,139.89
Pooled/Common/Commingled Funds:		
Real Estate	1,464,538.89	1,561,123.62
Total Investments	15,544,092.77	15,846,098.86
Total Assets	15,950,496.49	16,252,502.58
<u>LIABILITIES</u>		
Payables:		
Benefit Payments	3,952.67	3,952.67
Share Payments to Current Retirees	5,593.07	5,593.07
Prepaid City Contribution	1,050.58	1,050.58
Total Liabilities	10,596.32	10,596.32
NET POSITION RESTRICTED FOR PENSIONS	15,939,900.17	16,241,906.26

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

ADDITIONS

Contributions:

Member	178,692.60
City	609,819.45
State	166,379.91

Total Contributions	954,891.96
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Investment Income:

Net Realized Gain (Loss)	752,105.82
Unrealized Gain (Loss)	(1,420,446.21)
Net Increase in Fair Value of Investments	(668,340.39)
Interest & Dividends	537,076.03
Less Investment Expense ¹	(113,067.22)

Net Investment Income	(244,331.58)
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Total Additions	710,560.38
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DEDUCTIONS

Distributions to Members:

Benefit Payments	912,495.87
Lump Sum Share Distributions	85,985.37
Lump Sum PLOP Distributions	366,164.76
Refunds of Member Contributions	81,211.27

Total Distributions	1,445,857.27
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Administrative Expense	50,321.93
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Total Deductions	1,496,179.20
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Net Increase in Net Position	(785,618.82)
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	17,027,525.08
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End of the Year	16,241,906.26
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¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2015

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*	
09/30/2012	15.26%	
09/30/2013	13.41%	
09/30/2014	8.82%	
09/30/2015	-1.45%	
Annualized Rate of Return for prior four (4) years:		8.81%
(A) 10/01/2014 Actuarial Assets:		\$15,898,619.47
(I) Net Investment Income:		
1. Interest and Dividends		537,076.03
2. Realized Gains (Losses)		752,105.82
3. Change in Actuarial Value		200,906.55
4. Investment Related Expenses		(113,067.22)
	Total	1,377,021.18
(B) 10/01/2015 Actuarial Assets:		\$16,734,353.41
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		8.81%
10/01/2015 Limited Actuarial Assets:		\$16,734,353.41
10/01/2015 Market Value of Assets:		\$16,241,906.26
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$204,922.99

*Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	178,692.60	
City	609,819.45	
State	166,379.91	
Total Contributions		954,891.96
Earnings from Investments:		
Interest & Dividends	537,076.03	
Net Realized Gain (Loss)	752,105.82	
Change in Actuarial Value	200,906.55	
Total Earnings and Investment Gains		1,490,088.40

EXPENDITURES

Distributions to Members:		
Benefit Payments	912,495.87	
Lump Sum Share Distributions	85,985.37	
Lump Sum PLOP Distributions	366,164.76	
Refunds of Member Contributions	81,211.27	
Total Distributions		1,445,857.27
Expenses:		
Investment related ¹	113,067.22	
Administrative	50,321.93	
Total Expenses		163,389.15
Change in Net Assets for the Year		835,733.94
Net Assets Beginning of the Year		15,898,619.47
Net Assets End of the Year ²		16,734,353.41

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

²Net Assets may be limited for actuarial consideration.

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

(1) City and State Required Contribution Rate (from the October 1, 2013 Actuarial Valuation Report)	26.2%
(2) Pensionable Payroll Derived from Member Contributions	\$2,749,116.92
(3) Required City and State Contribution (1) x (2)	720,268.63
(4) Less Allowable State Contribution	<u>(110,449.18)</u>
(5) Equals Required City Contribution	609,819.45
(6) Less Prepaid Contribution as of September 30, 2014	(32,518.36)
(6) Less Actual City Contributions	<u>(578,351.67)</u>
(7) Equals City's Prepaid Contribution as of September 30, 2015	\$1,050.58

