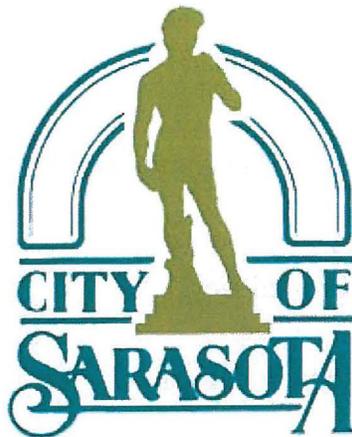


*City of Sarasota, Florida
Firefighters' Pension Fund*



*Auditor's Discussion & Analysis
Financial & Compliance Audit Summary
September 30, 2015*

Presented by:

**Alison Wester, CPA
(855) 891-0070**

**MAULDIN
& JENKINS**

City of Sarasota Firefighters' Pension Fund

Auditor's Discussion & Analysis (AD&A)

September 30, 2015

PURPOSE OF THE AUDITOR'S DISCUSSION & ANALYSIS

- ◆ Engagement Team and Firm Information.
- ◆ Overview of:
 - Audit Opinion;
 - Financial Statements, Footnotes and Supplementary Information;
 - Compliance Reports;
 - Audit Scopes & Procedures.
- ◆ Required Communications under *Government Auditing Standards*.
- ◆ Accounting Recommendations and Other Matters.
- ◆ Other Items and Closing Thoughts.
- ◆ Answer Questions.

City of Sarasota Firefighters' Pension Fund

Auditor's Discussion & Analysis (AD&A)

September 30, 2015

MAULDIN & JENKINS – GOVERNMENTAL PRACTICE

General Information:

- Founded in 1918.
- Large regional firm serving the Southeastern United States.
- Offices located in Bradenton, FL; Macon, Atlanta, and Albany, GA; Chattanooga, TN; and Birmingham, AL.
- Approximately 260 personnel are employed at Mauldin & Jenkins.

Governmental Sector:

- Largest specific industry niche served by Firm representing 25% of Firm practice.
- Serve more governmental entities in Southeast than any other certified public accounting firm requiring over 70,000 hours of service on an annual basis.
- Approximately 90 professional staff persons with current governmental experience.
- In past three (3) years, have served approx. 300 governments in the Southeast, including:
 - ✓ 80 cities;
 - ✓ 40 counties;
 - ✓ 45 school systems and 20 charter schools;
 - ✓ 40 state entities;
 - ✓ 80 special purpose entities (stand-alone entities: water/sewer, transit, gas, electric, airports, housing, development, other educational, retirement, libraries, etc.);
 - ✓ Inclusive of the above, we serve 81 governments receiving the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- Experience performing forensic audit services and information technology consultations.
- Experience performing municipal bond debt issuance attestation services serving clients with over \$8.7 billion in aggregate publicly issued debt instruments.
- 10th highest level of Single Audits conducted in U.S.A. approximating \$8.0 billion annually.

Engagement Team Leaders for the Pension Fund Include:

- Alison Wester - Engagement Lead Partner - 20 years of experience
- Wade Sansbury - Quality Assurance Partner - 20 years of experience
- Jennifer Ruffino-Cook - Manager - 6 years of experience

City of Sarasota Firefighters' Pension Fund

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MAULDIN & JENKINS – ADDITIONAL INFORMATION

Other Industries & Services by Mauldin & Jenkins:

Each of Mauldin & Jenkins' offices provides a wide variety of services to a broad range of clientele. We have partners and managers who are responsible for specialized practice areas of auditing and accounting, taxes and management advisory services. Their purpose, as leaders in the particular practice area, is to establish policies with respect to technical matters in these specific areas and ensure that the quality of the Firm's practice is maintained.

Industries Served: Over the years our partners have developed expertise in certain industries representative of a cross section of the Georgia economy, including:

- Governmental Entities (state entities, cities, counties, school systems, business type operations, libraries, and other special purpose entities)
- SEC Registrants
- Wholesale Distribution
- Agri-Businesses
- Manufacturing
- Professional Services
- Employee Benefit Plans
- Financial Institutions (community banks, savings & loans, thrifts, credit unions, mortgage companies, and finance companies)
- Non-Profit Organizations
- Retail Businesses
- Long-term Healthcare
- Construction & Development
- Individuals, Estates and Trusts
- Real Estate Management

Services Provided: This diversity of practice enables our personnel to experience a wide variety of business, accounting and tax situations. We provide the traditional and not-so-traditional services such as:

- Financial Audit / Review / Compilation
- Compliance Audits & Single Audits
- Agreed-Upon Procedures
- Forensic Audits
- Bond Issuance Services
- Performance Audits
- State Sales Tax Matters
- International Tax Matters
- Business & Strategic Planning
- Profitability Consulting
- Budgeting
- Buy-Sell Agreements & Business Valuation Issues
- Income Tax Planning & Preparation
- Multi-State Income Tax Issues
- Information Systems Consulting
- Cost Accounting Analysis
- Healthcare Cost Reimbursement
- Outsourced Billing Services
- Fixed Asset Inventories
- Succession & Exit Strategy Consulting
- Estate Planning
- Management Information Systems
- Employee Benefit Plan Administration
- Merger / Acquisition & Expansion Financing

City of Sarasota Firefighters' Pension Fund

Auditor's Discussion & Analysis (AD&A)

September 30, 2015

INDEPENDENT AUDITOR'S REPORT

The independent auditor's report has specific significance to readers of the financial report.

Management's Responsibility for the Financial Statements

The financial statements are the responsibility of management.

Auditor's Responsibility

Our responsibility, as external auditors, is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We planned and performed our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Opinion

We have issued an unmodified audit report (i.e., "clean opinion"). The respective financial statements are considered to present fairly the financial position and results of operations as of, and for the year ended September 30, 2015.

Emphasis of Matter

The financial statements present only the City of Sarasota Firefighters' Pension Fund and do not purport to, and do not present fairly, the financial position of the City of Sarasota, Florida.

Other Matters

Certain required supplementary information and other information is included in the financial report, and as directed by relevant auditing standards, we have not expressed an opinion or provided any assurance on the respective information.

Other Reporting

Government Auditing Standards require auditors to issue a report on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. We have issued such a report and reference to this report is included in the independent auditor's report.

City of Sarasota Firefighters' Pension Fund

Auditor's Discussion & Analysis (AD&A)

September 30, 2015

COMPLIANCE REPORTS

The financial report package contains one compliance report.

Yellow Book Report: The compliance report is a report on our tests of the Fund's internal controls and compliance with laws, regulations, etc. The tests of internal controls were those we determined to be required as a basis for designing our financial statement auditing procedures. Such tests also considered the Fund's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. In accordance with the respective standards, the report is **not** intended to provide an opinion, but to provide a form of negative assurance as to the Fund's internal controls and compliance with applicable rules and regulations.

