

CITY OF EDGEWATER
GENERAL EMPLOYEES' RETIREMENT PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2016

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

March 24, 2017

Board of Trustees
City of Edgewater
General Employees' Pension Board
P. O. Box 100
Edgewater, FL 32132-0100

Re: City of Edgewater
General Employees' Retirement Plan

Dear Board:

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

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapter 112, 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, financial reports, and asset information supplied by the Board of Trustees, in addition to 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 Edgewater, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Edgewater General Employees' Retirement Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

By:



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

DHL/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Edgewater General Employees' Retirement Plan, performed as of October 1, 2016, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended September 30, 2018.

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


Valuation Date	10/1/2016	10/1/2015
Applicable Plan Year End	<u>9/30/2018</u>	<u>9/30/2017</u>
Total Required Contribution	\$752,365	\$673,060
Member Contributions (Est.)	7,736	5,620
Balance from City	\$744,629	\$667,440

Experience since the prior valuation has been less favorable than expected, relative to the Plan's actuarial assumptions. The primary source of unfavorable experience is attributable to no retiree mortality. There were no material sources of actuarial gain. Additionally, funding requirements have increased due to adoption of the state-mandated mortality assumption under Chapter 2015-157, Laws of Florida.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 

Douglas H. Lozen, EA, MAAA

By: 

Christine M. O'Neal, FSA, EA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes

Ordinance 2016-O-24 amended the definition of Compensation, limiting pensionable components attributable to overtime and unused accruals of sick and annual leave hours. A letter of no impact was previously submitted for this change.

Additionally, the Plan reopened participation for certain City employees for the fiscal year ending September 30, 2016. Eligible employees entered the Plan with past service determined with a full rollover of their City-sponsored defined contribution balances. The Board of Trustees and City Council approved this window, based on results of our March 24, 2016 actuarial cost studies.

Actuarial Assumption/Method Changes

As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Combined Healthy Table (projected to the valuation date with Scale AA) to the mortality table used by the Florida Retirement System's actuary for other than special risk participants, as described in the July 1, 2015 actuarial valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
A. Participant Data			
Number Included			
Actives	5	5	4
Service Retirees	84	84	80
Beneficiaries	5	5	5
Disability Retirees	1	1	1
Terminated Vested	<u>26</u>	<u>26</u>	<u>29</u>
Total	121	121	119
Total Annual Payroll	\$287,833	\$287,833	\$209,082
Payroll Under Assumed Ret. Age	287,833	287,833	209,082
Annual Rate of Payments to:			
Service Retirees	1,333,332	1,333,332	1,299,649
Beneficiaries	54,267	54,267	54,267
Disability Retirees	5,168	5,168	5,168
Terminated Vested	126,019	126,019	141,423
B. Assets			
Actuarial Value	12,585,056	12,585,056	12,237,079
Market Value	12,266,682	12,266,682	11,776,097
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits ¹	1,419,255	1,398,384	1,116,084
Disability Benefits	48,108	60,376	32,757
Death Benefits	7,630	4,078	2,788
Vested Benefits	0	0	0
Refund of Contributions	0	0	0
Service Retirees	16,192,550	15,603,278	15,388,582
Beneficiaries	655,577	627,264	637,208
Disability Retirees	46,575	58,288	59,314
Terminated Vested	<u>1,280,270</u>	<u>1,261,283</u>	<u>1,377,289</u>
Total	19,649,965	19,012,951	18,614,022

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	1,100,859	1,104,091	512,233
Present Value of Future Member Contributions	27,521	27,602	12,806
Normal Cost (Retirement)	48,465	48,491	35,620
Normal Cost (Disability)	4,636	5,916	4,183
Normal Cost (Death)	674	297	231
Normal Cost (Vesting)	0	0	0
Normal Cost (Refunds)	<u>0</u>	<u>0</u>	<u>0</u>
Total Normal Cost	53,775	54,704	40,034
Present Value of Future Normal Costs	231,288	231,244	119,476
Accrued Liability (Retirement)	1,209,294	1,192,105	1,007,620
Accrued Liability (Disability)	29,007	36,597	22,326
Accrued Liability (Death)	5,404	2,892	2,207
Accrued Liability (Vesting)	0	0	0
Accrued Liability (Refunds)	0	0	0
Accrued Liability (Inactives)	<u>18,174,972</u>	<u>17,550,113</u>	<u>17,462,393</u>
Total Actuarial Accrued Liability	19,418,677	18,781,707	18,494,546
Unfunded Actuarial Accrued Liability (UAAL)	6,833,621	6,196,651	6,257,467
Funded Ratio (AVA / AL)	64.8%	67.0%	66.2%
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives	18,174,972	17,550,113	17,462,393
Actives	982,731	977,739	865,132
Member Contributions	<u>90,547</u>	<u>90,547</u>	<u>61,412</u>
Total	19,248,250	18,618,399	18,388,937
Non-vested Accrued Benefits	<u>24,948</u>	<u>24,989</u>	<u>28,653</u>
Total Present Value Accrued Benefits	19,273,198	18,643,388	18,417,590
Funded Ratio (MVA / PVAB)	63.6%	65.8%	63.9%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	629,810	0	
New Accrued Benefits	0	416,033	
Benefits Paid	0	(1,386,624)	
Interest	0	1,196,389	
Other	<u>0</u>	<u>0</u>	
Total	629,810	225,798	

