

CITY OF FERNANDINA BEACH
FIREFIGHTERS' AND POLICE OFFICERS'
PENSION PLAN

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2016

CONTRIBUTIONS APPLICABLE TO THE PLAN/
FISCAL YEAR ENDING SEPTEMBER 30, 2018

January 18, 2017

Board of Trustees
City of Fernandina Beach
Firefighters' and Police Officers' Pension Plan
204 Ash Street
Fernandina Beach, FL 32035-0668

Re: Firefighters' and Police Officers' Pension Plan

Dear Board:

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

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, 175 and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Fernandina Beach, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

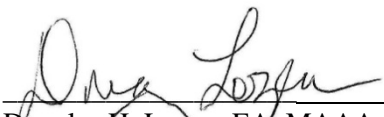
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Fernandina Beach, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of City of Fernandina Beach Firefighters' and Police Officers' Pension Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

By: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

DHL/lke

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	<u>Introduction</u>	
	a. Summary of Report	5
	b. Changes Since Prior Report	7
	c. Contribution Impact of Annual Changes	9
	d. Requirements of Chapter 112, Part VII, Florida Statutes	10
II	<u>Valuation Information</u>	
	a. Reconciliation of the Unfunded Actuarial Accrued Liabilities	16
	b. Detailed Actuarial (Gain)/Loss Analysis	17
	c. Actuarial Assumptions and Methods	18
	d. Valuation Notes	21
	e. Partial History of Premium Tax Refunds	22
	f. Excess State Monies Reserve	23
III	Trust Fund	24
IV	<u>Member Statistics</u>	
	a. Statistical Data	30
	b. Age and Service Distribution	31
	c. Member Reconciliation	32
V	Summary of Plan Provisions	33
VI	Governmental Accounting Standards Board Statements Disclosure Information	36

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Fernandina Beach Firefighters' and Police Officers' Pension Plan, performed as of October 1, 2016, has been completed, and the results are presented in this Report. The contribution amounts developed in this valuation are applicable to the plan/fiscal year ended September 30, 2018.

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

Valuation Date Applicable Plan/Fiscal Yr. End	10/1/2016 <u>9/30/2018</u>	10/1/2015 <u>9/30/2017</u>
Total Required Contribution % of Total Annual Payroll	50.25%	46.07%
Member Contributions (Est.) % of Total Annual Payroll	7.70%	7.70%
City and State Required Contribution % of Total Annual Payroll	42.55%	38.37%
State Contribution ¹ % of Total Annual Payroll	224,177 6.28%	224,177 6.28%
Balance from City ¹ % of Total Annual Payroll	36.27%	32.09%

¹ The City may use up to \$260,479.33 in State Contributions for determining its minimum funding requirements, based on the traditional interpretation of Chapter 99-1, Florida Statutes. For budgeting purposes, the required Sponsor Contribution (City and State) is 42.55% of Pensionable Earnings for the fiscal year ending September 30, 2018. The precise City requirement for the year is this amount, less actual State Contributions (up to the maximum \$260,479.33).


Please note the City has access to a prepaid contribution in the amount of \$18,367.89 to help offset the above stated requirements for fiscal 2017.

Experience since the prior valuation has been less favorable than expected, relative to the Plan's actuarial assumptions. The primary components of unfavorable experience were earlier than expected retirements, and a 7.74% investment return (Actuarial Asset basis), falling slightly below the 8.00% assumption. This loss was partially offset by the effect of average increases in Pensionable Compensation that were less than the assumption by 0.83%. For a detailed analysis that displays the actuarial gain/loss by component, please refer to page 17 of the report.

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 to discuss the Report and answer any questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Douglas H. Lozen, EA, MAAA

By: 
Sara E. Baumer

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

As a result of the Experience Study dated August 10, 2016, the Board has made the following changes in conjunction with this report:

- 1. Salary Increases** - The assumed rate of individual salary increases was changed from a flat 5.0% each year to a service-based table.
- 2. Mortality Rates** – The assumed rates of mortality were changed to match what is used by the Florida Retirement System (FRS) for special risk participants.
- 3. Retirement Rates** – The assumption for Early Retirement changed from a 5% assumption for each year of eligibility to 10%. The assumption for Normal Retirement changed to 50% at immediate eligibility, 50% for those eligible for one year, and 100% for those eligible for at least two years.
- 4. Withdrawal Rates** – The assumed rates of turnover changed from an age-based table to a service-based table.

Additionally, the investment return assumption will be lowered with future valuations according to the following schedule:

<u>Valuation Date</u>	<u>Assumption</u>
10/1/2017	7.9%
10/1/2018	7.8%
10/1/2019	7.7%

Details of the above assumptions can be found in the Actuarial Assumptions and Methods section of this report.

Additionally, all future bases of the Unfunded Actuarial Accrued Liability (beginning with those established on October 1, 2016) will be amortized utilizing a level-dollar approach. Future bases attributed to actuarial gains or losses will be amortized over 10 years, assumption changes amortized over 20 years, and benefit changes amortized over 30 years.

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2015	32.68%
(2) Summary of Contribution Impact by component:	
Change in State Money Percentage	-0.6%
Change in Normal Cost Rate	0.2%
Change in Administrative Expense Percentage	0.2%
Investment Return (Actuarial Asset Basis)	0.2%
Salary Increases	-1.1%
Payroll Change Effect on UAAL Amortization	2.3%
Active Decrements	0.7%
Inactive Mortality	0.2%
Data Corrections	0.1%
Assumption Change	1.8%
Other	<u>-0.4%</u>
Total Change in Contribution	3.59%
(3) Contribution Determined as of October 1, 2016	36.27%

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	57	57	59
Service Retirees	39	39	38
DROP Retirees	5	5	2
Beneficiaries	3	3	2
Disability Retirees	3	3	3
Terminated Vested	<u>8</u>	<u>8</u>	<u>10</u>
Total	115	115	114
Total Annual Payroll	\$3,649,993	\$3,625,844	\$3,794,256
Payroll Under Assumed Ret. Age	3,567,922	3,625,844	3,794,256
Annual Rate of Payments to:			
Service Retirees	1,356,347	1,356,347	1,340,377
DROP Retirees	286,481	286,481	116,486
Beneficiaries	68,734	68,734	38,642
Disability Retirees	59,615	59,615	59,615
Terminated Vested	9,638	9,638	19,550
B. Assets			
Actuarial Value (AVA) ¹	21,281,309	21,281,309	19,612,706
Market Value (MVA) ¹	20,704,104	20,704,104	18,988,311
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	14,389,107	13,633,406	14,685,619
Disability Benefits	431,627	395,251	402,341
Death Benefits	263,305	99,682	102,994
Vested Benefits	539,485	1,180,165	1,211,742
Refund of Contributions	56,530	40,250	41,926
Service Retirees	14,016,711	13,433,849	13,405,420
DROP Retirees ¹	3,543,755	3,482,914	1,343,662
Beneficiaries	651,764	610,657	367,477
Disability Retirees	580,271	587,160	597,772
Terminated Vested	149,906	148,458	216,388
Excess State Monies Reserve	<u>12,828</u>	<u>12,828</u>	<u>12,828</u>
Total	34,635,289	33,624,620	32,388,169