City of Sarasota Firefighters' Pension Fund

Auditor's Discussion & Analysis (AD&A)

September 30, 2015

REQUIRED COMMUNICATIONS

The Auditor's Responsibility Under Government Auditing Standards and Auditing Standards Generally Accepted in the United States of America

Our audit of the financial statements of City of Sarasota Firefighters' Pension Fund (the "Fund") for the year ended September 30, 2015 was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe our audit accomplishes that objective.

In accordance with *Government Auditing Standards*, we have also performed tests of controls and compliance with laws and regulations that contribute to the evidence supporting our opinion on the financial statements. However, they do not provide a basis for opining on the Fund's internal control or compliance with laws and regulations.

Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Fund. There are no new accounting standards which will be required to be implemented in the coming years.

In considering the qualitative aspects of the Fund's accounting policies, we did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. The Fund's policies relative to the timing of recording of transactions are consistent with GAAP and typical government organizations.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. We considered this information and the qualitative aspects of management's calculations in evaluating the Fund's significant accounting policies. Estimates significant to the financial statements include such items as: actuarial assumptions and concepts relative to the benefit plan.

City of Sarasota Firefighters' Pension Fund

Auditor's Discussion & Analysis (AD&A)

September 30, 2015

Financial Statement Disclosures

The footnote disclosures to the financial statements are also an integral part of the financial statements. The process used by management to accumulate the information included in the disclosures was the same process used in accumulating the financial statements, and the accounting policies described above are included in those disclosures. The overall neutrality, consistency, and clarity of the disclosures was considered as part our audit and in forming our opinion on the financial statements.

Significant Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Representation from Management

We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management provided those written representations without a problem.

Management's Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

City of Sarasota Firefighters' Pension Fund

Auditor's Discussion & Analysis (AD&A)

September 30, 2015

Significant Issues Discussed with Management

There were no significant issues discussed with management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements. We are not aware of any consultations management had with us or other accountants about accounting or auditing matters. No major issues were discussed with management prior to our retention to perform the aforementioned audit.

Audit Adjustments

During our audit of the Fund's basic financial statements as of and for the year ended September 30, 2015, there were several adjustments proposed to the Fund. The detail of all proposed adjustments have been provided to and discussed with management.

Uncorrected Misstatements

We had no passed adjustments.

Independence

We are independent of the Fund, and all related organizations, in accordance with auditing standards promulgated by the American Institute of Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited basic financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Fund.

City of Sarasota Firefighters' Pension Fund

Auditor's Discussion & Analysis (AD&A)

September 30, 2015

RECOMMENDATIONS FOR IMPROVEMENT

Items Cited Only Within the Audit Agenda

The Chapter 175 Fund annual distribution to participants was calculated with state monies received in October 2015 instead of state monies received in October 2014. The additional funds to be distributed to the members were recorded as a payable in the amount of \$48,102 as of September 30, 2015.

City of Sarasota Firefighters' Pension Fund

Auditor's Discussion & Analysis (AD&A)

September 30, 2015

FREE QUARTERLY CONTINUING EDUCATION AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS

Free Continuing Education. We provide complimentary continuing education for all of our governmental clients. Annually, we pick a couple of significant topics tailored to be of interest to governmental entities. We provide these complimentary services typically in the summer months over a two day period and typically see 40 to 50 people. We obtain the input and services of experienced outside speakers along with providing instruction utilizing our in-house professionals. We hope staff and officials have been able to participate in this opportunity, and that it has been beneficial to you. Examples of subjects addressed in the past include:

1. American Recovery and Reinvestment Act (ARRA) information and issues;
2. Internal Controls Over Revenue and Cash Receipting;
3. Collateralization of Deposits and Investments;
4. Internal Controls Over Accounts Payable, Payroll and Cash Disbursements;
5. Capital Asset Accounting Processes and Controls;
6. Grant Accounting Processes and Controls;
7. American Recovery and Reinvestment Act (ARRA) Updates;
8. Policies and Procedures Manuals;
9. Segregation of Duties;
10. GASB No. 51—Intangible Assets;
11. Single Audits for Auditees;
12. GASB No. 54—Governmental Fund Balance (subject addressed twice);
13. Best Budgeting Practices, Policies and Processes;
14. Internal Revenue Service (IRS) Compliance Issues, Primarily Payroll Matters;
15. CAFR Preparation (several times including a two (2) day hands-on course);
16. GASB No. 60, Service Concession Arrangements (webcast);
17. GASB No.'s 63 and 65, Deferred Inflows and Outflows (webcast);
18. GASB No. 61, the Financial Reporting Entity (webcast);
19. GASB No.'s 67 & 68, New Pension Standards.

Governmental Newsletters. We produce newsletters tailored to meet the needs of governments. The newsletters have addressed a variety of subjects and are intended to be timely in their subject matter. The newsletters are authored by Mauldin & Jenkins partners and managers, and are not purchased from an outside agency. The newsletters are produced and delivered periodically (approximately six (6) times per year), and are intended to keep you informed of current developments in the government finance environment.

Communication. In an effort to better communicate our free continuing education plans and newsletters, please email Paige Vercoe at pvercoe@mjcpa.com (send corresponding copy to medwards@mjcpa.com), and provide to her individual names, mailing addresses, email addresses and phone numbers of anyone you wish to participate and be included in our database.

City of Sarasota Firefighters' Pension Fund

Auditor's Discussion & Analysis (AD&A)

September 30, 2015

CLOSING

This information is intended solely for the use of the Fund's management, and others within the Fund's organization and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve the City of Sarasota Firefighters' Pension Fund and look forward to serving the Fund in the future. Thank you.

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND**

FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2015 AND 2014

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
City of Sarasota
Firefighters' Pension Fund
Sarasota, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Sarasota Firefighters' Pension Fund (the "Fund"), as of and for year ended September 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of September 30, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Firefighters' Pension Fund and do not purport to, and do not present fairly, the financial position of the City of Sarasota, as of September 30, 2015 and 2014, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of the City of Sarasota Firefighters' Pension Fund (the "Fund"), as of and for year ended September 30, 2014, were audited by a predecessor who issued an unmodified opinion dated March 2, 2015.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 and the Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions and Schedule of Investment Returns on pages 19-21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2016, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
April 26, 2016

CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015
(Unaudited)

As management of the City of Sarasota Firefighters' Pension Fund (the "Fund"), we offer readers of the financial statements this narrative overview of the financial activities of the Fund for the years ended September 30, 2015 and 2014. This narrative is intended to supplement the Fund's financial statements.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the Fund's financial statements. The financial statements are the: (1) Statements of Fiduciary Net Position, (2) Statements of Changes in Fiduciary Net Position, and (3) notes to financial statements.