	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 ²	\$57,814	\$58,812	\$43,041
Administrative Expenses ²	43,479	43,479	52,238
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years (as of 10/1/2016) ²	651,072	591,690	577,781
Total Required Contribution	752,365	693,981	673,060
Expected Member Contributions ²	7,736	7,736	5,620
Expected City Contribution	744,629	686,245	667,440
F. Past Contributions			
Plan Years Ending:	<u>9/30/2016</u>		
City Requirement	657,825		
Actual Contributions Made:			
Members (excluding buyback)	305,598		
City	<u>661,699</u>		
Total	967,297		
G. Net Actuarial (Gain)/Loss	113,451		

¹ Includes a 2% load for Accumulated Leave.

² Contributions developed as of 10/1/2016 displayed above have been adjusted to account for assumed salary increase and interest components.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2016	6,833,621
2017	6,648,420
2018	6,450,717
2023	5,243,084
2027	3,517,754
2032	495,652
2036	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	3.32%	4.00%
Year Ended	9/30/2015	3.33%	4.00%
Year Ended	9/30/2014	-2.60%	4.00%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	6.73%	6.75%
Year Ended	9/30/2015	10.55%	7.50%
Year Ended	9/30/2014	10.97%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	\$287,833
	10/1/2006	2,307,345
(b) Total Increase		-87.53%
(c) Number of Years		10.00
(d) Average Annual Rate		-18.79%

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 a copy of the report to the following office to comply with Chapter 112 Florida Statutes:

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2015	\$6,257,467
(2) Sponsor Normal Cost developed as of October 1, 2015	34,807
(3) Expected administrative expenses for the year ended September 30, 2016	48,589
(4) Expected interest on (1), (2) and (3)	426,368
(5) Sponsor contributions to the System during the year ended September 30, 2016	661,699
(6) Expected interest on (5)	22,332
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	6,083,200
(8) Change to UAAL due to Assumption Change	636,970
(9) Change to UAAL due to Actuarial (Gain)/Loss	113,451
(10) Unfunded Accrued Liability as of October 1, 2016	6,833,621

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2016 <u>Amount</u>	Amortization <u>Amount</u>
Method Change	10/1/2012	16	\$5,573,936	\$543,613
Assumption Change	10/1/2012	16	139,211	13,577
Experience Gain	10/1/2013	7	(338,466)	(58,321)
Experience Gain	10/1/2014	8	(112,057)	(17,409)
Experience Gain	10/1/2015	9	(357,218)	(50,816)
Assumption Change	10/1/2015	19	1,177,794	104,757
Assumption Change	10/1/2016	20	636,970	55,234
Experience Loss	10/1/2016	10	<u>113,451</u>	<u>14,957</u>
			\$6,833,621	\$605,592

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2015	\$6,257,467
(2) Expected UAAL as of October 1, 2016	6,083,200
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	2,739
Salary Increases	(5,175)
Active Decrements	10,246
Inactive Mortality	70,896
Other	<u>34,745</u>
Increase in UAAL due to (Gain)/Loss	113,451
Assumption Changes	<u>636,970</u>
(4) Actual UAAL as of October 1, 2016	\$6,833,621

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Lives:

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

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB

Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years

Male: 100% RP2000 Disabled Male setback four years

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

Previously, RP 2000 Combined Healthy Mortality, projected to the valuation date using scale AA.

Interest Rate

6.75% per year compounded annually, net of investment related expenses. This assumption is supported by the Plan's investment policy and long-term expected returns by asset class.