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	28,748,773	26,364,183	26,895,687
Present Value of Future Member Contributions	2,213,656	2,030,042	2,070,968
Normal Cost (Retirement)	511,306	521,360	540,049
Normal Cost (Disability)	26,062	26,991	29,016
Normal Cost (Death)	12,314	4,927	5,336
Normal Cost (Vesting)	43,401	90,760	90,498
Normal Cost (Refunds)	<u>15,647</u>	<u>9,925</u>	<u>11,193</u>
Total Normal Cost	608,730	653,963	676,092
Present Value of Future Normal Costs	4,603,410	4,453,334	4,513,889
Accrued Liability (Retirement)	10,355,579	10,037,428	11,037,664
Accrued Liability (Disability)	235,742	211,150	217,048
Accrued Liability (Death)	164,983	64,160	66,801
Accrued Liability (Vesting)	311,758	573,371	598,172
Accrued Liability (Refunds)	8,582	9,311	11,048
Accrued Liability (Inactives) ¹	18,942,407	18,263,038	15,930,719
Excess State Monies Reserve	<u>12,828</u>	<u>12,828</u>	<u>12,828</u>
Total Actuarial Accrued Liability (AL)	30,031,879	29,171,286	27,874,280
Unfunded Actuarial Accrued Liability (UAAL)	8,750,570	7,889,977	8,261,574
Funded Ratio (AVA / AL)	70.9%	73.0%	70.4%

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 ¹	18,942,407	18,263,038	15,930,719
Actives	5,163,453	5,111,719	5,915,435
Member Contributions	<u>1,962,645</u>	<u>1,962,645</u>	<u>2,019,818</u>
Total	26,068,505	25,337,402	23,865,972
Non-vested Accrued Benefits	<u>281,838</u>	<u>256,889</u>	<u>244,123</u>
Total Present Value Accrued Benefits (PVAB)	26,350,343	25,594,291	24,110,095
Funded Ratio (MVA / PVAB)	78.6%	80.9%	78.8%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	756,052	0	
New Accrued Benefits	0	1,225,639	
Benefits Paid	0	(1,606,010)	
Interest	0	1,864,567	
Other	<u>0</u>	<u>0</u>	
Total	756,052	1,484,196	

	New Assump	Old Assump	
Valuation Date	10/1/2016	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 ²	17.74	18.76	18.53
Administrative Expenses (with interest) % of Total Annual Payroll ²	1.07	1.05	0.90
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years (as of 10/1/2016, with interest) % of Total Annual Payroll ²	31.44	28.61	26.64
Total Required Contribution % of Total Annual Payroll ²	50.25	48.42	46.07
Expected Member Contributions % of Total Annual Payroll ²	7.70	7.70	7.70
Expected City and State Contribution % of Total Annual Payroll ²	42.55	40.72	38.37

F. Past Contributions

Plan Years Ending:	<u>9/30/2016</u>
Total Required Contribution	1,788,541
City and State Requirement	1,494,900
Actual Contributions Made:	
Members (excluding buyback)	293,641
City	1,266,784
State	<u>228,116</u>
Total	1,788,541

G. Net Actuarial (Gain)/Loss 66,079

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016 and 9/30/2015.

² Contributions developed as of 10/1/2016 are expressed as a percentage of total annual payroll at 10/1/2016 of \$3,625,844 under the Old Assump. Column and \$3,567,922 under the New Assump. Column.

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	8,750,570
2017	8,285,875
2018	7,757,215
2025	5,348,131
2032	2,122,600
2037	171,029
2045	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	4.17%	5.00%
Year Ended	9/30/2015	4.11%	5.00%
Year Ended	9/30/2014	4.40%	5.00%

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


		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	7.74%	8.00%
Year Ended	9/30/2015	9.35%	8.00%
Year Ended	9/30/2014	8.25%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	\$3,649,993
	10/1/2006	2,876,988
(b) Total Increase		26.87%
(c) Number of Years		10.00
(d) Average Annual Rate		2.41%

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.



Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

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	\$8,261,574
(2) Sponsor Normal Cost developed as of October 1, 2015	383,934
(3) Expected administrative expenses for the year ended September 30, 2016	32,903
(4) Expected interest on (1), (2) and (3)	692,957
(5) Sponsor contributions to the System during the year ended September 30, 2016	1,494,900
(6) Expected interest on (5)	52,570
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	7,823,898
(8) Change to UAAL due to Assumption Change	860,593
(9) Change to UAAL due to Actuarial (Gain)/Loss	66,079
(10) Unfunded Actuarial Accrued Liability as of October 1, 2016	8,750,570

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2016 <u>Amount</u>	Amortization <u>Amount</u> ¹
	10/1/1991	5	\$285,909	\$63,545
	10/1/1995	9	501,569	68,554
	10/1/2001	15	535,547	50,780
method change	10/1/2004	18	1,658,481	140,458
prior losses	10/1/2004	12	1,450,766	160,085
actuarial loss	10/1/2005	12	512,537	56,556
actuarial gain	10/1/2006	12	(876,191)	(96,683)
actuarial gain	10/1/2007	12	(487,257)	(53,766)
benefit change	10/1/2007	21	962,510	74,732
actuarial loss	10/1/2008	2	593,203	304,641
method change	10/1/2008	12	406,959	44,906
actuarial loss	10/1/2009	23	1,636,120	121,167
actuarial loss	10/1/2010	24	455,702	33,045
assump. change	10/1/2010	24	352,228	25,542
actuarial loss	10/1/2011	25	1,529,877	108,791
actuarial loss	10/1/2012	26	558,515	39,001
actuarial gain	10/1/2013	27	(298,956)	(20,526)
software change	10/1/2013	27	(1,250,782)	(85,878)
benefit change	10/1/2013	27	(6,142)	(422)
actuarial loss	10/1/2014	28	58,191	3,933
actuarial gain	10/1/2015	29	(754,888)	(50,276)
actuarial loss	10/1/2016	10	66,079	9,118
assump change	10/1/2016	20	<u>860,593</u>	<u>81,160</u>
			8,750,570	1,078,463

¹ UAAL Bases established on and after the 10/1/2016 valuation are amortized as a level dollar. All other bases utilize the applicable payroll growth assumption disclosed in the Actuarial Assumptions and Methods section of this report.