This report also contains the following "Required Supplementary Information" in addition to the financial statements: (1) Schedule of Changes in the City's Net Pension Liability and Related Ratios, (2) Schedule of Contributions and related notes and (3) Schedule of Pension Investment Returns.

Financial Statements

The financial statements contained in this report are described below.

The Statements of Fiduciary Net Position (page 9) is a point-in-time snapshot of account balances at fiscal year-end. It reports the assets available for future payments to retirees and any current liabilities that are owed as of the statement date. The resulting net position represents the value of assets held in trust for pension benefits.

The Statements of Changes in Fiduciary Net Position (page 10) displays the effect of pension fund transactions that occurred during the fiscal year, where Additions – Deductions = Net Increase (Decrease) in Net Position. This Net Increase (Decrease) in Net Position reflects the change in the net asset value of the Statements of Fiduciary Net Position from the prior year to the current year. Both statements are in compliance with Governmental Accounting Standards Board (GASB) Pronouncements.

Notes to Financial Statements

The Notes to Financial Statements are an integral part of the financial statements and provide additional information that is essential to the comprehensive understanding of the data provided in the financial statements. These notes describe the accounting and administrative policies under which the Fund operates and provide additional levels of detail for select financial statement items (see Notes to Financial Statements on pages 11-19 of this report).

CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015
(Unaudited)

Required Supplementary Information

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect the ongoing plan perspective. Therefore, in addition to the financial statements explained above, this financial report includes three additional "Required Supplementary Information" schedules with historical trend information.

The Schedule of Changes in the Net Pension Liability and Related Ratios (page 20) includes sources of changes in the net pension liability and information about the components of the net pension liability and related ratios, including the City's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percentage of covered-employee payroll.

The Schedule of Contributions (page 21) compares the actuarially determined contribution to the contributions made and determines the ratio of contributions made as a percentage of the covered-employee payroll.

The Schedule of Pension Investment Return (page 22) represents the annual money-weighted rate of return, net of investment expenses for the Fund.

Financial Highlights

- The net position of the Fund exceeded its liabilities at the close of the fiscal years ended September 30, 2015 and 2014, with \$129.8 million and \$134.5 million in net position held in trust for pension benefits, respectively.
- Net position decreased \$4.7 million or 3.5% during 2015 due to an increase in benefit payments and a decrease in investment income, and increased \$10.9 million or 8.9% during 2014, primarily due to contributions and investment income.
- The Fund's objective is to meet long-term benefit obligations. As of October 1, 2015, the date of the latest actuarial valuation, the funded ratio of the Fund was 83.1%. In general, this means that for every dollar of pension benefits due, the Fund has \$0.8310 available for payment.

CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015
(Unaudited)

Analysis of Financial Activities

The Fund's objective is to meet long-term benefit obligations through investment income and contributions. Accordingly, the collection of employer and member contributions and the income from investments provide the reserves needed to finance future retirement benefits.

Contributions from the City of Sarasota, Florida (the "City") and Sarasota County (the "County"), are made at levels determined by the Fund's actuary. Because of higher than expected investment returns, the contributions have been gradually declining. The Fund's investment portfolio produced good returns in two of the last three years.

		Net Position						
		As of September 30, 2015, 2014 and 2013						
				Increase (Decrease)				
		2015	2014	2013	2015 to 2014		2014 to 2013	
					\$	%	\$	%
Current and other assets	\$	1,573,657	1,066,132	1,496,589	507,525	47.6%	(430,457)	-28.8%
Investments, at fair value		129,005,395	133,653,883	122,523,782	(4,648,488)	-3.5%	11,130,101	9.1%
Total assets		<u>130,579,052</u>	<u>134,720,015</u>	<u>124,020,371</u>	<u>(4,140,963)</u>	-3.1%	<u>10,699,644</u>	8.6%
Total liabilities		<u>742,602</u>	<u>212,775</u>	<u>486,979</u>	<u>529,827</u>	249.0%	<u>(274,204)</u>	-56.3%
Net position	\$	<u>129,836,450</u>	<u>134,507,240</u>	<u>123,533,392</u>	<u>(4,670,790)</u>	-3.5%	<u>10,973,848</u>	8.9%

As the years roll forward, investment income will continue to play an important role in funding future retirement benefits. Therefore, investment return over the long term is critical to the funding status of the Fund.

During 2015, the Fund's investment portfolio returned a net loss of approximately 1.18%. It is important to remember that a retirement plan's funding is based on a long time horizon, where temporary ups and downs in the market are expected. The more critical factor is meeting an expected earnings yield of 7.25% annual return on investments over the life of the Fund.

Based on our latest actuarial valuation as of October 1, 2015, the Fund's actuarial accrued liability exceeds its actuarial value of assets by \$2.26 million, producing a funded ratio of 83.1%. The funded ratio is a key indication of financial strength of the Fund and analyzing this percentage over time indicates whether the Fund is becoming stronger or weaker. Investment and experience gains incurred in previous years have caused an upward trend in the funded ratio.

CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015
(Unaudited)

Financial Analysis Summary

As previously noted, net position viewed over time may serve as a useful indication of the Fund's financial position (See Net Position Table above). At the close of fiscal years 2015 and 2014, the assets of the Fund exceeded its current liabilities by \$129.8 million and \$134.5 million, respectively, shown as net position for pension. The net position is restricted to meet the Fund's ongoing obligation to plan participants and their beneficiaries.

Net Position

The Fund's net position is established from employer and member contributions, and the accumulation of investment income, net of investment and administrative expenses and benefit payments.

Additions to Plan Net Position

As noted above, the net position needed to finance retirement benefits are accumulated through collecting employer and member contributions and through investment earnings (net of investment expenses). The additions for the year ended September 30, 2015, were \$6.9 million compared to 2014 additions of \$22.7 million. The decrease of \$15.7 in additions was primarily due to lower investment returns in 2015.

