

OKALOOSA ISLAND
FIRE DISTRICT
FIREFIGHTERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2016

CONTRIBUTIONS APPLICABLE TO THE DISTRICT'S
PLAN/FISCAL YEAR ENDED SEPTEMBER 30, 2018



March 24, 2017

Board of Trustees
Okaloosa Island Fire District
Firefighters' Retirement Trust Fund
105 Santa Rosa Blvd.
Ft. Walton Beach, FL 32548

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Okaloosa Island Fire District Firefighters' Retirement Trust Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

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

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the 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.

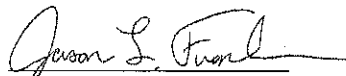
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Okaloosa Island Fire District, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Okaloosa Island Fire District Firefighters' Retirement Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

By:



Jason L. Franken, F.S.A.

Enrolled Actuary #14-6888

JLF/lke

Enclosures

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INTRODUCTORY DISCUSSION

The regular annual actuarial valuation of the Okaloosa Island Fire District Firefighters' Retirement Trust Fund, performed as of October 1, 2016, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2018.

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

Valuation Date	10/1/2016	10/1/2015
Applicable Fiscal Year End	<u>9/30/2018</u>	<u>9/30/2017</u>
Total Required Contribution % of Total Annual Payroll	82.3%	76.9%
Member Contributions (Est.) % of Total Annual Payroll	8.0%	8.0%
Required District and State Cont. % of Total Annual Payroll	74.3%	68.9%
State Contributions % of Total Annual Payroll	45,330 3.8%	45,330 3.8%
Balance from District % of Total Annual Payroll	70.5%	65.1%

The required contribution from the combination of District and State sources for the year ending September 30, 2018, is 74.3% of the actual payroll realized in that year. As a budgeting tool, the District may contribute 70.5% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received.

Please note the District has a contribution shortfall of \$3,439.96 in addition to the above stated requirements for fiscal 2017.

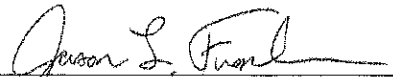
During the past 12 months, the actuarial experience was less favorable than expected, on the basis of the Plan's actuarial assumptions. The principal components of unfavorable experience included a 5.81% investment return (Actuarial Asset basis) that fell short of the 7.75% assumption and no employee turnover. These losses were partially offset by the effect of average increases in Pensionable Earnings that were below the assumed rate.

Additionally, the Plan's funding requirements have increased due to a mandated change to the assumed rates of mortality, as described on page 8.

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: 
Jason L. Franken, FSA, EA, MAAA

By: 
Drew D. Ballard, EA, MAAA

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2015	65.1%
(2) Summary of Contribution Impact by component:	
Change in Available State Money	0.0%
Investment Return (Actuarial Asset Basis)	0.6%
Salary Increases	-0.8%
Change in Normal Cost Rate	0.1%
Change in Administrative Expense Percentage	0.3%
Payroll Change Effect on UAAL Amortization	0.3%
Active Decrements	0.7%
Inactive Mortality	0.2%
Assumption Change	4.1%
Other	<u>-0.1%</u>
Total Change in Contribution	5.4%
(3) Contribution Determined as of October 1, 2016	70.5%

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in Plan provisions since the prior valuation.

Actuarial Assumption/Method Changes

As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables for special risk employees used by the Florida Retirement System actuary in the July 1, 2015 actuarial valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
A. Participant Data			
Actives	18	18	18
Service Retirees	11	11	11
Beneficiaries	0	0	0
Disability Retirees	1	1	1
Terminated Vested	<u>1</u>	<u>1</u>	<u>1</u>
Total	31	31	31
Total Annual Payroll	\$1,181,359	\$1,181,359	\$1,149,018
Payroll Under Assumed Ret. Age	1,181,359	1,181,359	1,149,018
Annual Rate of Payments to:			
Service Retirees	643,216	643,216	633,426
Beneficiaries	0	0	0
Disability Retirees	12,939	12,939	12,939
Terminated Vested	0	0	0
B. Assets			
Actuarial Value (AVA)	7,183,224	7,183,224	6,546,079
Market Value (MVA)	6,970,367	6,970,367	6,432,159
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	8,206,615	7,959,598	7,314,069
Disability Benefits	74,619	80,537	82,155
Death Benefits	92,051	39,826	38,938
Vested Benefits	601,101	605,109	561,916
Refund of Contributions	51,474	51,627	58,761
Service Retirees	9,109,523	8,671,545	8,618,103
Beneficiaries	0	0	0
Disability Retirees	143,814	136,082	138,327
Terminated Vested	62	62	62
Excess State Monies Reserve	<u>0</u>	<u>0</u>	<u>0</u>
Total	18,279,259	17,544,386	16,812,331