STATISTICAL DATA *

	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>
Number	56	54	52	41
Average Current Age	40.5	40.9	40.0	40.2
Average Age at Employment	28.0	27.5	28.1	28.2
Average Past Service	12.5	13.3	11.9	12.0
Average Annual Salary	\$53,647	\$55,990	\$56,462	\$55,342

* Prior to 10/1/2014, averages are 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	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	1	0	1	3	0	0	0	0	0	5
30 - 34	0	0	1	0	0	2	1	0	0	0	0	4
35 - 39	0	0	0	0	0	6	4	0	0	0	0	10
40 - 44	0	0	0	0	0	0	0	3	0	0	0	3
45 - 49	0	0	0	0	0	2	5	6	3	0	0	16
50 - 54	0	0	0	0	0	0	0	1	1	0	0	2
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	3	0	1	13	10	10	4	0	0	41

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	52
b. Terminations	
i. Vested (partial or full) with deferred benefits	3
ii. Non-vested or full lump sum distribution received	3
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	5
f. Continuing participants	41
g. New entrants	0
h. Total active life participants in valuation	41

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested Deferred *	Total
a. Number prior valuation	22	2	1	2	27
Retired	5	0	0	0	5
DROP	0	0	0	0	0
Vested Deferred	0	0	0	3	3
Death, With Survivor	(1)	1	0	0	0
Death, No Survivor	0	0	0	0	0
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	(1)	(1)
Rehires	0	0	0	0	0
Data Corrections	0	0	0	0	0
b. Number current valuation	26	3	1	4	34

*1 is terminated non-vested awaiting refund of Member contributions.

SUMMARY OF PLAN PROVISIONS
(Through Ordinance 15-31)

<u>Credited Service</u>	Total years and completed months of service as a full-time firefighter with the City. No credit is received for service for which Member Contributions have been withdrawn.
<u>Basic Compensation</u>	Compensation actually paid to a participant in a calendar year, but excluding overtime pay, shift differential, commissions, bonus payments, accrued annual leave, accrued sick leave, accrued compensatory time, expense allowances, working out of class pay and all other forms of extraordinary compensation, plus all tax deferred or tax exempt items of compensation.
<u>Average Monthly Compensation</u>	Average of monthly rate of Basic Compensation during the highest 3 successive calendar years during the 5 years preceding termination.
<u>Normal Retirement</u>	
Date	Earlier of a.) Age 52 and the completion of 25 years of Credited Service, or b.) Age 55 and the completion of 10 years of Credited Service.
Benefit Amount	3.00% of Average Monthly Earnings <u>times</u> Credited Service.
Form of Benefit	10 Year Certain and Life thereafter.
<u>Early Retirement</u>	
Date	Age 50 and 10 years of Credited Service.
Benefit Amount	Accrued benefit, reduced 3.00% for each year prior to Normal Retirement Date.
<u>Disability</u>	
Eligibility	Total and permanent as determined by Board of Trustees, and for at least a period of 5 months if not service-incurred.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.

Benefit Amount**Non-Line-of-Duty****Less than 10 Years**

The monthly income which can be provided by the greater of (A) or (B), where:

- (A) is the actuarial present value of the accrued benefit at date of disability, and
- (B) is two times the Basic Compensation paid in the calendar year preceding date of disability, but no greater than the actuarial present value of 60% of the Member's Anticipated Monthly Retirement Income at Normal Retirement Date.

More than 10 Years

The monthly income which is the greater of (A) or (B), where:

- (A) is the monthly income which can be provided by the actuarial present value of the accrued benefit at date of disability, and
- (B) is 30% (.3) of the Participant's Basic Compensation paid in the calendar year preceding date of disability, but no greater than the actuarial present value of 100% of the Member's Anticipated Monthly Retirement Income at Normal Retirement Date.

Line-of-Duty

A monthly income equal to 50% of the Basic Compensation paid in the calendar year preceding the date of disability. This amount is limited to the actuarial present value of the Member's Anticipated Monthly Retirement Income at Normal Retirement Date.