	Additions to Net Position							
	For the Years Ended September 30, 2015, 2014 and 2013							
		2015	2014	2013	Increase (Decrease)			
2015 to 2014					2014 to 2013			
	\$	\$	\$	\$	%	\$	%	
Employer contributions	\$ 7,752,235	8,593,058	8,549,086	(840,823)	-9.8%	43,972	0.5%	
Member contributions	56,705	86,248	135,698	(29,543)	-34.3%	(49,450)	-36.4%	
State of Florida contributions	800,514	813,198	781,442	(12,684)	-1.6%	31,756	4.1%	
Other additions	7,744	59,170	183,214	(51,426)	-86.9%	(124,044)	-67.7%	
Net investment income (loss)	<u>(1,688,653)</u>	<u>13,132,597</u>	<u>16,280,870</u>	<u>(14,821,250)</u>	-112.9%	<u>(3,148,273)</u>	19.3%	
Total additions	<u>\$ 6,928,545</u>	<u>22,684,271</u>	<u>25,930,310</u>	<u>(15,755,726)</u>	-69.5%	<u>(3,246,039)</u>	-12.5%	

CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015
(Unaudited)

Deductions from Plan Net Position

The Fund was created to provide retirement, survivor and disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments, refunds of contributions to employees who terminate employment and the cost of administering the Fund. For the year ended September 30, 2015, deductions totaled \$11.6 million, a decrease of .9% from 2014. The decrease was primarily due to a reduction in benefits paid out during the year.

Deductions From Net Position							
For the Years Ended September 30, 2015, 2014 and 2013							
	2015	2014	2013	Increase (Decrease)			
				2015 to 2014		2014 to 2013	
	\$	\$	\$	\$	%	\$	%
Benefit payments	\$ 11,420,732	11,537,394	10,417,072	(116,662)	-1.0%	1,120,322	10.8%
Administrative expenses	178,603	173,029	146,770	5,574	3.2%	26,259	17.9%
Total deductions	<u>\$ 11,599,335</u>	<u>11,710,423</u>	<u>10,563,842</u>	<u>(111,088)</u>	-0.9%	<u>1,146,581</u>	10.9%

Fiduciary Responsibilities

The Board of Trustees is the fiduciary of the pension trust fund. Fiduciaries are charged with the responsibility of assuring that the assets of the Fund are used exclusively for the benefit of plan participants and their beneficiaries and defraying reasonable expenses of administering the Fund.

Requests for Information

This financial report is designed to provide the Board of Trustees, our membership, taxpayers and investment managers with an overview of the Fund's finances and accountability for the money received. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Harry Ramphal, City of Sarasota Firefighters' Pension Fund, 1565 First Street, Sarasota, Florida 34236.

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015 AND 2014**

	2015	2014
Assets		
Cash	\$ 1,175,762	\$ 627,608
Receivables		
Accrued income receivable	369,262	412,239
Total receivables	369,262	412,239
Investments, at fair market value		
Money market funds	9,642,155	5,422,053
Common stock	70,933,807	84,175,638
Foreign equities	2,489,395	3,162,214
Government securities	4,538,919	4,375,751
US Government agency securities	1,401,844	1,673,258
Municipal securities	114,418	117,887
Real estate funds	18,802,697	13,640,187
Mortgage backed securities	226,976	1,150,290
Corporate bonds and notes	20,855,184	19,936,605
Total investments	129,005,395	133,653,883
Other assets		
Prepaid expenses and other	28,633	26,285
Total other assets	28,633	26,285
Total assets	\$ 130,579,052	\$ 134,720,015
Liabilities		
Accounts payable	\$ 663,757	\$ 177,552
Deferred revenue	73,622	23,300
Accrued wages and unpaid vacation	5,223	11,923
Total liabilities	742,602	212,775
Net position restricted for pensions	\$ 129,836,450	\$ 134,507,240

See accompanying notes to financial statements.

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	2015	2014
Additions		
Contributions		
Employees	\$ 56,705	\$ 86,248
City of Sarasota	2,587,289	2,858,623
Sarasota County	5,164,946	5,734,435
State of Florida	800,514	813,198
Other	7,744	59,170
Total contributions	<u>8,617,198</u>	<u>9,551,674</u>
Net Investment income		
Net appreciation (depreciation) in fair value of investments	(4,628,405)	10,192,386
Interest	1,129,413	1,108,508
Dividends	1,891,088	2,063,775
Income from real estate separate account	808,454	630,750
Investment income (expense)	<u>(799,450)</u>	<u>13,995,419</u>
Less investment expenses	<u>889,203</u>	<u>862,822</u>
Net investment income (expense)	<u>(1,688,653)</u>	<u>13,132,597</u>
Total additions	<u>6,928,545</u>	<u>22,684,271</u>
Deductions		
Benefits to participants	11,420,732	11,537,394
Administrative expenses	178,603	173,029
Total deductions	<u>11,599,335</u>	<u>11,710,423</u>
Net increase (decrease) in net position	(4,670,790)	10,973,848
Net position restricted for pensions		
Beginning of year	<u>134,507,240</u>	<u>123,533,392</u>
End of year	<u>\$ 129,836,450</u>	<u>\$ 134,507,240</u>

See accompanying notes to financial statements.

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The City of Sarasota Firefighters' Pension Fund's (the "Fund") financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for government accounting and financial reporting.

Reporting Entity: The financial statements are only for the Firefighters' Pension Fund of the City of Sarasota, Florida (the "City") and are not intended to present the basic financial statements of the City.

The Fund is included in the City's Comprehensive Annual Financial Report (CAFR) for the years ended September 30, 2015 and 2014, separately issued documents. Anyone wishing further information about the City is referred to the City's CAFR.

The City of Sarasota Firefighters' Pension Fund is a cost-sharing multiple-employer defined benefit pension trust fund (fiduciary fund type). The provisions of the Fund provide for retirement, disability and survivor benefits.

Financial Statement Presentation: Effective in 2014, the Fund adopted GASB Statement No. 67 which requires additional supplemental information and changes to the presentation of the financial statements. In accordance with this statement, the Fund's statements reflect only liabilities that are currently due while those not currently due are taken as a component of net position. This statement also requires a schedule of changes in net position liability and related ratios, a schedule of actuarially determined contributions, and a schedule of investment returns included in the required supplementary information to the financial statements.

Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and changes therein, the disclosure of contingent assets and liabilities, and the accrued actuarial liability at the date of the financial statements. Accordingly, actual results may differ from those estimates.

Administrative Expenses: Expenses incurred by the Fund for certain administrative fees, actuarial fees and investment management charges are paid by the Fund.

Method Used to Value Investments: Investments are reported at fair value. Short-term investments are reported at cost which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

Reclassifications: Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation. These reclassifications had no effect on the change in the Fund's net increase in the net position restricted for pensions as previously reported.

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – PLAN DESCRIPTION

The City of Sarasota maintains a cost-sharing multiple-employer defined benefit pension plan for all full-time firefighters which is maintained as a pension trust fund. Florida Statute Chapter 175 requires that the Board of Trustees be comprised of two members appointed by the City Council, two firefighters elected by a majority of the firefighters who are members of the Fund, and a fifth member chosen by a majority of the other members and ministerially appointed by the City Council.

The Florida Constitution requires local governments to make the actuarially determined contribution to their defined benefit plans. The Florida Division of Retirement reviews each local government's actuarial report prior to its being appointed for use for funding purposes.