C. Liabilities - (Continued)	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
Present Value of Future Salaries	10,336,967	10,466,006	10,562,072
Present Value of Future Member Contributions	826,957	837,280	844,966
Normal Cost (Retirement)	275,171	268,314	261,075
Normal Cost (Disability)	4,992	5,372	5,448
Normal Cost (Death)	4,605	1,963	1,888
Normal Cost (Vesting)	29,328	29,508	27,865
Normal Cost (Refunds)	<u>11,256</u>	<u>11,275</u>	<u>10,576</u>
Total Normal Cost	325,352	316,432	306,852
Present Value of Future Normal Costs	2,748,805	2,694,519	2,736,367
Accrued Liability (Retirement)	5,846,171	5,640,795	4,955,152
Accrued Liability (Disability)	33,110	35,234	33,715
Accrued Liability (Death)	54,588	23,493	22,371
Accrued Liability (Vesting)	326,795	326,258	290,606
Accrued Liability (Refunds)	16,391	16,398	17,628
Accrued Liability (Inactives)	9,253,399	8,807,689	8,756,492
Excess State Monies Reserve	<u>0</u>	<u>0</u>	<u>0</u>
Total Actuarial Accrued Liability (AL)	15,530,454	14,849,867	14,075,964
Unfunded Actuarial Accrued Liability (UAAL)	8,347,230	7,666,643	7,529,885
Funded Ratio (AVA / AL)	46.3%	48.4%	46.5%

D. Actuarial Present Value of Accrued Benefits	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
Vested Accrued Benefits			
Inactives	9,253,399	8,807,689	8,756,492
Actives	2,618,712	2,525,041	2,176,536
Member Contributions	<u>767,814</u>	<u>767,814</u>	<u>676,093</u>
Total	12,639,925	12,100,544	11,609,121
Non-vested Accrued Benefits	<u>622,800</u>	<u>578,958</u>	<u>462,647</u>
Total Present Value			
Accrued Benefits (PVAB)	13,262,725	12,679,502	12,071,768
Funded Ratio (MVA / PVAB)	52.6%	55.0%	53.3%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	583,223	0	
New Accrued Benefits	0	336,165	
Benefits Paid	0	(639,223)	
Interest	0	910,792	
Other	<u>0</u>	<u>0</u>	
Total	583,223	607,734	

Valuation Date	New Assump 10/1/2016	Old Assump 10/1/2016	10/1/2015
Applicable to Fiscal Year Ending	<u>9/30/2018</u>	<u>9/30/2018</u>	<u>9/30/2017</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll ¹	28.6	27.8	27.7
Administrative Expenses (with interest) % of Total Annual Payroll ¹	2.1	2.1	1.8
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2016, with interest) % of Total Annual Payroll ¹	51.6	48.3	47.4
Total Required Contribution % of Total Annual Payroll ¹	82.3	78.2	76.9
Expected Member Contributions % of Total Annual Payroll ¹	8.0	8.0	8.0
Expected District and State Contribution % of Total Annual Payroll ¹	74.3	70.2	68.9

F. Past Contributions

Plan Years Ending:	<u>9/30/2016</u>
Total Required Contribution	912,625
District and State Requirement	820,904

Actual Contributions Made:

Members (excluding buyback)	91,721
District	775,574
State	<u>45,330</u>
Total	912,625

G. Net Actuarial (Gain)/Loss	151,771
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¹ Contributions developed as of 10/1/2016 are expressed as a percentage of total annual payroll at 10/1/2016 of \$1,181,359.

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2016	8,347,230
2017	8,361,558
2018	8,354,859
2025	7,487,898
2032	4,365,038
2039	167,899
2046	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	2.81%	7.00%
Year Ended	9/30/2015	-0.38%	7.00%
Year Ended	9/30/2014	2.41%	7.00%

?
Why
we
using
7.0%

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

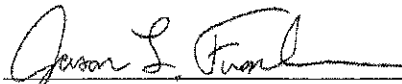
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	5.81%	7.75%
Year Ended	9/30/2015	8.74%	7.75%
Year Ended	9/30/2014	9.16%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	\$1,181,359
	10/1/2006	663,012
(b) Total Increase		78.18%
(c) Number of Years		10.00
(d) Average Annual Rate		5.95%

STATEMENT BY ENROLLED ACTUARY

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



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

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2015	\$7,529,885
(2)	Sponsor Normal Cost developed as of October 1, 2015	214,931
(3)	Expected administrative expenses for the year ended September 30, 2016	19,947
(4)	Expected interest on (1), (2) and (3)	600,996
(5)	Sponsor contributions to the System during the year ended September 30, 2016	820,904
(6)	Expected interest on (5)	29,983
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	7,514,872
(8)	Change to UAAL due to Assumption Change	680,587
(9)	Change to UAAL due to Actuarial (Gain)/Loss	151,771
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2016	8,347,230

Type of Base	Date Established	Years Remaining	10/1/2016 Amount	Amortization Amount
Benefit Improv.	10/1/1999	13	\$167,074	\$16,178
Benefit Improv.	10/1/2001	15	286,396	24,927
Benefit Improv.	10/1/2002	16	861,072	71,540
Method Change	10/1/2006	20	906,592	64,682
Actuarial Loss	10/1/2006	20	881,181	62,869
Actuarial Loss	10/1/2007	21	292,712	20,238
Actuarial Loss	10/1/2008	22	605,112	40,631
Assum Change	10/1/2008	22	211,858	14,225
Method Change	10/1/2008	22	(104,153)	(6,993)
Benefit Improv.	10/1/2008	22	2,084,265	139,951
Actuarial Loss	10/1/2009	23	1,004,937	65,659
Benefit Improv.	10/1/2009	23	292,818	19,132
Actuarial Loss	10/1/2010	24	353,113	22,489
Assum Changes	10/1/2010	24	482,303	30,717
Actuarial Loss	10/1/2011	25	480,349	29,868
Actuarial Gain	10/1/2012	26	(79,456)	(4,831)
Actuarial Gain	10/1/2013	27	(616,811)	(36,716)
Actuarial Gain	10/1/2014	28	(250,594)	(14,623)
Actuarial Gain	10/1/2015	29	(343,896)	(19,695)
Assum Change	10/1/2016	30	680,587	38,295
Actuarial Gain	10/1/2016	30	<u>151,771</u>	<u>8,540</u>
			8,347,230	587,083