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2015	\$8,261,574
(2) Expected UAAL as of October 1, 2016	7,823,898
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	51,154
Salary Increases	(274,827)
Active Decrements	171,431
Inactive Mortality	51,506
Data Corrections	20,606
Other	<u>46,209</u>
Increase in UAAL due to (Gain)/Loss	66,079
Assumption Changes	<u>860,593</u>
(4) Actual UAAL as of October 1, 2016	\$8,750,570

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) for special risk participants. The above rates are those outlined in the July 1, 2015 FRS actuarial valuation report. We feel these assumptions sufficiently accommodate future mortality improvements.

Prior assumption: RP-2000 Table with no projection. (Disabled lives set forward 5 years).

Interest Rate

8.0% per year compounded annually, net of investment related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

Normal Retirement

Earlier of age 55 and 6 years of service or 25 years of service, regardless of age.

Number of Years Eligible for <u>Normal Retirement</u>	<u>Probability of Retirement</u>
0	50%
1	50%
2+	100%

This assumption was adopted based on the results of the August 10, 2016 Actuarial Experience Study.

Previously, any Member who had reached Normal Retirement was assumed to continue employment for one additional year.

Early Retirement

Commencing with the earliest Age (50), Members are assumed to retire with an immediate subsidized benefit at the rate of 10% (previously 5%) per year. This assumption was adopted based on the results of the August 10, 2016 Actuarial Experience Study.

Disability Rate

See table below (1202). It is assumed that 75% of Disability Retirements are service-related.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>
20	0.051%
30	0.058%
40	0.121%
50	0.429%

This assumption was developed from those used by other plans containing Florida municipal Police Officers and Firefighters.

Termination Rate

<u>Years of Service</u>	<u>Termination Rate</u>
<1	14.0%
1	14.0%
2	13.0%
3	12.0%
4	10.0%
5 - 9	4.0%
10 - 14	3.5%
15+	0.0%

This assumption was adopted based on the results of the August 10, 2016 Actuarial Experience Study.

Previously, the assumption was table 1304A.

Salary Increases

<u>Years of Service</u>	<u>Termination Rate</u>
<1	10.0%
1	9.0%
2	9.0%
3	5.0%
4	5.0%
5 - 9	5.0%
10+	4.5%

This assumption was adopted based on the results of the August 10, 2016 Actuarial Experience Study.

Previously, the assumption was 5.0% for all years of Credited Service.

Projected salary at retirement is increased as follows to account for non-regular compensation:

<u>Service as of 10/1/2013</u>	<u>Final Salary Load</u>
5 or more years	10.0%
Less than 5 years	5.0%

Prior to October 1, 2013, a 10.0% load assumption was utilized for all members. This assumption is consistent with long-term plan experience.

Payroll Growth

2.3% per year. For UAAL bases created beginning with the October 1, 2016 valuation, a level-dollar approach will be utilized. This assumption was adopted by the Board in conjunction with the August 10, 2016 Actuarial Experience Study.

Funding Method

Entry Age Normal Actuarial Cost Method.

Administrative Expenses

\$36,728 annually. This is equal to the actual non-investment-related expenses paid out of the trust during the year.

Asset Smoothing Methodology

The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in an insignificant bias that is above or below the Market Value of Assets.

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.

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

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.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

Received During <u>Fiscal Year</u>	<u>Amount</u>	Increase from <u>Previous Year</u>
1992	85,469.60	_____%
1993	95,672.68	11.9%
1994	104,936.07	9.7%
1995	118,988.45	13.4%
1996	136,779.14	15.0%
1997	139,081.26	1.7%
1998	139,031.71	0.0%
1999	145,052.61	4.3%
2000	123,026.38	-15.2%
2001	151,735.19	23.3%
2002	166,281.79	9.6%
2003	176,894.82	6.4%
2004	196,856.63	11.3%
2005	212,050.69	7.7%
2006	212,372.22	0.2%
2007	218,297.59	2.8%
2008	256,107.34	17.3%
2009	273,307.37	6.7%
2010	221,345.52	-19.0%
2011	219,889.54	-0.7%
2012	228,998.25	4.1%
2013	228,125.88	-0.4%
2014	223,514.85	-2.0%
2015	224,968.40	0.7%
2016	228,115.72	1.4%

EXCESS STATE MONIES RESERVE

	Firefighters' Distribution			Special Distribution			Police Officers' 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	\$71,510.10	\$71,510.10	\$0.00	\$0.00	\$0.00	\$0.00	\$67,521.61	\$67,521.61	\$0.00
1999	77,438.23	71,510.10	5,928.13	557.62	557.62	0.00	67,056.76	67,521.61	0.00
2000	54,533.94	71,510.10	0.00	0.00	557.62	0.00	68,492.44	68,492.44	0.00
2001	66,811.20	71,510.10	0.00	14,846.22	3,871.46	10,974.76	70,077.77	70,077.77	0.00
2002	71,968.74	71,968.74	0.00	13,512.01	13,512.01	0.00	80,801.04	172,533.58	0.00
2003	73,744.68	73,744.68	0.00	9,469.89	9,469.89	0.00	93,680.25	174,799.76	0.00
2004	79,230.28	79,230.28	0.00	11,322.48	11,322.48	0.00	106,303.87	167,461.57	0.00
2005	81,592.39	81,592.39	0.00	22,635.91	22,635.91	0.00	107,822.39	153,786.03	0.00
2006	85,530.30	85,530.30	0.00	19,019.53	19,019.53	0.00	107,822.39	153,464.50	0.00
2007	86,774.15	86,774.15	0.00	23,701.05	23,701.05	0.00	107,822.39	147,539.13	0.00
2008	100,535.28	100,535.28	0.00	47,749.67	47,749.67	0.00	107,822.39	112,194.38	0.00
2009	115,557.54	115,557.54	0.00	53,153.47	53,153.47	0.00	104,596.36	91,768.32	12,828.04
2010	114,676.26	114,676.26	0.00	9,124.78	9,124.78	0.00	97,544.48	136,678.29	0.00
2011	112,400.73	112,400.73	0.00	12,053.56	12,053.56	0.00	95,435.25	136,025.04	0.00
2012	124,808.33	124,808.33	0.00	11,940.75	11,940.75	0.00	92,249.17	123,730.25	0.00
2013	125,994.68	125,994.68	0.00	7,843.74	7,843.74	0.00	94,287.46	126,640.91	0.00
2014	120,795.02	120,795.02	0.00	9,005.21	9,005.21	0.00	93,714.62	130,679.10	0.00
2015	115,795.50	115,795.50	0.00	18,794.27	18,794.27	0.00	90,378.63	125,889.56	0.00
2016	118,703.22	118,703.22	0.00	9,793.21	9,793.21	0.00	99,619.29	131,982.90	0.00
			5,928.13			10,974.76			12,828.04
Accumulated Regular Excess			5,928.13						
Accumulated Special Excess			10,974.76						
Accumulated Police Excess			<u>12,828.04</u>						
Total Excess State Monies			29,730.93						
Less Excess Used in Funding Improvements in Ordinance No. 2004-05			(2,143.00)						
Less Excess Used in Funding Improvements in Ordinance No. 2008-15			<u>(14,759.89)</u>						
Equals Current State Monies Reserve			\$12,828.04						