Duration

Benefit commences upon Board approval and is paid on a 10 year Certain and Life thereafter basis or until recovery if such recovery occurs prior to Normal Retirement Date. Optional forms available.

Death**Pre-Retirement**

The monthly income, payable to designated Beneficiary for 10 years certain and life thereafter, which can be provided by the greater of (A) or (B), where:

- (A) is the actuarial present value of the accrued benefit at date of death, and

(B) is two times the Basic Compensation paid in the calendar year preceding the date of death, but no greater than the actuarial present value of the Member's Anticipated Monthly Retirement Income at Normal Retirement Date.

Post-Retirement

According to option selected, if any.

Vesting (Termination)

Less than 10 years of
Credited Service

Refund of Member Contributions, with 5.00% interest (no interest for Members hired on or after August 1, 2015).

10 years or more

Accrued benefit payable at the Member's election, at age 52 (unreduced) or as early as age 50 (reduced) or refund of Member Contributions, with 5.00% interest (no interest for Members hired on or after August 1, 2015).

Supplemental Benefit

\$10.50 per month times the years of Credited Service, payable for life, with a maximum of 13 years.

Contributions

Employee

6.50% of Basic Compensation.

Premium Tax

1.85% tax on fire insurance premiums.

City

Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability, as provided in Part VII of F.S. Chapter 112.

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

09/30/2014 Balance	\$520,692
Plus Additions	55,931
Investment Return Earned	(7,407)
Less Expenses	(2,250)
Less Distributions	<u>(85,985)</u>
09/30/2015 Balance	\$480,980

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**STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015**

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	337,180
Money Market	9,445
Cash	25,187
Total Cash and Equivalents	371,812
Receivables:	
Investment Income	34,592
Total Receivable	34,592
Investments:	
U. S. Bonds and Bills	373,875
Federal Agency Guaranteed Securities	148,244
Corporate Bonds	3,314,645
Stocks	4,956,040
Mutual Funds:	
Fixed Income	1,545,031
Equity	3,947,140
Pooled/Common/Commingled Funds:	
Real Estate	1,561,124
Total Investments	15,846,099
Total Assets	16,252,503
<u>LIABILITIES</u>	
Payables:	
Benefit Payments	3,953
Unearned Revenue	1,051
Total Liabilities	5,004
NET POSITION RESTRICTED FOR PENSIONS	16,247,499

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

ADDITIONS

Contributions:

Member	178,693	
City	609,819	
State	166,380	
Total Contributions		954,892
Investment Income:		
Net Increase in Fair Value of Investments	(668,341)	
Interest & Dividends	537,076	
Less Investment Expense ¹	(113,067)	
Net Investment Income		(244,332)
Total Additions		710,560

DEDUCTIONS

Distributions to Members:

Benefit Payments	912,496	
Lump Sum Share Distributions	80,392	
Lump Sum PLOP Distributions	366,165	
Refunds of Member Contributions	81,211	
Total Distributions		1,440,264
Administrative Expense		50,322
Total Deductions		1,490,586
Net Increase in Net Position		(780,026)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	17,027,525
End of the Year	16,247,499

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

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

Plan Description*Plan Administration*

The City of Leesburg Firefighters' Retirement Plan is a governmental single-employer defined benefit plan created by ordinances of the City of Leesburg. The administration of the plan is conducted by a Board of Trustees consisting of five persons:

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

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	25
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	52
	79

Benefits Provided

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

Normal Retirement:

Date: Earlier of a.) Age 52 and the completion of 25 years of Credited Service, or b.) Age 55 and the completion of 10 years of Credited Service.

Benefit Amount: 3.00% of Average Monthly Earnings times Credited Service.

Early Retirement:

Date: Age 50 and 10 years of Credited Service.

Benefit Amount: Accrued benefit, reduced 3.00% for each year prior to Normal Retirement Date.

Vesting (Termination):

Less than 10 years of Credited Service: Refund of Member Contributions, with 5.00% interest.

10 years or more: Accrued benefit payable at the Member's election, at age 52 (unreduced) or as early as age 50 (reduced) or refund of Member Contributions, with 5.00% interest.