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2015	\$7,529,885
(2) Expected UAAL as of October 1, 2016	7,514,872
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	129,351
Salary Increases	(171,570)
Active Decrements	151,130
Inactive Mortality	35,343
Other	<u>7,517</u>
Increase in UAAL due to (Gain)/Loss	151,771
Assumption Changes	<u>680,587</u>
(4) Actual UAAL as of October 1, 2016	\$8,347,230

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB

Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2015 FRS actuarial valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

Previously, the RP 2000 Combined Healthy – Sex Distinct with disabled lives set forward 5 years was utilized.

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.

Retirement Age

Age 55 and 10 years of Credited Service, or age 52 and 25 years of Credited Service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel this is reasonable based on plan provisions.

Early Retirement

Commencing with the earliest Early Retirement Age (50), Members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year. We feel this is reasonable based on plan provisions.

Disability Rate

See table below (1201). It is assumed that 75% of Disability Retirees are service related. This assumption is consistent with those used by other plans containing Florida municipal Firefighters.

Termination Rate

See table below (1304A). This assumption is consistent with those used by other plans containing Florida municipal Firefighters.

Salary Increases

7.00% per year until the assumed retirement age; see table below. We feel this assumption is reasonable based upon long-term expectations.

Administrative Expenses

\$23,642 annually, based on prior year's actual expenses.

Payroll Increase

3.50% per year. This is in compliance with Part VII of Chapter 112, Florida Statutes.

Funding Method

Entry Age Normal Actuarial Cost Method.

Actuarial Asset Method

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

	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as a % of Salary at Age 57</u>
20	0.03%	9.3%	8.2%
30	0.04%	7.9%	16.1%
40	0.07%	4.3%	31.7%
50	0.18%	1.1%	62.3%

VALUATION NOTES

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

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

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>
1998	4,098.53	_____ %
1999	20,782.77	407.1%
2000	8,815.32	-57.6%
2001	11,419.94	29.5%
2002	14,476.74	26.8%
2003	18,698.15	29.2%
2004	16,018.82	-14.3%
2005	19,156.56	19.6%
2006	28,570.91	49.1%
2007	43,058.82	50.7%
2008	54,556.78	26.7%
2009	38,584.60	-29.3%
2010	53,131.49	37.7%
2011	52,025.28	-2.1%
2012	51,623.31	-0.8%
2013	54,472.08	5.5%
2014	56,846.21	4.4%
2015	43,485.34	-23.5%
2016	45,330.27	4.2%

EXCESS STATE MONIES RESERVE

	Regular Distribution			Firefighters' Distribution			Special Distribution		
	Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve	Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve	Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve
1998	\$4,098.53	\$4,098.53	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1999	20,782.77	4,098.53	16,684.24					0.00	0.00
2000	8,815.32	20,431.53	0.00					0.00	0.00
2001	11,419.94	20,431.53	0.00					0.00	0.00
2002	14,476.74	20,431.53	0.00					0.00	0.00
2003	18,698.15	20,431.53	0.00					0.00	0.00
2004	16,018.82	20,431.53	0.00					0.00	0.00
2005	19,156.56	20,431.53	0.00					0.00	0.00
2006	28,570.91	20,431.53	8,139.38					0.00	0.00
2007	43,058.82	113,574.53	0.00					0.00	0.00
2008	50,306.76	109,324.51	0.00				4,250.02	4,250.02	0.00
2009	26,273.65	275,197.58	0.00				12,310.95	12,310.95	0.00
2010	53,131.49	287,508.53	0.00				0.00	0.00	0.00
2011	52,025.28	287,508.53	0.00				0.00	0.00	0.00
2012	51,623.31	287,508.53	0.00				0.00	0.00	0.00
2013	54,472.08	287,508.53	0.00				0.00	0.00	0.00
2014	56,846.21	287,508.53	0.00				0.00	0.00	0.00
2015	43,485.34	287,508.53	0.00				0.00	0.00	0.00
2016	45,330.27	287,508.53	0.00				0.00	0.00	0.00
			24,823.62						0.00
Accumulated Regular Excess			24,823.62						
Accumulated Special Excess			0.00						
Total Excess State Monies			24,823.62						
Less Amounts Used to Help Fund 3.0% B.R. & Supplement:			(24,823.62)						
Equals Current State Monies Reserve			\$0.00						

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	275,191.10	275,191.10
Total Cash and Equivalents	275,191.10	275,191.10
Receivables:		
Member Contributions in Transit	3,277.33	3,277.33
District Contributions in Transit	330,000.00	330,000.00
Additional District Contributions	3,439.96	3,439.96
Investment Income	12,590.09	12,590.09
Total Receivable	392,792.72	392,792.72
Investments:		
U. S. Bonds and Bills	403,357.33	429,854.50
Federal Agency Guaranteed Securities	6,849.93	7,861.73
Corporate Bonds	661,511.82	664,887.80
Stocks	2,486,824.00	2,840,099.12
Mutual Funds:		
Fixed Income	888,979.64	845,274.54
Equity	878,891.74	895,544.17
Pooled/Common/Commingled Funds:		
Real Estate	616,606.12	618,860.83
Total Investments	5,943,020.58	6,302,382.69
Total Assets	6,611,004.40	6,970,366.51
<u>LIABILITIES</u>		
Total Liabilities	0.00	0.00
NET POSITION RESTRICTED FOR PENSIONS	6,611,004.40	6,970,366.51