Normal Retirement

Age	Retirement Probability
55	50%
56	0%
57	0%
58	0%
59	0%
60 and older	100%

In addition to the above table, 100% Retirement is assumed upon the completion of 25 years of Credited Service.

The above rates are supported by an Experience Study performed for the period October 1, 2003 through October 1, 2012.

Disability Rate	See table below. These rates are consistent with other Florida General Employee retirement programs.
Termination Rate	None assumed, based on results of an Experience Study performed for the period October 1, 2003 through October 1, 2012.
Salary Increases	4% per year, based on results of an Experience Study performed for the period October 1, 2003 through October 1, 2012.
Early Retirement	None assumed, based on results of an Experience Study performed for the period October 1, 2003 through October 1, 2012.
Administrative Expenses	\$40,442, based on actual Administrative Expenses incurred during the prior fiscal year.
Funding Method	Entry Age Normal Actuarial Cost Method The following loads are applied for determination of the Sponsor funding requirement: Interest – A half year, based on the current 6.75% assumption. Salary – A full year, based on the current average assumption of 4.0%.
Actuarial Asset Method	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a four-year period.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Salary Increases</u>
40	0.30%	0.00%	4.00%
45	0.51	0.00	4.00
50	1.00	0.00	4.00
55	1.55	0.00	4.00

VALUATION NOTES

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

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

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

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

(a) The normal cost accrual rate equals

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

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

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Certificates of Deposits	0.00	0.00
Short Term Investments	787,129.82	787,129.82
Total Cash and Equivalents	787,129.82	787,129.82
Receivables:		
Member Contributions in Transit	0.00	0.00
Investment Income	45,077.33	45,077.33
Total Receivable	46,693.35	46,693.35
Investments:		
U. S. Bonds and Bills	564,601.76	565,649.35
Federal Agency Guaranteed Securities	1,274,398.26	1,299,075.16
Corporate Bonds	3,493,881.19	3,512,599.29
Municipal Obligations	56,684.55	58,761.55
Mutual Funds:		
Equity	5,476,387.19	6,007,565.93
Total Investments	10,865,952.95	11,443,651.28
Total Assets	11,699,776.12	12,277,474.45
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	8,869.19	8,869.19
Administrative Expenses	1,923.31	1,923.31
Total Liabilities	10,792.50	10,792.50
NET POSITION RESTRICTED FOR PENSIONS	11,688,983.62	12,266,681.95

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

ADDITIONS

Contributions:		
Member		5,851.48
Rollover for Past Service Credit		299,746.37
City		661,698.52
 Total Contributions		 967,296.37
Investment Income:		
Net Realized Gain (Loss)	519,092.19	
Unrealized Gain (Loss)	(125,840.58)	
Net Increase in Fair Value of Investments		393,251.61
Interest & Dividends		590,799.51
Less Investment Expense ¹		(33,696.25)
 Net Investment Income		 950,354.87
 Total Additions		 1,917,651.24
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments		1,369,528.76
Refunds of Member Contributions		17,095.65
 Total Distributions		 1,386,624.41
 Administrative Expense		 40,441.66
 Total Deductions		 1,427,066.07
 Net Increase in Net Position		 490,585.17
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		11,776,096.78
 End of the Year		 12,266,681.95

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 recognizing the total actuarial investment gain or loss for each Plan Year over a four year period. In the first year, 25% of the gain or loss is recognized. In the second year 50%, in the third year 75%, and in the fourth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/Loss	<u>Gains/Losses Not Yet Recognized</u>			
		Amounts Not Yet Recognized by Valuation Year			
		2016	2017	2018	2019
09/30/2013	746,867	0	0	0	0
09/30/2014	177,762	44,439	0	0	0
09/30/2015	(982,104)	(491,052)	(245,526)	0	0
09/30/2016	170,986	128,239	85,492	42,745	0
Total		(318,374)	(160,034)	42,745	0

<u>Development of Investment Gain/Loss</u>	
Actual Net Return on Market Value	950,355
Expected Investment Earnings*	779,369
2016 Actuarial Investment Gain/Loss	<u>170,986</u>

*Expected Investment Earnings = $0.0675 * [11,776,097 + 0.5 * (459,770)]$

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, 09/30/2016	12,266,682
(2) Gains/(Losses) Not Yet Recognized	<u>(318,374)</u>
(3) Actuarial Value of Assets, 09/30/2016, (1) - (2)	12,585,056
(A) 09/30/2015 Actuarial Assets:	12,237,079
(I) Net Investment Income:	
1. Interest and Dividends	590,800
2. Realized Gains (Losses)	519,092
2. Change in Actuarial Value	(268,449)
3. Investment Expenses	<u>(33,696)</u>
Total	807,747
(B) 09/30/2015 Actuarial Assets:	12,585,056
Actuarial Assets Rate of Return = $2I/(A+B-I)$:	6.73%
Market Value of Assets Rate of Return:	8.40%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(2,739)
10/01/2016 Limited Actuarial Assets:	12,585,056