Disability:

Eligibility: Total and permanent as determined by Board of Trustees, and for at least a period of 5 months if not service-incurred.

Benefit Amount Non-Line-of Duty Less than 10 Years:

The monthly income which can be provided by the greater of (A) or (B), where:

(A) is the actuarial present value of the accrued benefit at date of disability, and

(B) is two times the Basic Compensation paid in the calendar year preceding date of disability, but no greater than the actuarial present value of 60% of the Member's Anticipated Monthly Retirement Income at Normal Retirement Date.

Benefit Amount Non-Line of Duty More than 10 Years:

The monthly income which is the greater of (A) or (B), where:

(A) is the monthly income which can be provided by the actuarial present value of the accrued benefit at date of

(B) is 30% (.3) of the Participant's Basic Compensation paid in the calendar year preceding date of disability, but no greater than the actuarial present value of 100% of the Member's Anticipated Monthly Retirement Income at Normal Retirement Date

Line-of-Duty Benefit Amount: A monthly income equal to 50% of the Basic Compensation paid in the calendar year preceding the date of disability. This amount is limited to the actuarial present value of the Member's Anticipated Monthly Retirement Income at Normal Retirement Date.

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Pre-Retirement Death Benefits:

The monthly income, payable to designated Beneficiary for 10 years certain and life thereafter, which can be provided by the greater of (A) or (B), where:

(A) is the actuarial present value of the accrued benefit at date of death, and

(B) is two times the Basic Compensation paid in the calendar year preceding the date of death, but no greater than the actuarial present value of the Member's Anticipated Monthly Retirement Income at Normal Retirement Date.

Supplemental Benefit:

\$10.50 per month times the years of Credited Service, payable for life, with a maximum of 13 years.

Contributions

Employee: 6.50% of Basic Compensation.

Premium Tax: 1.85% tax on fire insurance premiums.

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability, as provided in Part VII of Florida Statutes Chapter 112.

Investments

Investment Policy:

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	35%
International Equity	15%
Bonds	22%
TIPS	3%
Convertibles	10%
Private Real Estate	7%
REITS	3%
MLPs	5%
<u>Total</u>	<u>100%</u>

Concentrations:

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

Rate of Return:

For the year ended September 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -1.45 percent.

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

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NET PENSION LIABILITY OF THE SPONSOR

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

Total Pension Liability	\$ 20,330,104
Plan Fiduciary Net Position	<u>\$ (16,247,499)</u>
Sponsor's Net Pension Liability	<u>\$ 4,082,605</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	79.92%

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% - 6.00%
Discount Rate	7.50%
Investment Rate of Return	7.50%

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

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study for the period 1998-2013.

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

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

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

<u>Asset Class</u>	Long Term Expected Real Rate of Return
Domestic Equity	8.0%
International Equity	3.0%
Bonds	4.4%
TIPS	3.1%
Convertibles	6.4%
Private Real Estate	4.6%
REITS	7.0%
MLPs	10.4%

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 percent.

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

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Sponsor's Net Pension Liability	\$ 6,532,776	\$ 4,082,605	\$ 2,010,915

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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	512,330	542,778	504,910
Interest	1,483,353	1,419,978	1,339,445
Change in Excess State Money	-	-	-
Share Plan Allocation	55,931	51,032	-
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(267,086)	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,440,264)	(836,424)	(780,467)
Net Change in Total Pension Liability	344,264	1,177,364	1,063,888
Total Pension Liability - Beginning	19,985,840	18,808,476	17,744,588
Total Pension Liability - Ending (a)	<u>\$ 20,330,104</u>	<u>\$ 19,985,840</u>	<u>\$ 18,808,476</u>
Plan Fiduciary Net Position			
Contributions - Employer	609,819	866,635	827,920
Contributions - State	166,380	161,481	156,635
Contributions - Employee	178,693	190,151	187,674
Net Investment Income	(244,332)	1,362,537	1,792,048
Benefit Payments, including Refunds of Employee Contributions	(1,440,264)	(836,424)	(780,467)
Administrative Expense	(50,322)	(46,621)	(34,748)
Net Change in Plan Fiduciary Net Position	(780,026)	1,697,759	2,149,062
Plan Fiduciary Net Position - Beginning	17,027,525	15,329,766	13,180,704
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,247,499</u>	<u>\$ 17,027,525</u>	<u>\$ 15,329,766</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,082,605</u>	<u>\$ 2,958,315</u>	<u>\$ 3,478,710</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	79.92%	85.20%	81.50%
Covered Employee Payroll*	\$ 2,901,491	\$ 2,925,402	\$ 2,887,291
Net Pension Liability as a percentage of Covered Employee Payroll	140.71%	101.13%	120.48%