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016
Market Value Basis

ADDITIONS

Contributions:

Member	91,721.12
District	775,573.75
State	45,330.27

Total Contributions	912,625.13
---------------------	------------

Investment Income:

Net Realized Gain (Loss)	(54,457.66)
Unrealized Gain (Loss)	205,867.99
Net Increase in Fair Value of Investments	151,410.33
Interest & Dividends	189,744.24
Less Investment Expense ¹	(52,708.26)

Net Investment Income	288,446.31
-----------------------	------------

Total Additions	1,201,071.44
-----------------	--------------

DEDUCTIONS

Distributions to Members:

Benefit Payments	639,222.73
Refunds of Member Contributions	0.00

Total Distributions	639,222.73
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Administrative Expense	23,641.63
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Total Deductions	662,864.36
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Net Increase in Net Position	538,207.08
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	6,432,159.43
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End of the Year	6,970,366.51
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¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2016

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 ¹	
09/30/2013	10.45%	
09/30/2014	10.46%	
09/30/2015	-1.79%	
09/30/2016	4.60%	
Annualized Rate of Return for prior four (4) years:		5.81%
(A) 10/01/2015 Actuarial Assets:		\$6,546,078.79
(I) Net Investment Income:		
1. Interest and Dividends	189,744.24	
2. Realized Gains (Losses)	(54,457.66)	
3. Change in Actuarial Value	304,806.52	
4. Investment Related Expenses	(52,708.26)	
Total		387,384.84
(B) 10/01/2016 Actuarial Assets:		\$7,183,224.40
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		5.81%
10/01/2016 Limited Actuarial Assets:		\$7,183,224.40
10/01/2016 Market Value of Assets:		\$6,970,366.51
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$129,350.53)

¹Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
SEPTEMBER 30, 2016
Actuarial Asset Basis

REVENUES

Contributions:		
Member	91,721.12	
District	775,573.75	
State	45,330.27	
Total Contributions		912,625.13
Earnings from Investments:		
Interest & Dividends	189,744.24	
Net Realized Gain (Loss)	(54,457.66)	
Change in Actuarial Value	304,806.52	
Total Earnings and Investment Gains		440,093.10

EXPENDITURES

Distributions to Members:		
Benefit Payments	639,222.73	
Refunds of Member Contributions	0.00	
Total Distributions		639,222.73
Expenses:		
Investment related ¹	52,708.26	
Administrative	23,641.63	
Total Expenses		76,349.89
Change in Net Assets for the Year		637,145.61
Net Assets Beginning of the Year		6,546,078.79
Net Assets End of the Year ²		7,183,224.40

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

²Net Assets may be limited for actuarial consideration.

RECONCILIATION OF DISTRICT'S SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2016

(1) Total Required Contribution Rate	79.6%
(2) Pensionable Payroll Derived from Member Contributions	1,146,514.00
(3) Total Required Contribution (1) x (2)	912,625.14
(4) Less Actual Member Contributions	(91,721.12)
(5) Less Allowable State Contribution	<u>(45,330.27)</u>
(6) Equals Required District Contribution for Fiscal 2016	775,573.75
(7) Less 2015 Prepaid Contribution	(634.33)
(8) Less Actual District Contributions	<u>(771,499.46)</u>
(9) Equals District's Shortfall/(Prepaid) Contribution as of September 30, 2016	3,439.96

STATISTICAL DATA

	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>
<u>Actives</u>				
Number	17	17	18	18
Average Current Age	35.3	36.3	37.8	38.8
Average Age at Employment	26.4	26.8	27.7	27.7
Average Past Service	8.9	9.5	10.1	11.1
Average Annual Salary	\$64,197	\$64,322	\$63,834	\$65,631
<u>Service Retirees</u>				
Number		11	11	11
Average Current Age		59.0	60.0	61.0
Average Annual Benefit		\$56,980	\$57,584	\$58,474
<u>Beneficiaries</u>				
Number		0	0	0
Average Current Age		N/A	N/A	N/A
Average Annual Benefit		N/A	N/A	N/A
<u>Disability Retirees</u>				
Number		1	1	1
Average Current Age		65.0	66.0	67.0
Average Annual Benefit		\$12,939	\$12,939	\$12,939
<u>Terminated Vested</u>				
Number		1	1	1
Average Current Age		32.6	33.6	34.6
Average Annual Benefit		\$0	\$0	\$0

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	1	0	0	0	0	0	0	0	0	0	1
30 - 34	0	0	0	0	0	5	2	0	0	0	0	7
35 - 39	0	0	1	0	0	2	1	0	0	0	0	4
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0
45 - 49	0	0	0	0	0	0	1	2	0	0	0	3
50 - 54	0	0	0	0	0	0	0	1	0	1	0	2
55 - 59	0	0	1	0	0	0	0	0	0	0	0	1
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	1	2	0	0	7	4	3	0	1	0	18

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2015	18
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	<u>0</u>
f. Continuing participants	18
g. New entrants	<u>0</u>
h. Total active life participants in valuation	18