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

REVENUES

Contributions:		
Member	5,851.48	
Rollover for Past Service Credit	299,746.37	
City	661,698.52	
Total Contributions		967,296.37
Earnings from Investments:		
Interest & Dividends	590,799.51	
Net Realized Gain (Loss)	519,092.19	
Change in Actuarial Value	(268,448.58)	
Total Earnings and Investment Gains		841,443.12
EXPENDITURES		
Distributions to Members:		
Benefit Payments	1,369,528.76	
Refunds of Member Contributions	17,095.65	
Total Distributions		1,386,624.41
Expenses:		
Investment related ¹	33,696.25	
Administrative	40,441.66	
Total Expenses		74,137.91
Change in Net Assets for the Year		347,977.17
Net Assets Beginning of the Year		12,237,078.78
Net Assets End of the Year ²		12,585,055.95

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

²Net Assets may be limited for actuarial consideration.

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>				
Average Current Age	50.7	51.2	50.8	50.4
Average Age at Employment	29.5	29.0	29.0	30.9
Average Past Service	21.2	22.2	21.8	19.5
Average Annual Salary	\$50,016	\$51,501	\$52,271	\$57,567
<u>Active Members - Fund 1</u>				
Average Current Age	51.6			45.8
Average Age at Employment	30.4			31.8
Average Past Service	21.2			14.0
Average Annual Salary	\$45,014			\$78,967
<u>Active Members - Fund 440</u>				
Average Current Age	49.8	50.8	49.5	51.6
Average Age at Employment	28.4	28.4	27.7	30.7
Average Past Service	21.4	22.4	21.8	20.9
Average Annual Salary	\$53,332	\$51,911	\$52,653	\$52,217
<u>Active Members - Fund 448</u>				
Average Current Age	52.6	53.6	54.6	
Average Age at Employment	32.7	32.7	32.7	
Average Past Service	19.9	20.9	21.9	
Average Annual Salary	\$50,130	\$49,044	\$51,125	

STATISTICAL DATA

	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>
<u>All Inactive Members</u>				
Average Current Age	58.4	59.1	59.8	60.8
Average Annual Benefit	\$12,522	\$12,807	\$13,038	\$13,093
<u>Inactive Members - Fund 1</u>				
Average Current Age	59.3	59.6	60.5	61.5
Average Annual Benefit	\$13,245	\$13,702	\$13,718	\$13,727
<u>Inactive Members - Fund 440</u>				
Average Current Age	57.9	58.7	59.3	60.3
Average Annual Benefit	\$13,409	\$13,842	\$14,584	\$14,588
<u>Inactive Members - Fund 447</u>				
Average Current Age	56.9	57.9	58.9	59.9
Average Annual Benefit	\$10,785	\$10,785	\$10,785	\$10,813
<u>Inactive Members - Fund 448</u>				
Average Current Age	64.0	65.0	66.0	65.1
Average Annual Benefit	\$8,446	\$8,446	\$8,446	\$10,092
<u>Inactive Members - Fund 502</u>				
Average Current Age	47.0	48.0	49.0	50.0
Average Annual Benefit	\$2,756	\$2,756	\$2,756	\$2,756

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

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

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2015	4
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>(1)</u>
g. Continuing participants	3
h. New entrants	<u>2</u>
i. Total active life participants in valuation	5

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	80	5	1	29	115
Retired	4	0	0	(3)	1
Vested Deferred	0	0	0	0	0
Death, With Survivor	0	0	0	0	0
Death, No Survivor	0	0	0	0	0
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	0	0
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
b. Number current valuation	84	5	1	26	116

SUMMARY OF PLAN PROVISIONS
(Through Ordinance 2016-O-24)