The Fund is administered in accordance with Chapter 24, Article II, of the Sarasota City Code 1986, and restated on November 16, 2009. On January 1, 1996, the Fire and Rescue Department was consolidated with Sarasota County, as such the Fund is closed to new entrants. The Fund remains intact with the City of Sarasota and Sarasota County making the employer contributions. The total current year payroll for the fire personnel and the payroll for employees covered by the Fund for the year ended September 30, 2015, was \$808,163. At September 30, 2015, membership consisted of:

Retirees, disabled participants and beneficiaries	
currently receiving benefits and terminated	
employees not yet receiving benefits	164
Current employees	
Vested	<u>9</u>
Total	<u><u>173</u></u>

The Fund covers former City of Sarasota firefighters who are employed by Sarasota County as a result of consolidation. Effective April 7, 2003, any participant who has credible service of 10 years and has attained age 50 or has credible service of 25 years is eligible for normal retirement. Such a retiree would receive a normal retirement benefit of 3.0% of average annual earnings during the highest 3 years of service during the last 10 years of service multiplied by the years of service. The pension benefit cannot exceed the average taxable earnings for the last 3 years of employment. The pension being paid to any firefighter or the survivor of a deceased firefighter was increased annually by 3.5% on October 21, 1998.

The Fund provides disability benefits for both duty related and non-duty related disabilities. Effective April 7, 2003, disability caused by performance of duties is computed at 3.0% of average compensation multiplied by years of services (minimum 25 years) and at all times, must be equal to at least 50% of the base salary for a journeyman fire medic top step. A not in line of duty disability is computed at 2.5% of average compensation multiplied by years of service plus 5% of the firefighter's last monthly salary for each eligible child.

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

The Fund provides death benefits for both duty related and non-duty related deaths. Effective April 7, 2003, death caused by performance of duties is computed at two-thirds of 3.0% of average compensation multiplied by years of service (minimum 25 years) plus % of the firefighter's last monthly salary for each eligible child. The pension paid to a surviving spouse of a firefighter that died in the line of duty prior to April 7, 2003, shall, at all times, be equal to at least one-third of the base salary for a journeyman fire top step. A not in line duty death is computed at two-thirds of 2.5% of average compensation multiplied by years of service plus 5% of the firefighter's last monthly salary for each eligible child, and must be a minimum of their accrued benefit.

Participants are required to contribute 8% of their annual salary to the Fund. Other contributions are received from the State of Florida, the City of Sarasota and Sarasota County. The City of Sarasota and the Sarasota County contribute amounts to make the Fund actuarially sound.

The State of Florida contribution results from the City's share of insurance tax. These contributions are referred to in these financial statements as Chapter 175 finds. Unallocated Chapter 175 finds, as of September 30, 2015 and 2014, total \$4,044,252 and \$3,711,030, respectively.

NOTE 3 – INVESTMENTS

The Fund, as well as having separately managed investment accounts, participates in a pooled investment portfolio which provides for dollar-weighted equivalent participation in both the investment return and associated costs. The investment managers retained by the Board have discretionary authority, within statutory and policy limits, to direct the investments of the funds allocated to individual accounts establish for investment purposes at the master custody bank. Each manager's authority over, and access to, the assets of the Fund are limited to directing the custodian to execute purchases and sales, and for the benefit of the pension account only.

Investment of the Fund's assets by the various third-party managers are subject to authority provided for by F.S. Chapter 175, and restricted further by written policy adopted by the Board of Trustees of the Fund.

All investments of the Fund are comprised of common stock, convertible debentures, United States Government and agency securities, municipal securities, real estate funds, corporate bonds, international equities and money market funds as authorized by City ordinances and Fund policies.

Target allocations as adopted are as follows: Equity Securities 60%; Fixed Income Securities 22.5%; Master Limited Partnerships 5% and Private Real Estate 12.5%.

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – INVESTMENTS (CONTINUED)

The cost and market value of the investments of the Fund at September 30, 2015 and 2014, are as follows:

	September 30, 2015		
	Cost	Market Value	Weighted Average Maturity (Years)
Money market funds	\$ 9,642,155	\$ 9,642,155	
Government securities	4,446,370	4,538,919	15.087
U.S. Government agency securities	1,396,244	1,401,844	10.449
Municipal securities	87,108	114,418	25.625
Common stock	70,882,534	70,933,807	
Corporate bonds and notes	20,739,507	20,855,184	8.342
Mortgage backed securities	225,160	226,976	3.493
Real estate funds	17,550,297	18,802,697	
Foreign equities	2,545,155	2,489,395	
	<u>\$ 127,514,530</u>	<u>\$ 129,005,395</u>	
	September 30, 2014		
	Cost	Market Value	Weighted Average Maturity (Years)
Money market funds	\$ 5,422,053	\$ 5,422,053	
Government securities	4,393,938	4,375,751	15.861
U.S. Government agency securities	1,629,756	1,673,258	5.933
Municipal securities	87,108	117,887	26.253
Common stock	69,371,866	84,175,638	
Corporate bonds and notes	19,449,394	19,936,605	3.899
Mortgage backed securities	1,186,673	1,150,290	29.437
Real estate funds	13,119,125	13,640,187	
Foreign equities	2,833,565	3,162,214	
	<u>\$ 117,493,478</u>	<u>\$ 133,653,883</u>	

All investments of the Fund are classified as Category 1 investments whereby the investments are insured or registered or held by the Fund or its agent in the Fund's name.

The Fund's investments (including gains and losses on investments bought, sold and held during the year) depreciated in value \$4,628,405 during the year ended September 30, 2015, and appreciated in value \$10,192,386 during the year ended September 30, 2014.

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – INVESTMENTS (CONTINUED)

Concentration: As of September 30, 2015, the Fund held investments in one mutual fund totaling \$15,507,865.

Interest Rate Risk: The Fund manages its exposure to declines in fair values through other methods such as evaluating the credit rating, diversifying the investments in the portfolio and outside portfolio consulting. The Fund does not limit the weighted average maturity of its investment portfolio.

Credit Risk: The Fund limits its short term investments to the following: Money Market or Short Term Investment Fund provided by the Fund's custodian; direct obligations of the United States Government with a maturity of one year or less; commercial paper issued by United States Corporations which have a maturity of 270 days or less and that is rated A-1 or higher by Standard & Poor's or P-1 or higher by Moody's; and Bankers Acceptances issued by the largest fifty banks in the United States. All equity investments are limited to fully and easily negotiable equity securities. All equity investments are limited to those issues that are traded on a major stock exchange. Investments in corporate fixed income securities are limited to those securities rated "A" or higher by Moody's or Standard & Poor's rating services. Investments in Collateralized Mortgage Obligations are limited to those issues backed by the full faith or the United States Government, an Agency thereof, or are rated AAA by a major rating service and PAC (planned amortization class), NAC (non-accelerated securities) or VADM (very accurately defined maturity) securities.