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	<u>Total</u>
a. Number prior valuation	11	0	1	1	13
Retired	0	0	0	0	0
Vested Deferred	0	0	0	0	0
Death, With Survivor	0	0	0	0	0
Death, No Survivor	0	0	0	0	0
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	0	0
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
b. Number current valuation	11	0	1	1	13

SUMMARY OF PLAN PROVISIONS
(Through Resolution No. 01-14)

<u>Eligibility</u>	Full-time employees who are classified as full-time certified firefighters shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the District as a Firefighter.
<u>Salary</u>	W-2 compensation (excluding lump sum payments of unused sick and vacation pay) plus tax exempt, tax sheltered, and tax deferred items of income.
<u>Average Final Compensation</u>	Average Salary for the best 3 years during the 5 years immediately preceding retirement or termination.
<u>Member Contributions</u>	8.0% of Salary.
<u>District and State Contributions</u>	Remaining amount required in order to pay current costs and amortize any unfunded past service cost as provided in Part VII of Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of: 1) Age 55 and 10 years of Credited Service, or 2) Age 52 and 25 years of Credited Service.
Benefit	3.5% of Average Final Compensation <u>times</u> Credited Service.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% for each year prior to Normal Retirement.
<u>Supplemental Monthly Benefit</u>	Normal and Early service retirees receive \$250 (reduced for Early) for life.
<u>Cost-of-Living Increase</u>	Normal or Early Retirees who retire after 3/18/2009 and their Beneficiaries or Joint Annuitants receive annual 3% benefit increases beginning the first 10/1 following 5 years of retirement.

Vesting

Schedule	100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability

Eligibility

Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability but not less than 42% of Average Final Compensation (if Service Incurred).
Duration	Payable for life and ten years certain or until recovery (as determined by the Board). Options available.

Death Benefits

Pre-Retirement

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

Board of Trustees

Two District appointees, two Members of the Department elected by the membership, and a fifth Member elected by other 4 and appointed by the District.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	275,191
Total Cash and Equivalents	275,191
Receivables:	
Member Contributions in Transit	3,278
District Contributions in Transit	330,000
Additional District Contributions	3,440
State Contributions	43,485
Investment Income	12,590
Total Receivable	392,793
Investments:	
U. S. Bonds and Bills	429,854
Federal Agency Guaranteed Securities	7,862
Corporate Bonds	664,888
Stocks	2,840,099
Mutual Funds:	
Fixed Income	845,275
Equity	895,544
Real Estate	618,861
Total Investments	6,302,383
Total Assets	6,970,367
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	6,970,367

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016
Market Value Basis

ADDITIONS

Contributions:

Member	91,087	
District	775,574	
State	45,330	
Total Contributions		911,991
Investment Income:		
Net Increase in Fair Value of Investments	151,411	
Interest & Dividends	189,744	
Less Investment Expense ¹	(52,708)	
Net Investment Income		288,447
Total Additions		1,200,438

DEDUCTIONS

Distributions to Members:

Benefit Payments	639,223	
Lump Sum DROP Distributions	0	
Refunds of Member Contributions	0	
Total Distributions		639,223
Administrative Expense		23,642
Total Deductions		662,865
Net Increase in Net Position		537,573
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		6,432,794
End of the Year		6,970,367

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

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2016)

Plan Description

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

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

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	12
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1
Active Plan Members	18
	<u>31</u>

Benefits Provided

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

Normal Retirement:

Date: Earlier of: 1) Age 55 and 10 years of Credited Service, or 2) Age 52 and 25 years of Credited Service.

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

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year prior to Normal Retirement.

Supplemental Monthly Benefit:

Normal and Early service retirees receive \$250 (reduced for Early) for life.

Cost-of-Living Increase:

Normal or Early Retirees who retire after 03/18/2009 and their Beneficiaries or Joint Annuitants receive annual 3% benefit increases beginning the first 10/1 following 5 years of retirement.

Vesting:

Schedule: 100% after 10 years of Credited Service.

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

Disability Retirement:

Eligibility Service Incurred: Covered from Date of Employment

Non-Service Incurred: 10 years of Credited Service.

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

Death Benefits Pre-Retirement:

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

Non-Vested: Refund of accumulated contributions without interest.

Contributions

Member Contributions: 8.0% of Salary.

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

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2016:

Asset Class	Target Allocation
Domestic Equity	45%
International Equity	15%
Broad Market Fixed Income	25%
Global Fixed Income	5%
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, 2016, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 4.60 percent.

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

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2016 were as follows:

Total Pension Liability	\$ 15,381,450
Plan Fiduciary Net Position	\$ (6,970,367)
Sponsor's Net Pension Liability	<u>\$ 8,411,083</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	45.32%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	7.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The most recent actuarial experience study used to review the other significant assumptions was dated August 26, 2008.

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.

For 2016 the inflation rate assumption of the investment advisor was 2.50%.