<u>Eligibility</u>	Regular, full-time general employees after attaining age 18 with 3 months of service. On and after October 1, 1996, no further employees will become active under this Plan. A one-time window for participation was opened for certain City employees during the fiscal year ending September 30, 2016.
<u>Compensation</u>	Total Compensation, including up to 300 hours of overtime compensation per calendar year. Additionally, the sum total of overtime hours, unused sick leave, and unused annual leave that was accrued prior to October 1, 2013, for which the retiree receives payment at the time of retirement, will also be included in Compensation for pension purposes.
<u>Average Final Compensation (AFC)</u>	Average Compensation for the highest 3 years during the 10 years immediately preceding retirement or termination.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City.
<u>Member Contributions</u>	2.5% of Compensation.
<u>Normal Retirement</u>	
Date	The earlier of: 1) age 55 and the completion of 5 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age.
Benefit	2.0% of Average Final Compensation times Credited Service.
Form of Benefit	Single Life Annuity (options available).
<u>Early Retirement</u>	
Date	The earlier of: 1) age 50 and the completion of 5 years of Credited Service, or 2) the completion of 20 years of Credited Service, regardless of age.
Benefit	Determined as for Normal Retirement and reduced 5.0% for each year that Early Retirement precedes Normal Retirement.

Disability Benefit

Eligibility	5 years of Credited Service.
Benefit	Benefit accrued to date of disability. Minimum benefit is 25% of AFC.
Duration	Payable until normal retirement, death or until recovery (as determined by the Board).

Death Benefits

Pre-Retirement

Vested	A monthly benefit determined assuming the participant terminated employment on his date of death, survived to his earliest retirement date, elected a 50% qualified joint and survivor annuity and then died the next day.
--------	--

Not Vested	Refund of accumulated contributions without interest.
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Post-Retirement	According to optional form of benefit selected.
-----------------	---

Termination of Employment

Benefit

Less than 5 years	Refund of accumulated contributions without interest.
-------------------	---

5 or more	Refund of Contributions or Accrued benefit payable at retirement age.
-----------	---

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	787,130
Total Cash and Equivalents	787,130
Receivables:	
Member Contributions in Transit	0
Investment Income	45,077
Total Receivable	46,693
Investments:	
U. S. Bonds and Bills	565,649
Federal Agency Guaranteed Securities	1,299,075
Corporate Bonds	3,512,599
Municipal Obligations	58,762
Equity	6,007,566
Total Investments	11,443,651
Total Assets	12,277,474
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	8,869
Administrative Expenses	1,923
Total Liabilities	10,792
NET POSITION RESTRICTED FOR PENSIONS	12,266,682

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

ADDITIONS

Contributions:

Member	5,851	
Buy-Back	299,746	
City	661,699	
 Total Contributions		 967,296
 Investment Income:		
Net Increase in Fair Value of Investments	393,252	
Interest & Dividends	590,799	
Less Investment Expense ¹	(33,696)	
 Net Investment Income		 950,355
 Total Additions		 1,917,651

DEDUCTIONS

Distributions to Members:

Benefit Payments	1,369,529	
Refunds of Member Contributions	17,095	
 Total Distributions		 1,386,624
 Administrative Expense		 40,442
 Total Deductions		 1,427,066
 Net Increase in Net Position		 490,585

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		11,776,097
End of the Year		12,266,682

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:

- (1) Two of whom, unless otherwise prohibited by law, must be legal residents of the municipality and must be appointed by the governing body of the municipality.
- (2) Two of whom are current or retired members of the plan who are currently employed by the City who are elected by a majority of current and retired members who are currently employed by the City.
- (3) The fifth member shall be a union representative for the General Employees as appointed by the union. The fifth member shall have the same rights as each of the other four members.
- (4) If the majority of the members of the plan fails to elect a member as a Trustee, the city manager shall appoint either a resident or an employee that is a resident of the City.
- (5) Two un-excused absences, as determined by the Board, within a twelve month period shall be a deemed resignation.

Regular, full-time general employees after attaining age 18 with 3 months of service. On and after October 1, 1996, no further employees will become active under this Plan.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	86
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	29
Active Plan Members	4
	119

Benefits Provided

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

Normal Retirement:

Date: The earlier of: 1) age 55 and the completion of 5 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age.

Benefit: 2.0% of Average Final Compensation times Credited Service.

Early Retirement:

Date: The earlier of: 1) age 50 and the completion of 5 years of Credited Service, or 2) the completion of 20 years of Credited Service, regardless of age.

Benefit: Determined as for Normal Retirement and reduced 5.0% for each year that Early Retirement precedes Normal Retirement.

Disability:

Eligibility: 5 years of Credited Service.

Benefit: Benefit accrued to date of disability. Minimum benefit is 25% of AFC.

Pre-Retirement Death Benefits:

Vested: A monthly benefit determined assuming the participant terminated employment on his date of death, survived to his earliest retirement date, elected a 50% qualified joint and survivor annuity and then died the next day.