Concentration of Credit Risk: The Fund does not allow for any investment in more than 6% (at market) of an investment manager's equity portfolio to be invested in the shares of a single corporate issuer. Investments in the shares of companies that have been publicly traded for less than one year are limited to no more than 10% of an investment manager's portfolio. Investments in securities (stocks, bonds and cash equivalents) issued by corporations domiciled outside the United States shall not exceed 10% (at the time of purchase) of the Fund's total market value. No more than 10% (at cost) of any investment manager's total fixed income portfolio shall be invested in the securities of any single corporate issuer. No more than 10% (at time of purchase) of the Funds total market value may be invested in real estate investments. All real estate investments are to be made through participation in diversified commingled funds of real properties. Real estate investments shall be broadly diversified as to property type and location.

The Fund has concentrated its risk for cash by maintaining deposits which may at times exceed amounts covered by the Federal Deposit Insurance Corporation (FDIC). The Fund has not incurred losses related to these and believes it is not exposed to any significant risk on cash.

Custodial Credit Risk, Investments: This is the risk that in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Fund does not believe that it has a custodial risk exposure as all of its securities are insured, registered and held by an outside custodian.

Foreign Currency Risk – Investments in securities issued by foreign governments or corporations domiciled outside of the United States shall not exceed 25% of the Fund's total market value.

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – CONTRIBUTION INFORMATION

The Fund's funding policy provides for periodic employer contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry-age actuarial cost method. Unfunded actuarial accrued liability is being amortized as a level dollar amount over a period of 10 years. During the year ended September 30, 2015, contributions of \$7,808,940, which includes 2014 deferred revenue of \$23,300, employee contributions of \$56,705 and employer contributions of \$7,728,935 were made in accordance with contribution requirements determined by an actuarial valuation of the Fund as of September 30, 2013. The contribution consisted of \$1,035,850 for normal expenses and \$6,773,090 for amortization of unfunded actuarial accrued liability. During the year ended September 30, 2014, contributions of \$8,679,306 which included 2013 deferred revenue of \$32,309, employee contributions of \$86,248 and employer contributions of \$8,593,058 were made in accordance with contribution requirements determined by an actuarial valuation of the Fund as of September 30, 2012. The contribution consisted of \$1,158,327 for normal costs and expenses and \$7,458,031 for amortization of unfunded actuarial accrued liability.

NOTE 5 – NET PENSION LIABILITY

The components of the net pension liability of the City and County at September 30, 2015 and 2014, were as follows:

	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 168,474,771	\$ 160,282,467
Plan fiduciary net position	129,836,450	134,507,240
Net pension liability	<u>\$ 38,638,321</u>	<u>\$ 25,775,227</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>77.07%</u>	 <u>83.92%</u>

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – NET PENSION LIABILITY (CONTINUED)

The total pension liability, net pension liability and certain sensitivity information are based on actuarial valuation performed as of September 30, 2014. The total pension liability was rolled forward from the valuation date to the Fund year ending September 30, 2015, using the following actuarial assumptions:

Inflation	3.75%
Salary increases	3.75 – 6.75%, including inflation
Investment rate of return	7.25%

The long-term expected rate of return on 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 plan investment expense) are developed for each major asset class. These ranges are combined to produce long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Equity securities	8.9%
Fixed income securities	4.6%
Master Limited Partnerships	12.4%
Private real estate	8.3%

A single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that the plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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.

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – NET PENSION LIABILITY (CONTINUED)

Development of the Single Discount Rate	
Single discount rate	7.25%
Long-term expected rate of return	7.25%
Long-term municipal bond rate*	3.71%
Last year ending September 30 in the 2015 to 2115 projection period for which projected benefit payments are fully funded	2115

* Source: "State and local bonds" rate from Federal Reserve statistical release (H.15) as of September 24, 2015. The statistical release describes this rate as "Bond Buyer Index, general obligation, 20 years to maturity, mixed quality." In describing this index, the Bond Buyer notes that bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard and Poor's Corp.'s AA.

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of the assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

Below is a table providing sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the Fund's net pension liability if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher than the single discount rate:

	Current Single Discount	
1% Decrease	Rate Assumption	1% Increase
6.25%	7.25%	8.25%
\$ 52,356,866	\$ 38,638,321	\$ 18,270,472

NOTE 6 – SHARE PAYABLE

Firefighters that retired before April 7, 2003, are eligible to receive 0.5405% of available funds. Available funds consist of the actuarial gain for the prior fiscal year and the amount of money received by the City of Sarasota from the State of Florida (chapter 175.121 funds) for the prior calendar year. The actuarial gain is not available for distribution unless the required employer contribution is zero. Available funds for each year are reduced by the amount necessary for the employer's contribution rate to be zero before any distributions can be made.

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – SHARE PAYABLE (CONTINUED)

Active members and those members who retire or are terminated after April 7, 2003, shall not be eligible to receive a distribution of the share of the available funds. The amount of available funds allocated to active members, prior to this date, shall have been credited to individual accounts for each active member known as “share accounts.” The share accounts for allocations that were made to active firefighters prior to April 7, 2003, shall be annually credited with interest at a rate equal to the Fund’s actuarially assumed rate of investment return, and shall be payable to the active members within 90 days after retirement. Funds allocated as of September 30, 2015 and 2014, total \$595,936 and \$711,716, respectively.

NOTE 7 – RISK AND UNCERTAINTIES

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of fiduciary net position.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimates and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE 8 – SUBSEQUENT EVENTS

On March 21, 2016, the City approved Ordinance No. 16-5161 which establishes a defined contribution plan (a “share plan”) for former City firefighters who retired or will retire from service after April 7, 2003. The share plan is to be funded by premium tax revenues received from the State, pursuant to recently amended Chapter 175 of the Florida Statutes. The ordinance brings the City’s Pension Code into compliance with 2015 legislative amendments. Under the provision of the ordinance, one-half of the unallocated Chapter 175 reserve funds identified in the 2015 actuarial valuation report will be used to reduce the Fund’s accrued unfunded liability and the remaining one half shall be credited to the share fund.