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, 2016 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.5%
International Equity	8.5%
Broad Market Fixed Income	2.5%
Global Fixed Income	3.5%
Real Estate	4.5%

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
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 10,716,302	\$ 8,411,083	\$ 6,552,756

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2016	09/30/2015
Total Pension Liability		
Service Cost	312,345	292,647
Interest	1,102,924	1,067,883
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(291,603)	(290,489)
Changes of assumptions	658,466	-
Contributions - Buy Back	-	8,928
Benefit Payments, including Refunds of Employee Contributions	(639,223)	(653,839)
Net Change in Total Pension Liability	1,142,909	425,130
Total Pension Liability - Beginning	14,238,541	13,813,411
Total Pension Liability - Ending (a)	<u>\$ 15,381,450</u>	<u>\$ 14,238,541</u>
Plan Fiduciary Net Position		
Contributions - Employer	775,574	708,789
Contributions - State	45,330	43,485
Contributions - Employee	91,087	85,999
Contributions - Buy Back	-	8,928
Net Investment Income	288,447	(112,066)
Benefit Payments, including Refunds of Employee Contributions	(639,223)	(653,839)
Administrative Expense	(23,642)	(19,947)
Net Change in Plan Fiduciary Net Position	537,573	61,349
Plan Fiduciary Net Position - Beginning	6,432,794	6,371,445
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,970,367</u>	<u>\$ 6,432,794</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,411,083</u>	<u>\$ 7,805,747</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	45.32%	45.18%
Covered Employee Payroll ¹	\$ 1,146,514	\$ 1,119,731
Net Pension Liability as a percentage of Covered Employee Payroll	733.62%	697.11%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Changes of assumptions:

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2014	09/30/2013
Total Pension Liability		
Service Cost	290,356	269,472
Interest	1,017,277	968,929
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, including Refunds of Employee Contributions	(660,031)	(610,868)
Net Change in Total Pension Liability	647,602	627,533
Total Pension Liability - Beginning	13,165,809	12,538,276
Total Pension Liability - Ending (a)	<u>\$ 13,813,411</u>	<u>\$ 13,165,809</u>
Plan Fiduciary Net Position		
Contributions - Employer	673,090	723,752
Contributions - State	56,846	54,472
Contributions - Employee	79,884	83,456
Contributions - Buy Back	-	-
Net Investment Income	579,975	525,540
Benefit Payments, including Refunds of Employee Contributions	(660,031)	(610,868)
Administrative Expense	(24,204)	(24,161)
Net Change in Plan Fiduciary Net Position	705,560	752,191
Plan Fiduciary Net Position - Beginning	5,665,885	4,913,694
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,371,445</u>	<u>\$ 5,665,885</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,441,966</u>	<u>\$ 7,499,924</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	46.13%	43.03%
Covered Employee Payroll ¹	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	N/A

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	820,904	752,274	729,936	778,224
Contributions in relation to the Actuarially Determined Contributions	820,904	752,274	729,936	778,224
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 1,146,514	\$ 1,119,731	N/A	N/A
Contributions as a percentage of Covered Employee Payroll	71.60%	67.18%	N/A	N/A

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Notes to Schedule

Valuation Date: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	30 Years (as of 10/01/2014).
Mortality:	RP 2000 Combined Healthy Mortality Table, with no projection. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
Interest Rate:	7.75% per year, compounded annually, net of investment related expenses.
Retirement Age:	Age 55 and 10 years of Credited Service, or age 52 and 25 years of Credited Service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.
Disability Rates:	See table on following page (1201). It is assumed that 75% of Disability Retirees are service related.
Termination Rates:	See table on following page (1304A).
Salary Increases:	7.00% per year until the assumed retirement age.
Payroll Increase:	3.5% per year.
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

Termination and Disability Rate Table:

Age	% Becoming Disabled During the Year	% Terminating During the Year
20	0.03%	9.3%
30	0.04%	7.9%
40	0.07%	4.3%
50	0.18%	1.1%

SCHEDULE OF INVESTMENT RETURNS Last 10 Fiscal Years

	<u>09/30/2016</u>	<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	4.60%	-1.79%	10.46%	10.45%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2016)

General Information about the Pension Plan

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

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

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

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	12
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1
Active Plan Members	18
	<u>31</u>

Benefits Provided

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

Normal Retirement:

Date: Earlier of: 1) Age 55 and 10 years of Credited Service, or 2) Age 52 and 25 years of Credited Service.

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

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year prior to Normal Retirement.

Supplemental Monthly Benefit:

Normal and Early service retirees receive \$250 (reduced for Early) for life.

Cost-of-Living Increase:

Normal or Early Retirees who retire after 03/18/2009 and their Beneficiaries or Joint Annuitants receive annual 3% benefit increases beginning the first 10/1 following 5 years of retirement.

Vesting:

Schedule: 100% after 10 years of Credited Service.

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

Disability Retirement:

Eligibility Service Incurred: Covered from Date of Employment

Non-Service Incurred: 10 years of Credited Service.

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

Death Benefits Pre-Retirement:

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

Non-Vested: Refund of accumulated contributions without interest.

Contributions

Member Contributions: 8.0% of Salary.

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

Net Pension Liability

The measurement date is September 30, 2016.

The measurement period for the pension expense was October 1, 2015 to September 30, 2016.

The reporting period is October 1, 2016 through September 30, 2017.

The Sponsor's Net Pension Liability was measured as of September 30, 2016.

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, 2015 updated to September 30, 2016 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	7.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The most recent actuarial experience study used to review the other significant assumptions was dated August 26, 2008.

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.

For 2016 the inflation rate assumption of the investment advisor was 2.50%.