Not Vested: Refund of accumulated contributions without interest.

Termination of Employment:

Less than 5 years: Refund of accumulated contributions without interest.

5 or more: Refund of Contributions or Accrued benefit payable at retirement age.

Contributions

Member Contributions: 2.5% of Salary.

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

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Investments

Investment Policy:

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	40%
International Equity	10%
<u>Domestic Fixed Income</u>	<u>50%</u>
<u>Total</u>	<u>100%</u>

Concentrations:

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

Rate of Return:

For the year ended September 30, 2016, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 8.40 percent.

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

NET PENSION LIABILITY OF THE SPONSOR

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

Total Pension Liability	\$ 19,253,433
Plan Fiduciary Net Position	\$ (12,266,682)
Sponsor's Net Pension Liability	<u>\$ 6,986,751</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	63.71%

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	4.00%
Discount Rate	6.75%
Investment Rate of Return	6.75%

Mortality Rate Healthy Lives:

Mortality Table - RP2000 Fully Generational with Scale BB, with collar and annuitant adjustments as follows:

Males – 50% Annuitant White Collar, 50% Annuitant Blue Collar.

Females – 100% Annuitant White Collar.

Mortality Rate Disabled Lives:

Mortality Table - RP2000 without projection, with the following adjustments:

Males – 100% Disabled Male with four year setback

Females – 100% Disabled Female with two year set forward.

The most recent actuarial experience study used to review the other significant assumptions was dated June 13, 2013.

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2016 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.5%
International Equity	8.5%
Domestic Fixed Income	2.5%

GASB 67

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 6.75 percent.

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Sponsor's Net Pension Liability	\$ 8,977,222	\$ 6,986,751	\$ 5,312,089

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	34,222	60,573
Interest	1,250,244	1,238,859
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(50,657)	259,399
Changes of assumptions	1,777,486	-
Contributions - Buy Back	299,746	-
Benefit Payments, including Refunds of Employee Contributions	(1,386,624)	(1,374,722)
Net Change in Total Pension Liability	<u>1,924,417</u>	<u>184,109</u>
Total Pension Liability - Beginning	<u>17,329,016</u>	<u>17,144,907</u>
Total Pension Liability - Ending (a)	<u>\$ 19,253,433</u>	<u>\$ 17,329,016</u>
Plan Fiduciary Net Position		
Contributions - Employer	661,699	713,396
Contributions - Employee	5,851	8,535
Contributions - Buy Back	299,746	-
Net Investment Income	950,355	(67,754)
Benefit Payments, including Refunds of Employee Contributions	(1,386,624)	(1,374,722)
Administrative Expense	(40,442)	(48,589)
Net Change in Plan Fiduciary Net Position	<u>490,585</u>	<u>(769,134)</u>
Plan Fiduciary Net Position - Beginning	<u>11,776,097</u>	<u>12,545,231</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,266,682</u>	<u>\$ 11,776,097</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,986,751</u>	<u>\$ 5,552,919</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	63.71%	67.96%
Covered Employee Payroll ¹	\$ 349,034	\$ 341,408
Net Pension Liability as a percentage of Covered Employee Payroll	2001.74%	1626.47%

Notes to Schedule:

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

Changes of assumptions:

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

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.

The net of fees investment return assumption was reduced from 7.50% to 6.75%.

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	91,269	84,901
Interest	1,241,107	1,237,145
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,288,586)</u>	<u>(1,262,597)</u>
Net Change in Total Pension Liability	43,790	59,449
Total Pension Liability - Beginning	<u>17,101,117</u>	<u>17,041,668</u>
Total Pension Liability - Ending (a)	<u>\$ 17,144,907</u>	<u>\$ 17,101,117</u>
Plan Fiduciary Net Position		
Contributions - Employer	772,605	475,794
Contributions - Employee	13,178	15,348
Contributions - Buy Back	-	-
Net Investment Income	1,059,400	1,563,721
Benefit Payments, including Refunds of Employee Contributions	<u>(1,288,586)</u>	<u>(1,262,597)</u>
Administrative Expense	<u>(42,302)</u>	<u>(76,889)</u>
Net Change in Plan Fiduciary Net Position	514,295	715,377
Plan Fiduciary Net Position - Beginning	<u>12,030,936</u>	<u>11,315,559</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,545,231</u>	<u>\$ 12,030,936</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,599,676</u>	<u>\$ 5,070,181</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.17%	70.35%
Covered Employee Payroll ¹	\$ 567,030	\$ 613,927
Net Pension Liability as a percentage of Covered Employee Payroll	811.19%	825.86%