Notes to Schedule:

* The reported Covered Employee Payroll for the Fiscal years 2013 and 2014 were not available. Pensionable Salary have been reported instead.

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SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	720,269	977,084	938,370
Contributions in relation to the Actuarially Determined Contributions	720,269	977,084	938,370
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll*	\$ 2,901,491	\$ 2,925,402	\$ 2,887,291
Contributions as a percentage of Covered Employee Payroll	24.82%	33.40%	32.50%

* The reported Covered Employee Payroll for the Fiscal years 2013 and 2014 were not available. Pensionable Salary have been reported instead.

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 Initial Liability Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	28 Years (as of 10/01/2012).
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.
Inflation:	3.0% per year.
Salary Increases:	5.0% per year until the assumed retirement age.
Interest Rate:	7.75% per year, compounded annually, net of investment-related expenses.
Payroll Growth:	3.0% for amortizing UAAL.
Retirement Age:	Earlier of age 52 and the completion of 25 years of Credited Service or age 55 and the completion of 10 years of Credited Service. Also, any Member who has reached Normal Retirement Age is assumed to continue employment for one additional year.
Early Retirement:	None.
Termination Rates:	See table below.
Disability Rates:	See table below.
Mortality:	RP2000 Combined Healthy - Sex Distinct. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disability mortality is set forward five years.

Termination and Disability Rate Table:	% Terminating During the Year	% Becoming Disabled During the Year
Age	Year	the Year
20	6.00%	0.05%
30	5.00%	0.06%
40	2.60%	0.12%
50	0.80%	0.43%

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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	-1.45%	8.82%	13.41%

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

General Information about the Pension Plan

Plan Description

The City of Leesburg Firefighters' Retirement Plan is a governmental single-employer defined benefit plan created by ordinances of the City of Leesburg. The administration of the plan is conducted by a Board of Trustees consisting of five persons:

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

Any actively employed full-time person employed by the City of Leesburg, who is certified as a Firefighter as a condition of employment in accordance with Section 633.35, Florida Statutes, and whose duty it is to extinguish fires, to protect life and to protect property, is a member of the City of Leesburg Firefighters' Retirement Plan, including during the initial probationary employment period.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	25
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	52
	79

Benefits Provided

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

Normal Retirement:

Date: Earlier of a.) Age 52 and the completion of 25 years of Credited Service, or b.) Age 55 and the completion of 10 years of Credited Service.

Benefit Amount: 3.00% of Average Monthly Earnings times Credited Service.

Early Retirement:

Date: Age 50 and 10 years of Credited Service.

Benefit Amount: Accrued benefit, reduced 3.00% for each year prior to Normal Retirement Date.

Vesting (Termination):

Less than 10 years of Credited Service: Refund of Member Contributions, with 5.00% interest.

10 years or more: Accrued benefit payable at the Member's election, at age 52 (unreduced) or as early as age 50 (reduced) or refund of Member Contributions, with 5.00% interest.

Disability:

Eligibility: Total and permanent as determined by Board of Trustees, and for at least a period of 5 months if not service-incurred.