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Prepaid Benefits	123,724.66	123,724.66
Money Market	1,327,500.00	1,327,500.00
Cash	3,164.19	3,164.19
 Total Cash and Equivalents	 1,454,388.85	 1,454,388.85
Receivables:		
Member Contributions in Transit	20,654.36	20,654.36
Tax Reclaims	4,007.26	4,007.26
Investment Income	45,028.61	45,028.61
 Total Receivable	 69,690.23	 69,690.23
Investments:		
U. S. Bonds and Bills	464,856.00	468,161.00
Federal Agency Guaranteed Securities	2,022,646.00	2,038,585.00
Corporate Bonds	2,761,465.29	2,753,465.51
Stocks	7,566,785.59	8,569,859.24
Mutual Funds:		
Equity	2,432,527.73	3,649,814.78
Pooled/Common/Commingled Funds:		
Real Estate	1,626,793.62	1,749,286.00
 Total Investments	 16,875,074.23	 19,229,171.53
 Total Assets	 18,399,153.31	 20,753,250.61
 <u>LIABILITIES</u>		
Payables:		
Investment Expenses	3,750.00	3,750.00
To Broker for Investments Purchased	27,029.02	27,029.02
Prepaid City Contribution	18,367.89	18,367.89
 Total Liabilities	 49,146.91	 49,146.91
 NET POSITION RESTRICTED FOR PENSIONS	 18,350,006.40	 20,704,103.70

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

ADDITIONS

Contributions:			
Member		293,640.99	
City		1,266,783.87	
State		228,115.72	
Total Contributions			1,788,540.58
Investment Income:			
Net Realized Gain (Loss)	213,757.44		
Unrealized Gain (Loss)	897,765.16		
Net Increase in Fair Value of Investments		1,111,522.60	
Interest & Dividends		566,177.06	
Less Investment Expense ¹		(107,709.49)	
Net Investment Income			1,569,990.17
Total Additions			3,358,530.75

DEDUCTIONS

Distributions to Members:			
Benefit Payments		1,458,395.65	
Lump Sum DROP Distributions		0.00	
Lump Sum PLOP Distributions		78,030.22	
Refunds of Member Contributions		69,584.07	
Total Distributions			1,606,009.94
Administrative Expense			36,727.67
Total Deductions			1,642,737.61
Net Increase in Net Position			1,715,793.14

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		18,988,310.56
End of the Year		20,704,103.70

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	12.38%	
09/30/2014	9.27%	
09/30/2015	1.19%	
09/30/2016	8.42%	
Annualized Rate of Return for prior four (4) years:		7.74%
(A) 10/01/2015 Actuarial Assets:		\$19,612,705.82
(I) Net Investment Income:		
1. Interest and Dividends	566,177.06	
2. Realized Gains (Losses)	213,757.44	
3. Change in Actuarial Value	850,575.21	
4. Investment Related Expenses	(107,709.49)	
Total		1,522,800.22
(B) 10/01/2016 Actuarial Assets:		\$21,281,309.01
Actuarial Asset Rate of Return = 2I/(A+B-I):		7.74%
10/01/2016 Limited Actuarial Assets:		\$21,281,309.01
10/01/2016 Market Value of Assets:		\$20,704,103.70
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$51,153.50)

¹Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	293,640.99	
City	1,266,783.87	
State	228,115.72	
 Total Contributions		 1,788,540.58
Earnings from Investments:		
Interest & Dividends	566,177.06	
Net Realized Gain (Loss)	213,757.44	
Change in Actuarial Value	850,575.21	
 Total Earnings and Investment Gains		 1,630,509.71

EXPENDITURES

Distributions to Members:		
Benefit Payments	1,458,395.65	
Lump Sum DROP Distributions	0.00	
Lump Sum PLOP Distributions	78,030.22	
Refunds of Member Contributions	69,584.07	
 Total Distributions		 1,606,009.94
Expenses:		
Investment related ¹	107,709.49	
Administrative	36,727.67	
 Total Expenses		 144,437.16
 Change in Net Assets for the Year		 1,668,603.19
 Net Assets Beginning of the Year		 19,612,705.82
 Net Assets End of the Year ²		 21,281,309.01

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

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2015 to September 30, 2016

Beginning of the Year Balance	10,079.73
Plus Additions	213,307.35
Investment Return Earned	4,318.55
Less Distributions	0.00
End of the Year Balance	227,705.63

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

(1)	Total Required Contribution Rate	46.90%
(2)	Pensionable Payroll Derived from Member Contributions	\$3,813,519.35
(3)	Total Required Contribution (1) x (2)	1,788,540.58
(4)	Less Actual Member Contributions	(293,640.99)
(5)	Less Allowable State Contribution	<u>(228,115.72)</u>
(6)	Equals Required City Contribution for Fiscal 2016	1,266,783.87
(7)	Less 2015 Prepaid Contribution	0.00
(8)	Less Actual City Contributions	<u>(1,285,151.76)</u>
(9)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2016	(\$18,367.89)