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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	45%	7.50%
International Equity	15%	8.50%
Broad Market Fixed Income	25%	2.50%
Real Estate	10%	3.50%
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, 2016	\$ 14,238,541	\$ 6,432,794	\$ 7,805,747
Changes for a Year:			
Service Cost	312,345	-	312,345
Interest	1,102,924	-	1,102,924
Differences between Expected and Actual Experience	(291,603)	-	(291,603)
Changes of assumptions	658,466	-	658,466
Changes of benefit terms	-	-	-
Contributions - Employer	-	775,574	(775,574)
Contributions - State	-	45,330	(45,330)
Contributions - Employee	-	91,087	(91,087)
Contributions - Buy Back	-	-	-
Net Investment Income	-	288,447	(288,447)
Benefit Payments, including Refunds of Employee Contributions	(639,223)	(639,223)	-
Administrative Expense	-	(23,642)	23,642
Net Changes	1,142,909	537,573	605,336
Reporting Period Ending September 30, 2017	\$ 15,381,450	\$ 6,970,367	\$ 8,411,083

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	\$ 10,716,302	\$ 8,411,083	\$ 6,552,756

Pension Plan Fiduciary Net Position.

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

**FINAL PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS**
FISCAL YEAR SEPTEMBER 30, 2016

For the year ended September 30, 2016, the Sponsor recognized a Pension Expense of \$840,870.

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	-	242,075
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	408,459	-
Employer and State contributions subsequent to the measurement date	820,904	
Total	<u>\$ 1,229,363</u>	<u>\$ 242,075</u>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date has been 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	\$ 46,899
2018	\$ 46,900
2019	\$ 46,900
2020	\$ 74,100
2021	\$ (48,415)
Thereafter	\$ -

Payable to the Pension Plan

On September 30, 2015, the Sponsor reported a payable of \$85,867 for the outstanding amount of contributions of the Pension Plan required for the year ended September 30, 2015.

**PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

FISCAL YEAR SEPTEMBER 30, 2017

For the year ended September 30, 2017, the Sponsor will recognize a Pension Expense of \$991,622.

On September 30, 2017, 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	-	436,663
Changes of assumptions	548,721	-
Net difference between Projected and Actual Earnings on Pension Plan investments	488,944	-
Employer and State contributions subsequent to the measurement date	TBD	
Total	<u>TBD</u>	<u>\$ 436,663</u>

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, 2017.

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:	
2018	\$ 151,994
2019	\$ 151,994
2020	\$ 179,193
2021	\$ 56,678
2022	\$ 61,143
Thereafter	\$ -

Payable to the Pension Plan

On September 30, 2016, the Sponsor reported a payable of \$3,440 for the outstanding amount of contributions of the Pension Plan required for the year ended September 30, 2016.

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

Reporting Period Ending	09/30/2017	09/30/2016
Measurement Date	09/30/2016	09/30/2015
Total Pension Liability		
Service Cost	312,345	292,647
Interest	1,102,924	1,067,883
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(291,603)	(290,489)
Changes of assumptions	658,466	-
Contributions - Buy Back	-	8,928
Benefit Payments, including Refunds of Employee Contributions	(639,223)	(653,839)
Net Change in Total Pension Liability	1,142,909	425,130
Total Pension Liability - Beginning	14,238,541	13,813,411
Total Pension Liability - Ending (a)	<u>\$ 15,381,450</u>	<u>\$ 14,238,541</u>
Plan Fiduciary Net Position		
Contributions - Employer	775,574	708,789
Contributions - State	45,330	43,485
Contributions - Employee	91,087	85,999
Contributions - Buy Back	-	8,928
Net Investment Income	288,447	(112,066)
Benefit Payments, including Refunds of Employee Contributions	(639,223)	(653,839)
Administrative Expense	(23,642)	(19,947)
Net Change in Plan Fiduciary Net Position	537,573	61,349
Plan Fiduciary Net Position - Beginning	6,432,794	6,371,445
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,970,367</u>	<u>\$ 6,432,794</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,411,083</u>	<u>\$ 7,805,747</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	45.32%	45.18%
Covered Employee Payroll ¹	\$ 1,146,514	\$ 1,119,731
Net Pension Liability as a percentage of Covered Employee Payroll	733.62%	697.11%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Changes of assumptions:

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

Reporting Period Ending Measurement Date	09/30/2015 09/30/2014	09/30/2014 09/30/2013
Total Pension Liability		
Service Cost	290,356	269,472
Interest	1,017,277	968,929
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, including Refunds of Employee Contributions	(660,031)	(610,868)
Net Change in Total Pension Liability	647,602	627,533
Total Pension Liability - Beginning	13,165,809	12,538,276
Total Pension Liability - Ending (a)	<u>\$ 13,813,411</u>	<u>\$ 13,165,809</u>
Plan Fiduciary Net Position		
Contributions - Employer	673,090	723,752
Contributions - State	56,846	54,472
Contributions - Employee	79,884	83,456
Contributions - Buy Back	-	-
Net Investment Income	579,975	525,540
Benefit Payments, including Refunds of Employee Contributions	(660,031)	(610,868)
Administrative Expense	(24,204)	(24,161)
Net Change in Plan Fiduciary Net Position	705,560	752,191
Plan Fiduciary Net Position - Beginning	5,665,885	4,913,694
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,371,445</u>	<u>\$ 5,665,885</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,441,966</u>	<u>\$ 7,499,924</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	46.13%	43.03%
Covered Employee Payroll ¹	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	N/A

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Changes of assumptions:

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	820,904	752,274	729,936	778,224
Contributions in relation to the Actuarially Determined Contributions	820,904	752,274	729,936	778,224
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 1,146,514	\$ 1,119,731	N/A	N/A
Contributions as a percentage of Covered Employee Payroll	71.60%	67.18%	N/A	N/A