Benefit Amount Non-Line-of-Duty Less than 10 Years:

The monthly income which can be provided by the greater of (A) or (B), where:

(A) is the actuarial present value of the accrued benefit at date of disability, and

(B) is two times the Basic Compensation paid in the calendar year preceding date of disability, but no greater than the actuarial present value of 60% of the Member's Anticipated Monthly Retirement Income at Normal Retirement Date.

Benefit Amount Non-Line of Duty More than 10 Years:

The monthly income which is the greater of (A) or (B), where:

(A) is the monthly income which can be provided by the actuarial present value of the accrued benefit at date of disability, and

(B) is 30% (.3) of the Participant's Basic Compensation paid in the calendar year preceding date of disability, but no greater than the actuarial present value of 100% of the Member's Anticipated Monthly Retirement Income at Normal Retirement Date

Line-of-Duty Benefit Amount: A monthly income equal to 50% of the Basic Compensation paid in the calendar year preceding the date of disability. This amount is limited to the actuarial present value of the Member's Anticipated Monthly Retirement Income at Normal Retirement Date.

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Pre-Retirement Death Benefits:

The monthly income, payable to designated Beneficiary for 10 years certain and life thereafter, which can be provided by the greater of (A) or (B), where:

(A) is the actuarial present value of the accrued benefit at date of death, and

(B) is two times the Basic Compensation paid in the calendar year preceding the date of death, but no greater than the actuarial present value of the Member's Anticipated Monthly Retirement Income at Normal Retirement Date.

Supplemental Benefit:

\$10.50 per month times the years of Credited Service, payable for life, with a maximum of 13 years.

Contributions

Employee: 6.50% of Basic Compensation.

Premium Tax: 1.85% tax on fire insurance premiums.

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability, as provided in Part VII of Florida Statutes Chapter 112.

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Net Pension Liability

The measurement date is September 30, 2015.

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

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

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

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

Actuarial Assumptions:

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

Inflation	3.00%
Salary Increases	4.00% - 6.00%
Discount Rate	7.50%
Investment Rate of Return	7.50%

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

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study for the period 1998-2013.

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	35%	8.00%
International Equity	15%	3.00%
Bonds	22%	4.40%
TIPS	3%	3.10%
Convertibles	10%	6.40%
Private Real Estate	7%	4.60%
REITS	3%	7.00%
MLPs	5%	10.40%
<u>Total</u>	<u>100%</u>	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 percent.

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

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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	512,330	542,778	504,910
Interest	1,483,353	1,419,978	1,339,445
Change in Excess State Money	-	-	-
Share Plan Allocation	55,931	51,032	-
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(267,086)	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,440,264)	(836,424)	(780,467)
Net Change in Total Pension Liability	344,264	1,177,364	1,063,888
Total Pension Liability - Beginning	19,985,840	18,808,476	17,744,588
Total Pension Liability - Ending (a)	<u>\$ 20,330,104</u>	<u>\$ 19,985,840</u>	<u>\$ 18,808,476</u>
Plan Fiduciary Net Position			
Contributions - Employer	609,819	866,635	827,920
Contributions - State	166,380	161,481	156,635
Contributions - Employee	178,693	190,151	187,674
Net Investment Income	(244,332)	1,362,537	1,792,048
Benefit Payments, including Refunds of Employee Contributions	(1,440,264)	(836,424)	(780,467)
Administrative Expense	(50,322)	(46,621)	(34,748)
Net Change in Plan Fiduciary Net Position	(780,026)	1,697,759	2,149,062
Plan Fiduciary Net Position - Beginning	17,027,525	15,329,766	13,180,704
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,247,499</u>	<u>\$ 17,027,525</u>	<u>\$ 15,329,766</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,082,605</u>	<u>\$ 2,958,315</u>	<u>\$ 3,478,710</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	79.92%	85.20%	81.50%
Covered Employee Payroll*	\$ 2,901,491	\$ 2,925,402	\$ 2,887,291
Net Pension Liability as a percentage of Covered Employee Payroll	140.71%	101.13%	120.48%

Notes to Schedule:

* The reported Covered Employee Payroll for the Fiscal years 2013 and 2014 were not available. Pensionable Salary have been reported instead.