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	57	60	59	57
Average Current Age	38.8	39.5	40.1	40.0
Average Age at Employment	29.9	30.1	30.5	30.8
Average Past Service	8.9	9.4	9.6	9.2
Average Annual Salary	\$61,541	\$62,342	\$64,309	\$64,035
<u>Service Retirees</u>				
Number	36	38	38	39
Average Current Age	64.2	64.8	65.2	65.2
Average Annual Benefit	\$33,706	\$35,516	\$35,273	\$34,778
<u>DROP Retirees</u>				
Number	2	0	2	5
Average Current Age	57.3	N/A	53.3	54.1
Average Annual Benefit	\$71,203	N/A	\$58,243	\$57,296
<u>Beneficiaries</u>				
Number	2	2	2	3
Average Current Age	62.6	63.6	64.6	66.4
Average Annual Benefit	\$19,321	\$19,321	\$19,321	\$22,911
<u>Disability Retirees</u>				
Number	4	4	3	3
Average Current Age	51.2	52.2	55.7	56.7
Average Annual Benefit	\$22,769	\$22,769	\$19,872	\$19,872
<u>Terminated Vested</u>				
Number	11	11	10	8
Average Current Age ¹	55.2	56.2	57.6	61.4
Average Annual Benefit ¹	\$7,353	\$7,353	\$6,517	\$9,638

¹ The Average Current Age and Average Annual Benefit excludes participants awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	2	2	2	2	0	2	0	0	0	0	0	10
30 - 34	1	1	1	0	0	4	0	0	0	0	0	7
35 - 39	1	0	1	0	0	5	2	0	0	0	0	9
40 - 44	0	0	0	0	0	3	4	2	0	0	0	9
45 - 49	0	0	0	0	0	2	3	6	1	0	0	12
50 - 54	1	1	0	1	0	1	3	0	2	1	0	10
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	5	4	4	3	0	17	12	8	3	1	0	57

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2015	59
b. Terminations	
i. Vested (partial or full) with deferred benefits	(1)
ii. Non-vested or full lump sum distribution received	(1)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	(1)
d. Disabled	0
e. Retired	(1)
f. DROP	<u>(3)</u>
g. Continuing participants	52
h. New entrants	<u>5</u>
i. Total active life participants in valuation	57

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

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	38	2	2	3	10	55
Retired	1	0	0	0	(1)	0
DROP	0	3	0	0	0	3
Vested Deferred	1	0	0	0	1	2
Death, With Survivor	(1)	0	1	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	(1)	(1)
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	(1)	(1)
b. Number current valuation	39	5	3	3	8	58

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 2016-22)

<u>Eligibility</u>	Full-time employees who are classified as Police Officers (as defined in Ch. 185.02, F.S.) or Firefighters (as defined in Ch. 175.032, F.S.) participate as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Police Officer or Firefighter.
<u>Salary</u>	W-2 Compensation, plus tax-deferred and tax-sheltered income. Effective October 1, 2013 (for Police Officers) and February 18, 2014 (for Firefighters), Salary shall not include more than three hundred (300) hours of overtime per calendar year. Additionally, Salary will include the lesser of the amount of sick and vacation leave time accrued as of the above respective dates for Police Officers and Firefighters, or the actual amount of sick and vacation leave time for which the retiree receives payment at the time of retirement.
<u>Average Final Compensation</u>	Average Salary for the 5 best years of the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	7.7% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of Age 55 and 6 years of Credited Service, or 25 years of Credited Service, regardless of age.
Benefit	3.25% of Average Final Compensation times Credited Service
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 and 6 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% for each year prior to Normal Retirement (if employed prior to 1/1/2000, Normal Retirement Date is determined as if the Member continued employment).

Vesting

Schedule	100% after 6 years of Credited Service.
Benefit Amount	Member will receive the accrued benefit payable at the otherwise Early or Normal Retirement Date. If employed prior to 1/1/2000, Early and Normal Retirement Dates determined as if the Member continued employment.

Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Benefit	Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).
Duration	Payable for life (with 120 payments guaranteed) or until recovery (as determined by the Board). Optional forms of payment are available.

Death Benefits

Pre-Retirement	
Vested	Monthly accrued benefit payable to designated beneficiary for 10 years beginning at otherwise Early (reduced) or Normal (Unreduced) Retirement Date.
Non-Vested	Refund of accumulated contributions, without interest.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

- a. Two Commission appointees,
- b. Two Members elected by the Membership, and
- c. Fifth Member elected by other 4 and appointed by Commission.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not more than 60 months.
Rate of Return	At election of Member (may change once during DROP period) either: 1) actual net rate of investment return (total return net of brokerage commissions, transaction costs, and management fees), or 2) 6.5%. Earnings are credited each fiscal quarter.
Form of Distribution	Cash lump sum (options available) payable at termination of employment.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Prepaid Benefits	123,725
Money Market	1,327,500
Cash	3,164
Total Cash and Equivalents	1,454,389
Receivables:	
Member Contributions in Transit	20,654
Tax Reclaims	4,007
Investment Income	45,029
Total Receivable	69,690
Investments:	
U. S. Bonds and Bills	468,161
Federal Agency Guaranteed Securities	2,038,585
Corporate Bonds	2,753,466
Stocks	8,569,859
Mutual Funds:	
Equity	3,649,815
Pooled/Common/Commingled Funds:	
Real Estate	1,749,286
Total Investments	19,229,172
Total Assets	20,753,251
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	3,750
To Broker for Investments Purchased	27,029
Total Liabilities	30,779
NET POSITION RESTRICTED FOR PENSIONS	20,722,472

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

ADDITIONS

Contributions:

Member	293,641	
City	1,285,152	
State	228,116	
 Total Contributions		 1,806,909
 Investment Income:		
Net Increase in Fair Value of Investments	1,111,522	
Interest & Dividends	566,177	
Less Investment Expense ¹	(107,709)	
 Net Investment Income		 1,569,990
 Total Additions		 3,376,899

DEDUCTIONS

Distributions to Members:

Benefit Payments	1,458,396	
Lump Sum DROP Distributions	0	
Lump Sum PLOP Distributions	78,030	
Refunds of Member Contributions	69,584	
 Total Distributions		 1,606,010
 Administrative Expense		 36,728
 Total Deductions		 1,642,738
 Net Increase in Net Position		 1,734,161
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		18,988,311
 End of the Year		 20,722,472

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

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	45
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	10
Active Plan Members	59
	114

Benefits Provided

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

Normal Retirement:

Date: Earlier of Age 55 and 6 years of Credited Service, or 25 years of Credited Service, regardless of age.

Benefit: 3.25% of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 50 and 6 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year prior to Normal Retirement (if employed prior to 1/1/2000, Normal Retirement Date is determined as if the Member continued employment).

Vesting:

Schedule: 100% after 6 years of Credited Service.

Benefit: Member will receive the accrued benefit payable at the otherwise Early or Normal Retirement Date. If employed prior to 1/1/2000, Early and Normal Retirement Dates determined as if the Member continued employment.

Disability:

Eligibility Service Incurred: Covered from Date of Employment.