The Fund has evaluated subsequent events through April 26, 2016, the date the financial statements were available to be issued, and, other than the Ordinance mentioned previously, no events have occurred that require disclosure in or adjustments to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS**

	2015	2014
Total pension liability		
Service cost	\$ 161,259	\$ 331,515
Interest on total pension liability	11,616,478	11,538,343
Difference between expected and actual experience	(1,536,970)	1,072,137
Assumption changes	4,136,467	4,198,868
Benefit payments	(10,953,440)	(11,537,394)
Refunds	-	-
Net change in total pension liability	<u>3,423,794</u>	<u>5,603,469</u>
Total pension liability, beginning	165,050,977	155,088,288
Share accounts	-	4,359,220
Total pension liability, ending (a)	<u><u>\$ 168,474,771</u></u>	<u><u>\$ 165,050,977</u></u>
Plan fiduciary net position		
Employer and state contributions	\$ 8,552,749	\$ 9,406,256
Employee contributions	56,705	86,248
Pension plan net investment income (expense)	(1,688,653)	13,132,597
Benefit payments	(11,420,732)	(11,537,394)
Refunds	-	-
Pension plan administrative expense	(178,603)	(173,029)
Other	7,744	59,170
Net change in plan fiduciary net position	<u>(4,670,790)</u>	<u>10,973,848</u>
Plan fiduciary net position, beginning	134,507,240	123,533,392
Adjustment, share accounts	-	-
Plan fiduciary net position, ending (b)	<u><u>\$ 129,836,450</u></u>	<u><u>\$ 134,507,240</u></u>
Net pension liability, ending (a) - (b)	<u><u>\$ 38,638,321</u></u>	<u><u>\$ 30,543,737</u></u>
Plan fiduciary net position as a percentage of the total pension liability	77.07%	81.49%
Covered employee payroll	\$ 808,163	\$ 1,299,687
City's net pension liability as a percentage of covered employee payroll	4781.01%	2350.08%

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
SCHEDULE OF CONTRIBUTIONS**

Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)*	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 8,593,058	\$ 8,616,358	\$ (23,300)	\$ 1,299,687	662.96%
2015	7,752,235	7,802,557	(50,322)	808,163	965.47%

Valuation Date 9/30/2014

Actuarially determined contribution rates are calculated as of September 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	7 years beginning October 1, 2015
Asset valuation method	3 year smoothed market
Wage inflation	3.75%
Salary increases	3.75 - 6.75% including inflation
Interest rate of return	7.25% in the 2014 valuation; 7.50% in the 2013 valuation
Long-term municipal bond rate	3.71%
Retirement age	Age and experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Mortality Table for males and females. There is no provision for future mortality improvement.

Other information

There were no benefit changes during the year

Cost-of-living adjustment	3.5 % annual increase assumed and 5.0% impacted by 50% of the Top Step Base Pay minimum
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Notes to the Schedule

*Cumulative contributions excess of \$73,622 is being held as deferred revenue
The schedule will present 10 years of information once it is accumulated.

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
SCHEDULE OF PENSION INVESTMENT RETURN**

<u>Year Ended September 30,</u>	<u>Annual Money Weighted Rate of Return, Net of Investment Expenses</u>
2014	10.87%
2015	-1.18%

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

OTHER SUPPLEMENTARY INFORMATION

**CITY OF SARASOTA
FIREFIGHTERS' PENSION FUND
SCHEDULE OF INVESTMENT EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Investment Expenses		
Investment management fees	\$ 800,171	\$ 814,072
Custodial fees	40,907	48,750
Consulting fees	<u>48,125</u>	<u>-</u>
 Total investment expenses	 <u>\$ 889,203</u>	 <u>\$ 862,822</u>

OTHER AUDITOR'S REPORT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
City of Sarasota
Firefighters' Pension Fund
Sarasota, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Sarasota Firefighters' Pension Fund (the "Fund") as of and for the year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated April 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Bradenton, Florida
April 26, 2016



April 26, 2016

Mauldin & Jenkins, LLC
1401 Manatee Avenue West, Suite 1200
Bradenton, Florida 34205-7440

This representation letter is provided in connection with your audit of the financial statements and supplemental schedules of the City of Sarasota, Florida, Firefighters' Pension Trust Fund (the "Fund"), which comprise the Statement of Plan Net Position as of September 30, 2015 and the related Statement of Changes in Plan Net Position for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and whether the supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 26, 2016, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 24, 2015, including our responsibility for the preparation and fair presentation of the financial statements.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP and the notes include all disclosures required by laws and regulations to which the Fund is subject.
- We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation and maintenance of internal control to reasonably prevent and detect fraud.

- Significant assumptions were used in making accounting estimates, including those measured at fair value, are reasonable.
- Related-party relationships and transactions and relationships and transactions with parties-in-interest, have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- We are in agreement with adjusting journal entries you have proposed, and they have been posted to the Fund's accounts.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation, claims and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- There are no other matters that legal counsel has advised us that must be disclosed (e.g., breach of fiduciary responsibilities or events that may jeopardize the tax status).
- There are no material concentrations that are required to be disclosed in accordance with U.S. GAAP.
- Financial instruments with concentrations of credit risk have been properly recorded or disclosed in the financial statements.
- Guarantees, whether written or oral under which the Fund is contingently liable, have been properly recorded or disclosed in the financial statements.
- The supplemental schedule or financial statements disclose all investments or loans in default or considered to be uncollectible.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the Fund from whom you determined it necessary to obtain audit evidence.

- Fund instruments, trust agreements, insurance contracts, or investment contracts and amendments to such documents entered into during the year, including amendments to comply with applicable laws.
- Actuarial reports prepared for the Fund and the Fund's sponsor during the year.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the Fund and involves:
 - Management.
 - Employees who have significant roles in internal control.
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the Fund's financial statements communicated by employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you all known actual or possible litigation, claims and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the Fund's related parties and parties in interest and all the related-party and party-in-interest relationships and transactions of which we are aware.
- The Fund has satisfactory title to all owned assets, which are recorded at fair value, and all liens, encumbrances or security interest requiring disclosure in the financial statements have been properly disclosed.
- We have no:
 - Plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
 - Intentions to terminate the Fund.

- Amendments to the Fund instrument, if any, have been properly recorded or disclosed in the financial statements.
- We have no knowledge of any omissions from the participant's data provided to the Fund's actuary for the purpose of determining the actuarial present value of accumulated Fund benefits and actuarial present value of the Fund's benefit obligations or liability for claims incurred by not reported and other actuarially determined amounts in the financial statements.
- The Plan Administrator agrees with the actuarial methods and assumptions used by the actuary for funding purposes and for determining the Fund's accumulated Fund benefits, benefit obligations or liability for claims incurred by not reported and has no knowledge or belief that such methods or assumptions are inappropriate in the circumstances. We did not give any instructions, nor cause any to be given, to the Fund's actuary with respect to values or amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the Fund's actuary.
- We have no knowledge of any changes in:
 - The actuarial methods or assumptions used in calculating amounts recorded or disclosed in the financial statements.
 - Fund provisions between the actuarial valuation date and the date of this letter.
- The Fund has complied with all aspects of debt and/or other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- The methods and significant assumptions used to estimate fair values of financial instruments, including non-readily marketable securities, are as disclosed in the financial statements. The methods and significant assumptions used result in a measure of fair value appropriate for financial measurement and disclosure purposes.
- All required filings of the Fund documents with the appropriate agencies have been made.
- The Fund (and the trust established under the Fund) is qualified under the appropriate section of the Internal Revenue Code and we intend to continue them as a qualified Fund (and trust). The Fund sponsor has operated the Fund and trust in a manner that did not jeopardize this tax status.
- The Fund has complied with regulations concerning the timely remittance of participant contributions to trusts containing assets for the Fund.
- The Fund has complied with the fidelity bonding requirements.