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FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 3,478,709	\$ -	\$ 866,635	\$ -
Employer Contributions made after September 30, 2014	-	-	609,819	-
Total Pension Liability Factors:				
Service Cost	542,778	-	-	542,778
Interest	1,419,978	-	-	1,419,978
Share Plan Allocation	51,032	-	-	51,032
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	-	-	-
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(836,425)	-	-	(836,425)
Net change	<u>1,177,364</u>	<u>-</u>	<u>609,819</u>	<u>1,177,364</u>
Plan Fiduciary Net Position:				
Contributions - Employer	866,635	-	(866,635)	-
Contributions - State	161,481	-	-	(161,481)
Contributions - Employee	190,151	-	-	(190,151)
Net Investment Income	1,162,303	-	-	(1,162,303)
Difference between projected and actual earnings on Pension Plan investments	200,233	200,233	-	-
Current year amortization	-	(40,046)	-	(40,046)
Benefit Payments	(836,425)	-	-	836,425
Administrative Expenses	(46,621)	-	-	46,621
Other	-	-	-	-
Net change	<u>1,697,758</u>	<u>160,187</u>	<u>(866,635)</u>	<u>(670,936)</u>
Ending Balance	<u>\$ 2,958,315</u>	<u>\$ 160,187</u>	<u>\$ 609,819</u>	<u>\$ 506,428</u>

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PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,958,315	\$ 160,187	\$ 609,819	\$ -
Employer Contributions made after September 30, 2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	512,330	-	-	512,330
Interest	1,483,353	-	-	1,483,353
Change in Excess State Money	-	-	-	-
Share Plan Allocation	55,931	-	-	55,931
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(267,086)	267,086	-	-
Current year amortization of experience difference	-	(38,155)	-	(38,155)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(1,440,264)	-	-	(1,440,264)
Net change	344,264	228,931	-	573,195
Plan Fiduciary Net Position:				
Contributions - Employer	609,819	-	(609,819)	-
Contributions - State	166,380	-	-	(166,380)
Contributions - Employee	178,693	-	-	(178,693)
Net Investment Income	1,256,976	-	-	(1,256,976)
Difference between projected and actual earnings on Current year amortization	(1,501,308)	-	1,501,308	-
Benefit Payments	-	(40,046)	(300,261)	260,215
Administrative Expenses	(1,440,264)	-	-	1,440,264
Administrative Expenses	(50,322)	-	-	50,322
Net change	(780,026)	(40,046)	591,228	148,752
Ending Balance	\$ 4,082,605	\$ 349,072	TBD	\$ 721,947

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

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SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	720,269	977,084	938,370
Contributions in relation to the Actuarially Determined Contributions	720,269	977,084	938,370
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll*	\$ 2,901,491	\$ 2,925,402	\$ 2,887,291
Contributions as a percentage of Covered Employee Payroll	24.82%	33.40%	32.50%

* The reported Covered Employee Payroll for the Fiscal years 2013 and 2014 were not available. Pensionable Salary have been reported instead.

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 Initial Liability Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	28 Years (as of 10/01/2012).
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.
Inflation:	3.0% per year.
Salary Increases:	5.0% per year until the assumed retirement age.
Interest Rate:	7.75% per year, compounded annually, net of investment-related expenses.
Payroll Growth:	3.0% for amortizing UAAL.
Retirement Age:	Earlier of age 52 and the completion of 25 years of Credited Service or age 55 and the completion of 10 years of Credited Service. Also, any Member who has reached Normal Retirement Age is assumed to continue employment for one additional year.
Early Retirement:	None.
Termination Rates:	See table below.
Disability Rates:	See table below.
Mortality:	RP2000 Combined Healthy - Sex Distinct. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disability mortality is set forward five years.

Termination and Disability Rate Table:	% Terminating	% Becoming
	During the	Disabled During
Age	Year	the Year
20	6.00%	0.05%
30	5.00%	0.06%
40	2.60%	0.12%
50	0.80%	0.43%