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Notes to Schedule

Valuation Date: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	30 Years (as of 10/01/2014).
Mortality:	RP 2000 Combined Healthy Mortality Table, with no projection. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
Interest Rate:	7.75% per year, compounded annually, net of investment related expenses.
Retirement Age:	Age 55 and 10 years of Credited Service, or age 52 and 25 years of Credited Service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.
Disability Rates:	See table on following page (1201). It is assumed that 75% of Disability Retirees are service related.
Termination Rates:	See table on following page (1304A).
Salary Increases:	7.00% per year until the assumed retirement age.
Payroll Increase:	3.5% per year.
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

Termination and Disability Rate Table:	% Becoming Disabled During the Year	% Terminating During the Year
Age		
20	0.03%	9.30%
30	0.04%	7.90%
40	0.07%	4.30%
50	0.18%	1.10%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 7,441,966	\$ 108,801	\$ 752,274	\$ -
Employer and State Contributions made after 09/30/2015	-	-	820,904	-
Total Pension Liability Factors:				
Service Cost	292,647	-	-	292,647
Interest	1,067,883	-	-	1,067,883
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	8,928	-	-	8,928
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(290,489)	290,489	-	-
Current year amortization of experience difference	-	(48,414)	-	(48,414)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(653,839)	-	-	(653,839)
Net change	<u>425,130</u>	<u>242,075</u>	<u>820,904</u>	<u>667,205</u>
Plan Fiduciary Net Position:				
Contributions - Employer	708,789	-	(708,789)	-
Contributions - State	43,485	-	(43,485)	-
Contributions - Employee	85,999	-	-	(85,999)
Contributions - Buy Back	8,928	-	-	(8,928)
Net Investment Income	500,507	-	-	(500,507)
Difference between projected and actual earnings on Pension Plan investments	(612,573)	-	612,573	-
Current year amortization	-	(27,201)	(122,514)	95,313
Benefit Payments	(653,839)	-	-	653,839
Administrative Expenses	(19,947)	-	-	19,947
Net change	<u>61,349</u>	<u>(27,201)</u>	<u>(262,215)</u>	<u>173,665</u>
Ending Balance	<u><u>\$ 7,805,747</u></u>	<u><u>\$ 323,675</u></u>	<u><u>\$ 1,310,963</u></u>	<u><u>\$ 840,870</u></u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 7,805,747	\$ 323,675	\$ 1,310,963	\$ -
Employer and State Contributions made after 09/30/2016	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	312,345	-	-	312,345
Interest	1,102,924	-	-	1,102,924
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(291,603)	291,603	-	-
Current year amortization of experience difference	-	(97,015)	-	(97,015)
Change in assumptions about future economic or demographic factors or other inputs	658,466	-	658,466	-
Current year amortization of change in assumptions	-	-	(109,745)	109,745
Benefit Payments	(639,223)	-	-	(639,223)
Net change	<u>1,142,909</u>	<u>194,588</u>	<u>548,721</u>	<u>788,776</u>
Plan Fiduciary Net Position:				
Contributions - Employer	775,574	-	(775,574)	-
Contributions - State	45,330	-	(45,330)	-
Contributions - Employee	91,087	-	-	(91,087)
Contributions - Buy Back	-	-	-	-
Net Investment Income	508,195	-	-	(508,195)
Difference between projected and actual earnings on Pension Plan investments	(219,748)	-	219,748	-
Current year amortization	-	(27,200)	(166,463)	139,263
Benefit Payments	(639,223)	-	-	639,223
Administrative Expenses	(23,642)	-	-	23,642
Net change	<u>537,573</u>	<u>(27,200)</u>	<u>(767,619)</u>	<u>202,846</u>
Ending Balance	<u>\$ 8,411,083</u>	<u>\$ 491,063</u>	<u>TBD</u>	<u>\$ 991,622</u>

* Employer and State Contributions subsequent to the measurement date made after September 30, 2016 but made on or before September 30, 2017 need to be added.

AMORTIZATION SCHEDULE - INVESTMENTS

Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on Pension Plan Investments

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ (136,002)	5	\$ (27,201)	\$ (27,201)	\$ (27,200)	\$ (27,200)	\$ (27,200)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 612,573	5	\$ -	\$ 122,514	\$ 122,514	\$ 122,515	\$ 122,515	\$ 122,515	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 219,748	5	\$ -	\$ -	\$ 43,949	\$ 43,949	\$ 43,950	\$ 43,950	\$ 43,950	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (27,201)	\$ 95,313	\$ 139,263	\$ 139,264	\$ 139,265	\$ 166,465	\$ 43,950	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions													
Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2016	\$ 658,466	6	\$ 109,745	\$ 109,745	\$ 109,744	\$ 109,744	\$ 109,744	\$ 109,744	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 109,745	\$ 109,745	\$ 109,744	\$ 109,744	\$ 109,744	\$ 109,744	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2015	\$ (290,489)	6.0	\$ (48,414)	\$ (48,415)	\$ (48,415)	\$ (48,415)	\$ (48,415)	\$ (48,415)	\$ (48,415)	\$ -	\$ -	\$ -	\$ -
2016	\$ (291,603)	6.0	\$ -	\$ (48,600)	\$ (48,600)	\$ (48,600)	\$ (48,601)	\$ (48,601)	\$ (48,601)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (48,414)	\$ (97,015)	\$ (97,015)	\$ (97,015)	\$ (97,016)	\$ (97,016)	\$ (48,601)	\$ -	\$ -	\$ -	\$ -