- We have apprised you of all communications, whether written or oral, with regulatory agencies concerning the operation of the Fund.
- As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individuals with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- We acknowledge our responsibility for presenting the required supplementary information in accordance with U.S. GAAP, and we believe the required supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- We have obtained the service auditor's report from our service organization, Salem Trust. We have reviewed such report, including the complementary user controls. We have implemented the relevant user controls, and they were in operation for the year ended September 30, 2015.

Please let me know if I can be of further assistance.

Sincerely,



Pamela M. Nadalini, MBA, CMC
City Auditor and Clerk

c: City Commission
Charter Officials
Firefighters' Pension Plan Board
Harry Ramphal, Pension Plans Administrator
File



**MAULDIN
& JENKINS**
CERTIFIED PUBLIC ACCOUNTANTS, LLC

April 25, 2016

City of Sarasota
Ms. Pamela Nadalini
Office of City Auditor and Clerk
1565 1st Street
Sarasota, Florida 34236

Dear Ms. Nadalini:

You have given your consent to allow Purvis, Gray and Company, LLP, as independent auditors for the City of Sarasota (the "City"), access to certain audit documentation as part of our audit of the following pension plans for the year ended September 30, 2015:

City of Sarasota General Employees' Defined Benefit Pension Plan
City of Sarasota Police Officers' Pension Fund
City of Sarasota Firefighters' Pension Fund

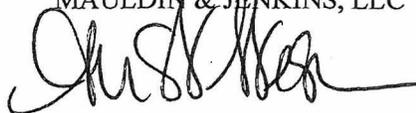
You also have given your consent to us to respond fully to Purvis, Gray and Company, LLP's inquiries. You understand and agree that the review of our audit documentation is undertaken solely for the purpose of obtaining an understanding about audit procedures we performed to assist Purvis, Gray and Company, LLP in performing the audit of the financial statements of the City for the year ended September 30, 2015.

Please confirm your agreement with the foregoing by signing and dating a copy of this letter and returning it to us.

Attached is the form of the letter we will furnish Purvis, Gray and Company, LLP regarding the use of the audit documentation.

Sincerely,

MAULDIN & JENKINS, LLC



Alison N. Wester

RESPONSE:

This letter correctly sets forth the understanding of the City of Sarasota Office of the City Auditor and Clerk.

By: 

Title: City Auditor and Clerk

**MAULDIN
& JENKINS**
CERTIFIED PUBLIC ACCOUNTANTS, LLC

April 25, 2016

Purvis, Gray and Company, LLP
5001 Lakewood Ranch Blvd, N
Suite 101
Sarasota, Florida 34240

Dear Sirs:

We have been engaged to audit the financial statements of the Pension Funds for the City of Sarasota (the "City") for the year ended September 30, 2015. The Pension Funds audited by us are as follows:

City of Sarasota General Employees' Defined Benefit Pension Plan
City of Sarasota Police Officers' Pension Fund
City of Sarasota Firefighters' Pension Fund

In connection with your audit of the City of Sarasota (the "City's") financial statements for the year ended September 30, 2015, you have requested access to our audit workpapers for each of the plans listed above. The Office of the City Auditor and Clerk has authorized our Firm to allow you to review that documentation. We understand that the purpose of your review is to obtain information about audit evidence regarding the Pension Funds to assist you in performing your audit of the City. For that purpose only, we will provide you access to our documentation that relates to that objective.

Because your review of our audit documentation is undertaken solely for the purpose described above and may not entail a review of all of our audit documentation, you agree that: (1) the information obtained from your review will not be used by you for any other purpose, (2) you will not comment, orally or in writing, to anyone as to whether, as a result of your review, our audit was performed in accordance with U.S. generally accepted auditing standards, (3) you will not provide expert testimony or litigation support services or otherwise accept an engagement to comment on issues relating to the quality of our audit, and (4) you accept sole responsibility for the nature, timing, and extent of audit work performed and the conclusions reached in expressing your opinion on the financial statements of the City of Sarasota as of and for the year ended September 30, 2015.

We may, at our discretion, provide copies of audit documentation that you request. You agree to subject any such copies or information otherwise derived from our audit documentation to your normal policies for retention of audit documentation and protection of client confidential information. Furthermore, in the event of a third-party request for access to your audit documentation prepared in connection with your audit of the City, you agree to obtain our

Purvis, Gray and Company, LLP
April 25, 2016
Page 2

permission before voluntarily allowing any such access to our audit documentation or information otherwise derived from our audit documentation, unless such access is required by law or regulation. You also agree to obtain on our behalf any releases that you obtain from such third party. You agree to advise us promptly and provide us a copy of any subpoena, summons, other court order, or other legal requirement for access to your audit documentation that include copies of our audit documentation or information otherwise derived therefrom.

Please confirm your acceptance and agreement with the foregoing by signing and dating a copy of this letter and returning it to us.

Sincerely,

MAULDIN & JENKINS, LLC

A handwritten signature in black ink, appearing to read "Alison N. Wester", is written over the printed name.

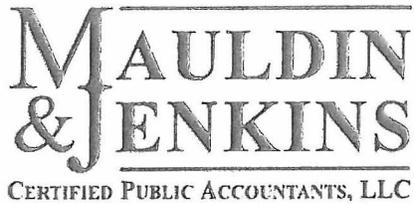
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Title: _____



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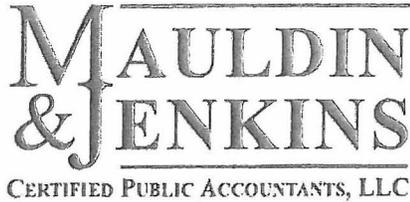
Alison N. Wester

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By: _____

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April 25, 2016

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Ms. Pamela Nadalini
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MAULDIN & JENKINS, LLC

Alison N. Wester

RESPONSE:

This letter correctly sets forth the understanding of the City of Sarasota Office of the City Auditor and Clerk.

By: _____

Title: _____