Eligibility Non-Service Incurred: 10 years of Credited Service.

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

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years beginning at otherwise Early (reduced) or Normal (Unreduced) Retirement Date.

Non-Vested: Refund of accumulated contributions, without interest.

Contributions

Member Contributions: 7.7% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, 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	55%
International Equity	10%
Broad Market Fixed Income	25%
Real Estate	10%
Total	100%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2016, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 8.42 percent.

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

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: At election of Member (may change once during DROP period) either: 1) actual net rate of investment return (total return net of brokerage commissions, transaction costs, and management fees), or 2) 6.5%. Earnings are credited each fiscal quarter.

The DROP balance as September 30, 2016 is \$227,706.

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	\$ 29,584,744
Plan Fiduciary Net Position	\$ (20,722,472)
Sponsor's Net Pension Liability	<u>\$ 8,862,272</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	70.04%

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	Service based
Discount Rate	8.00%
Investment Rate of Return	8.00%

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 10, 2016.

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:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%
Real Estate	4.50%

GASB 67

Discount Rate:

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

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

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Sponsor's Net Pension Liability	\$ 12,197,458	\$ 8,862,272	\$ 6,052,333

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

	<u>09/30/2016</u>	<u>09/30/2015</u>
Total Pension Liability		
Service Cost	691,242	673,931
Interest	2,244,457	2,135,586
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(583,314)	94,951
Changes of assumptions	658,065	-
Contributions - Buy Back	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,606,010)</u>	<u>(1,515,765)</u>
Net Change in Total Pension Liability	1,404,440	1,388,703
Total Pension Liability - Beginning	<u>28,180,304</u>	<u>26,791,601</u>
Total Pension Liability - Ending (a)	<u>\$ 29,584,744</u>	<u>\$ 28,180,304</u>
Plan Fiduciary Net Position		
Contributions - Employer	1,285,152	1,321,071
Contributions - State	228,116	224,969
Contributions - Employee	293,641	287,839
Contributions - Buy Back	-	-
Net Investment Income	1,569,990	216,827
Benefit Payments, including Refunds of Employee Contributions	(1,606,010)	(1,515,765)
Administrative Expense	<u>(36,728)</u>	<u>(32,903)</u>
Net Change in Plan Fiduciary Net Position	1,734,161	502,038
Plan Fiduciary Net Position - Beginning	<u>18,988,311</u>	<u>18,486,273</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,722,472</u>	<u>\$ 18,988,311</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,862,272</u>	<u>\$ 9,191,993</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	70.04%	67.38%
Covered Employee Payroll ¹	\$ 3,813,519	\$ 3,748,766
Net Pension Liability as a percentage of Covered Employee Payroll	232.39%	245.20%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

Changes of assumptions:

For measurement date 09/30/2016, as a result of the Experience Study dated August 10,2016, the Board has adopted the following changes:

1. Salary Increases - The assumed rate of individual salary increases was changed from a flat 5.0% each year to a service-based table.
2. Mortality Rates – The assumed rates of mortality were changed to match what is used by the Florida Retirement System (FRS).
3. Retirement Rates – The assumption for Early Retirement changed from a 5% assumption for each year of eligibility to 10%. The assumption for Normal Retirement changed to 50% at immediate eligibility, 50% for those eligible for one year, and 100% for those eligible for at least two years.
4. Withdrawal Rates – The assumed rates of turnover changed from the current service based table to a service-based table with slightly higher rates.

GASB 67

Additionally, all future bases of the Unfunded Actuarial Accrued Liability will be amortized utilizing a level-dollar approach. Future bases attributed to actuarial gains or losses will be amortized over 10 years, assumption changes amortized over 20 years, and benefit changes amortized over 30 years.

Also 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

	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability		
Service Cost	629,885	583,227
Interest	2,065,964	2,012,184
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Contributions - Buy Back	9,362	-
Benefit Payments, including Refunds of Employee Contributions	<u>(2,242,194)</u>	<u>(1,697,467)</u>
Net Change in Total Pension Liability	463,017	897,944
Total Pension Liability - Beginning	<u>26,328,584</u>	<u>25,430,640</u>
Total Pension Liability - Ending (a)	<u>\$ 26,791,601</u>	<u>\$ 26,328,584</u>
Plan Fiduciary Net Position		
Contributions - Employer	1,442,276	1,415,926
Contributions - State	223,515	228,126
Contributions - Employee	271,215	260,746
Contributions - Buy Back	9,362	-
Net Investment Income	1,579,432	1,888,434
Benefit Payments, including Refunds of Employee Contributions	<u>(2,242,194)</u>	<u>(1,697,467)</u>
Administrative Expense	<u>(23,615)</u>	<u>(30,576)</u>
Net Change in Plan Fiduciary Net Position	1,259,991	2,065,188
Plan Fiduciary Net Position - Beginning	<u>17,226,282</u>	<u>15,161,094</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 18,486,273</u>	<u>\$ 17,226,282</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,305,328</u>	<u>\$ 9,102,302</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	69.00%	65.43%
Covered Employee Payroll ¹	\$ 3,522,270	\$ 3,522,270
Net Pension Liability as a percentage of Covered Employee Payroll	235.79%	258.42%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	1,494,900	1,544,613	1,665,681	1,644,052
Contributions in relation to the Actuarially Determined Contributions	1,513,268	1,546,040	1,665,791	1,644,052
Contribution Deficiency (Excess)	\$ (18,368)	\$ (1,427)	\$ (110)	\$ -
Covered Employee Payroll ¹	\$ 3,813,519	\$ 3,748,766	\$ 3,522,270	\$ 3,522,270
Contributions as a percentage of Covered Employee Payroll	39.68%	41.24%	47.29%	46.68%

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

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.
 Mortality Rate: RP 2000 Combined Healthy Mortality Table, Sex Distinct. 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: 8% per year compounded annually, net of investment related expenses.
 Normal Retirement: Normal Retirement: Earlier of age 55 and 6 years of service or 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. Commencing with the
 Early Retirement: Commencing with the earliest Age (50), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
 Disability Rates: See table on next page (1202). It is assumed that 75% of Disability Retirements are service-related.
 Termination Rates: See table on next page (1304A).
 Salary Increases: 5.0% per year until the assumed retirement age. Projected salary at retirement is increased as follows to account for non-regular compensation:

Service as of 10/01/2013	Final Salary Load
5 or more years	10.0%
Less than 5 years	5.0%

Prior to October 1, 2013, a 10.0% load assumption was utilized for all Members.
 Payroll Growth: 2.3% per year.
 Asset Smoothing Methodology: The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in an insignificant bias that is above or below the Market Value of Assets.