Notes to Schedule:

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution Contributions in relation to the Actuarially Determined Contributions	657,825	719,822	766,179	475,794
Contribution Deficiency (Excess)	\$ (3,874)	\$ 6,426	\$ (6,426)	\$ -
Covered Employee Payroll ¹	\$ 349,034	\$ 341,408	\$ 567,030	\$ 613,927
Contributions as a percentage of Covered Employee Payroll	189.58%	208.96%	136.25%	77.50%

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

Notes to Schedule

Valuation Date: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method
The following loads are applied for determination of the Sponsor funding requirement:

Interest - A half year, based on the current 7.5% assumption.

Salary - A full year, based on the current average assumption of 4.0%.

Mortality: RP2000 Combined Healthy projected to the valuation date with schedule AA - Sex Distinct.

Interest Rate: 7.5% per year compounded annually, net of investment related expenses.

Normal Retirement:	<u>Age</u>	<u>Retirement Probability</u>
	55	50%
	56	0%
	57	0%
	58	0%
	59	0%
	60 and older	100%

In addition to the above table, 100% Retirement is assumed upon the completion of 25 years of Credited Service.

Salary Increases: 4% per year.

Disability Rate: See table below.

Termination Rate: None assumed.

Early Retirement: None assumed.

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

Termination and Disability Rates:

Age	% Becoming Disabled During the Year	% Terminating During the Year
40	0.30%	0.00%
45	0.51%	0.00%
50	1.00%	0.00%
55	1.55%	0.00%

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	8.40%	-0.56%	8.94%	13.50%

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:

- (1) Two of whom, unless otherwise prohibited by law, must be legal residents of the municipality and must be appointed by the governing body of the municipality.
 - (2) Two of whom are current or retired members of the plan who are currently employed by the City who are elected by a majority of current and retired members who are currently employed by the City.
 - (3) The fifth member shall be a union representative for the General Employees as appointed by the union. The fifth member shall have the same rights as each of the other four members.
 - (4) If the majority of the members of the plan fails to elect a member as a Trustee, the city manager shall appoint either a resident or an employee that is a resident of the City.
 - (5) Two un-excused absences, as determined by the Board, within a twelve month period shall be a deemed resignation.
- Regular, full-time general employees after attaining age 18 with 3 months of service. On and after October 1, 1996, no further employees will become active under this Plan.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	86
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	29
Active Plan Members	4
	119

Benefits Provided

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

Normal Retirement:

Date: The earlier of: 1) age 55 and the completion of 5 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age.

Benefit: 2.0% of Average Final Compensation times Credited Service.

Early Retirement:

Date: The earlier of: 1) age 50 and the completion of 5 years of Credited Service, or 2) the completion of 20 years of Credited Service, regardless of age.

Benefit: Determined as for Normal Retirement and reduced 5.0% for each year that Early Retirement precedes Normal Retirement.

Disability:

Eligibility: 5 years of Credited Service.

Benefit: Benefit accrued to date of disability. Minimum benefit is 25% of AFC.

Pre-Retirement Death Benefits:

Vested: A monthly benefit determined assuming the participant terminated employment on his date of death, survived to his earliest retirement date, elected a 50% qualified joint and survivor annuity and then died the next day.

Not Vested: Refund of accumulated contributions without interest.

Termination of Employment:

Less than 5 years: Refund of accumulated contributions without interest.

5 or more: Refund of Contributions or Accrued benefit payable at retirement age.

Contributions

Member Contributions: 2.5% of Salary.

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

Net Pension Liability

The measurement date is September 30, 2016.

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

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

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

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

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	4.00%
Discount Rate	6.75%
Investment Rate of Return	6.75%

Mortality Rate Healthy Lives:

Mortality Table - RP2000 Fully Generational with Scale BB, with collar and annuitant adjustments as follows:

Males – 50% Annuitant White Collar, 50% Annuitant Blue Collar.

Females – 100% Annuitant White Collar.

Mortality Rate Disabled Lives:

Mortality Table - RP2000 without projection, with the following adjustments:

Males – 100% Disabled Male with four year setback

Females – 100% Disabled Female with two year set forward.

The most recent actuarial experience study used to review the other significant assumptions was dated June 13, 2013.

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

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	40%	7.5%
International Equity	10%	8.5%
Domestic Fixed Income	50%	2.5%
Total	<u>100%</u>	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 6.75 percent.