GASB 67

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	9.3%	0.051%
30	7.9%	0.058%
40	4.3%	0.121%
50	1.1%	0.429%

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	8.42%	1.19%	9.27%	12.38%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2017)

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

Full-time employees who are classified as Police Officers (as defined in Chapter 185.02, F.S.) participate as a condition of employment.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	45
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	10
Active Plan Members	59
	114
	114

Benefits Provided

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

Normal Retirement:

Date: Earlier of Age 55 and 6 years of Credited Service, or 25 years of Credited Service, regardless of age.

Benefit: 3.25% of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 50 and 6 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year prior to Normal Retirement (if employed prior to 1/1/2000, Normal Retirement Date is determined as if the Member continued employment).

Vesting:

Schedule: 100% after 6 years of Credited Service.

Benefit: Member will receive the accrued benefit payable at the otherwise Early or Normal Retirement Date. If employed prior to 1/1/2000, Early and Normal Retirement Dates determined as if the Member continued employment.

Disability:

Eligibility Service Incurred: Covered from Date of Employment.

Eligibility Non-Service Incurred: 10 years of Credited Service.

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

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years beginning at otherwise Early (reduced) or Normal (Unreduced) Retirement Date.

Non-Vested: Refund of accumulated contributions, without interest.

Contributions

Member Contributions: 7.7% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, 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	Service based
Discount Rate	8.00%
Investment Rate of Return	8.00%

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 10, 2016.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	55%	7.50%
International Equity	10%	8.50%
Broad Market Fixed Income	25%	2.50%
Real Estate	10%	4.50%
Total	<u>100%</u>	

Discount Rate:

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2016	\$ 28,180,304	\$ 18,988,311	\$ 9,191,993
Changes for a Year:			
Service Cost	691,242	-	691,242
Interest	2,244,457	-	2,244,457
Differences between Expected and Actual Experience	(583,314)	-	(583,314)
Changes of assumptions	658,065	-	658,065
Changes of benefit terms	-	-	-
Contributions - Employer	-	1,285,152	(1,285,152)
Contributions - State	-	228,116	(228,116)
Contributions - Employee	-	293,641	(293,641)
Contributions - Buy Back	-	-	-
Net Investment Income	-	1,569,990	(1,569,990)
Benefit Payments, including Refunds of Employee Contributions	(1,606,010)	(1,606,010)	-
Administrative Expense	-	(36,728)	36,728
Net Changes	1,404,440	1,734,161	(329,721)
Reporting Period Ending September 30, 2017	\$ 29,584,744	\$ 20,722,472	\$ 8,862,272

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	7.00%	8.00%	9.00%
Sponsor's Net Pension Liability	\$ 12,197,458	\$ 8,862,272	\$ 6,052,333

Pension Plan Fiduciary Net Position.

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

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

For the year ended September 30, 2017, the Sponsor will recognize a Pension Expense of \$1,390,100.

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	56,970	466,652
Changes of assumptions	526,452	-
Net difference between Projected and Actual Earnings on Pension Plan investments	642,962	-
Employer and State contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ 466,652

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	\$	236,945	
2019	\$	236,944	
2020	\$	279,765	
2021	\$	6,078	
2022	\$	-	
Thereafter	\$	-	

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	<u>09/30/2016</u>	<u>09/30/2015</u>
Total Pension Liability		
Service Cost	691,242	673,931
Interest	2,244,457	2,135,586
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(583,314)	94,951
Changes of assumptions	658,065	-
Contributions - Buy Back	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,606,010)</u>	<u>(1,515,765)</u>
Net Change in Total Pension Liability	1,404,440	1,388,703
Total Pension Liability - Beginning	<u>28,180,304</u>	<u>26,791,601</u>
Total Pension Liability - Ending (a)	<u><u>\$ 29,584,744</u></u>	<u><u>\$ 28,180,304</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	1,285,152	1,321,071
Contributions - State	228,116	224,969
Contributions - Employee	293,641	287,839
Contributions - Buy Back	-	-
Net Investment Income	1,569,990	216,827
Benefit Payments, including Refunds of Employee Contributions	(1,606,010)	(1,515,765)
Administrative Expense	<u>(36,728)</u>	<u>(32,903)</u>
Net Change in Plan Fiduciary Net Position	1,734,161	502,038
Plan Fiduciary Net Position - Beginning	<u>18,988,311</u>	<u>18,486,273</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 20,722,472</u></u>	<u><u>\$ 18,988,311</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 8,862,272</u></u>	<u><u>\$ 9,191,993</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	70.04%	67.38%
Covered Employee Payroll ¹	\$ 3,813,519	\$ 3,748,766
Net Pension Liability as a percentage of Covered Employee Payroll	232.39%	245.20%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

Changes of assumptions:

For measurement date 09/30/2016, as a result of the Experience Study dated August 10,2016, the Board has adopted the following changes:

1. Salary Increases - The assumed rate of individual salary increases was changed from a flat 5.0% each year to a service-based table.
2. Mortality Rates – The assumed rates of mortality were changed to match what is used by the Florida Retirement System (FRS).
3. Retirement Rates – The assumption for Early Retirement changed from a 5% assumption for each year of eligibility to 10%. The assumption for Normal Retirement changed to 50% at immediate eligibility, 50% for those eligible for one year, and 100% for those eligible for at least two years.
4. Withdrawal Rates – The assumed rates of turnover changed from the current service based table to a service-based table with slightly higher rates.

GASB 68

Additionally, all future bases of the Unfunded Actuarial Accrued Liability will be amortized utilizing a level-dollar approach. Future bases attributed to actuarial gains or losses will be amortized over 10 years, assumption changes amortized over 20 years, and benefit changes amortized over 30 years.

Also 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	09/30/2015	09/30/2014
Measurement Date	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability		
Service Cost	629,885	583,227
Interest	2,065,964	2,012,184
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Contributions - Buy Back	9,362	-
Benefit Payments, including Refunds of Employee Contributions	<u>(2,242,194)</u>	<u>(1,697,467)</u>
Net Change in Total Pension Liability	463,017	897,944
Total Pension Liability - Beginning	<u>26,328,584</u>	<u>25,430,640</u>
Total Pension Liability - Ending (a)	<u><u>\$ 26,791,601</u></u>	<u><u>\$ 26,328,584</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	1,442,276	1,415,926
Contributions - State	223,515	228,126
Contributions - Employee	271,215	260,746
Contributions - Buy Back	9,362	-
Net Investment Income	1,579,432	1,888,434
Benefit Payments, including Refunds of Employee Contributions	<u>(2,242,194)</u>	<u>(1,697,467)</u>
Administrative Expense	<u>(23,615)</u>	<u>(30,576)</u>
Net Change in Plan Fiduciary Net Position	1,259,991	2,065,188
Plan Fiduciary Net Position - Beginning	<u>17,226,282</u>	<u>15,161,094</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 18,486,273</u></u>	<u><u>\$ 17,226,282</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 8,305,328</u></u>	<u><u>\$ 9,102,302</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	69.00%	65.43%
Covered Employee Payroll ¹	\$ 3,522,270	\$ 3,522,270
Net Pension Liability as a percentage of Covered Employee Payroll	235.79%	258.42%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	1,494,900	1,544,613	1,665,681	1,644,052
Contributions in relation to the Actuarially Determined Contributions	1,513,268	1,546,040	1,665,791	1,644,052
Contribution Deficiency (Excess)	\$ (18,368)	\$ (1,427)	\$ (110)	\$ -
Covered Employee Payroll ¹	\$ 3,813,519	\$ 3,748,766	\$ 3,522,270	\$ 3,522,270
Contributions as a percentage of Covered Employee Payroll	39.68%	41.24%	47.29%	46.68%

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

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.
 Mortality Rate: RP 2000 Combined Healthy Mortality Table, Sex Distinct. 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: 8% per year compounded annually, net of investment related expenses.
 Normal Retirement: Normal Retirement: Earlier of age 55 and 6 years of service or 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. Commencing with the earliest.
 Early Retirement: Commencing with the earliest Age (50), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
 Disability Rates: See table on next page (1202). It is assumed that 75% of Disability Retirements are service-related.
 Termination Rates: See table on next page (1304A).
 Salary Increases: 5.0% per year until the assumed retirement age.

Service as of 10/01/2013	Final Salary Load
5 or more years	10.0%
Less than 5 years	5.0%

Payroll Growth: 2.3% per year.
 Asset Smoothing Methodology: Prior to October 1, 2013, a 10.0% load assumption was utilized for all Members. The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in an insignificant bias that is above or below the Market Value of Assets.

GASB 68

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	9.30%	0.05%
30	7.90%	0.06%
40	4.30%	0.12%
50	1.10%	0.43%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 8,305,328	\$ 171,285	\$ 1,546,040	\$ -
Employer and State Contributions made after 09/30/2015	-	-	1,513,268	-
Total Pension Liability Factors:				
Service Cost	673,931	-	-	673,931
Interest	2,135,586	-	-	2,135,586
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	94,951	-	94,951	-
Current year amortization of experience difference	-	-	(18,990)	18,990
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(1,515,765)	-	-	(1,515,765)
Net change	<u>1,388,703</u>	<u>-</u>	<u>1,589,229</u>	<u>1,312,742</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,321,071	-	(1,321,071)	-
Contributions - State	224,969	-	(224,969)	-
Contributions - Employee	287,839	-	-	(287,839)
Net Investment Income	1,490,310	-	-	(1,490,310)
Difference between projected and actual earnings on Pension Plan investments	(1,273,483)	-	1,273,483	-
Current year amortization	-	(42,822)	(254,696)	211,874
Benefit Payments	(1,515,765)	-	-	1,515,765
Administrative Expenses	(32,903)	-	-	32,903
Net change	<u>502,038</u>	<u>(42,822)</u>	<u>(527,253)</u>	<u>(17,607)</u>
Ending Balance	<u><u>\$ 9,191,993</u></u>	<u><u>\$ 128,463</u></u>	<u><u>\$ 2,608,016</u></u>	<u><u>\$ 1,295,135</u></u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 9,191,993	\$ 128,463	\$ 2,608,016	\$ -
Employer and State Contributions made after 09/30/2016	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	691,242	-	-	691,242
Interest	2,244,457	-	-	2,244,457
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(583,314)	583,314	-	-
Current year amortization of experience difference	-	(116,662)	(18,991)	(97,671)
Change in assumptions about future economic or demographic factors or other inputs	658,065	-	658,065	-
Current year amortization of change in assumptions	-	-	(131,613)	131,613
Benefit Payments	(1,606,010)	-	-	(1,606,010)
Net change	<u>1,404,440</u>	<u>466,652</u>	<u>507,461</u>	<u>1,363,631</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,285,152	-	(1,285,152)	-
Contributions - State	228,116	-	(228,116)	-
Contributions - Employee	293,641	-	-	(293,641)
Net Investment Income	1,525,632	-	-	(1,525,632)
Difference between projected and actual earnings on Pension Plan investments	44,358	44,358	-	-
Current year amortization	-	(51,692)	(254,696)	203,004
Benefit Payments	(1,606,010)	-	-	1,606,010
Administrative Expenses	(36,728)	-	-	36,728
Net change	<u>1,734,161</u>	<u>(7,334)</u>	<u>(1,767,964)</u>	<u>26,469</u>
Ending Balance	<u>\$ 8,862,272</u>	<u>\$ 587,781</u>	<u>TBD</u>	<u>\$ 1,390,100</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	\$ (214,107)	5	\$ (42,822)	\$ (42,822)	\$ (42,821)	\$ (42,821)	\$ (42,821)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 1,273,483	5	\$ -	\$ 254,696	\$ 254,696	\$ 254,697	\$ 254,697	\$ 254,697	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (44,358)	5	\$ -	\$ -	\$ (8,871)	\$ (8,871)	\$ (8,872)	\$ (8,872)	\$ (8,872)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (42,822)	\$ 211,874	\$ 203,004	\$ 203,005	\$ 203,004	\$ 245,825	\$ (8,872)	\$ -	\$ -	\$ -	\$ -

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)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ -	5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ -	5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 658,065	5	\$ -	\$ -	\$ 131,613	\$ 131,613	\$ 131,613	\$ 131,613	\$ 131,613	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ -	\$ 131,613	\$ 131,613	\$ 131,613	\$ 131,613	\$ 131,613	\$ -	\$ -	\$ -	\$ -

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		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Expected and Actual Experience	Recognition Period (Years)											
2014	\$ -	5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 94,951	5	\$ -	\$ 18,990	\$ 18,991	\$ 18,990	\$ 18,990	\$ 18,990	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (583,314)	5	\$ -	\$ -	\$ (116,662)	\$ (116,663)	\$ (116,663)	\$ (116,663)	\$ (116,663)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ 18,990	\$ (97,671)	\$ (97,673)	\$ (97,673)	\$ (97,673)	\$ (116,663)	\$ -	\$ -	\$ -	\$ -