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2016	\$ 17,329,016	\$ 11,776,097	\$ 5,552,919
Changes for a Year:			
Service Cost	34,222	-	34,222
Interest	1,250,244	-	1,250,244
Differences between Expected and Actual Experience	(50,657)	-	(50,657)
Changes of assumptions	1,777,486	-	1,777,486
Changes of benefit terms	-	-	-
Contributions - Employer	-	661,699	(661,699)
Contributions - State	-	-	-
Contributions - Employee	-	5,851	(5,851)
Contributions - Buy Back	299,746	299,746	-
Net Investment Income	-	950,355	(950,355)
Benefit Payments, including Refunds of Employee Contributions	(1,386,624)	(1,386,624)	-
Administrative Expense	-	(40,442)	40,442
Net Changes	1,924,417	490,585	1,433,832
Reporting Period Ending September 30, 2017	\$ 19,253,433	\$ 12,266,682	\$ 6,986,751

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	5.75%	6.75%	7.75%
Sponsor's Net Pension Liability	\$ 8,977,222	\$ 6,986,751	\$ 5,312,089

Pension Plan Fiduciary Net Position.

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

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

For the year ended September 30, 2016, the Sponsor recognized a Pension Expense of \$695,886.

On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	380,618	-
Employer contributions subsequent to the measurement date	661,699	-
Total	\$ 1,042,317	\$ -

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year ended September 30, 2016.

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

Year ended September 30:		
2017	\$	11,592
2018	\$	11,592
2019	\$	160,965
2020	\$	196,469
2021	\$	-
Thereafter	\$	-

**PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
FISCAL YEAR SEPTEMBER 30, 2017**

For the year ended September 30, 2017, the Sponsor will recognize a Pension Expense of \$2,174,635.

On September 30, 2017, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	301,514	-
Employer contributions subsequent to the measurement date	TBD	-
Total	<u>TBD</u>	<u>\$ -</u>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer 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	\$ (5,286)
2019	\$ 144,087
2020	\$ 179,591
2021	\$ (16,878)
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	34,222	60,573
Interest	1,250,244	1,238,859
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(50,657)	259,399
Changes of assumptions	1,777,486	-
Contributions - Buy Back	299,746	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,386,624)</u>	<u>(1,374,722)</u>
Net Change in Total Pension Liability	1,924,417	184,109
Total Pension Liability - Beginning	<u>17,329,016</u>	<u>17,144,907</u>
Total Pension Liability - Ending (a)	<u>\$ 19,253,433</u>	<u>\$ 17,329,016</u>
Plan Fiduciary Net Position		
Contributions - Employer	661,699	713,396
Contributions - Employee	5,851	8,535
Contributions - Buy Back	299,746	-
Net Investment Income	950,355	(67,754)
Benefit Payments, including Refunds of Employee Contributions	(1,386,624)	(1,374,722)
Administrative Expense	<u>(40,442)</u>	<u>(48,589)</u>
Net Change in Plan Fiduciary Net Position	490,585	(769,134)
Plan Fiduciary Net Position - Beginning	<u>11,776,097</u>	<u>12,545,231</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,266,682</u>	<u>\$ 11,776,097</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,986,751</u>	<u>\$ 5,552,919</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	63.71%	67.96%
Covered Employee Payroll ¹	\$ 349,034	\$ 341,408
Net Pension Liability as a percentage of Covered Employee Payroll	2001.74%	1626.47%

Notes to Schedule:

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

Changes of assumptions:

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

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.

The net of fees investment return assumption was reduced from 7.50% to 6.75%.

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	91,269	84,901
Interest	1,241,107	1,237,145
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,288,586)</u>	<u>(1,262,597)</u>
Net Change in Total Pension Liability	43,790	59,449
Total Pension Liability - Beginning	<u>17,101,117</u>	<u>17,041,668</u>
Total Pension Liability - Ending (a)	<u><u>\$ 17,144,907</u></u>	<u><u>\$ 17,101,117</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	772,605	475,794
Contributions - Employee	13,178	15,348
Contributions - Buy Back	-	-
Net Investment Income	1,059,400	1,563,721
Benefit Payments, including Refunds of Employee Contributions	(1,288,586)	(1,262,597)
Administrative Expense	<u>(42,302)</u>	<u>(76,889)</u>
Net Change in Plan Fiduciary Net Position	514,295	715,377
Plan Fiduciary Net Position - Beginning	<u>12,030,936</u>	<u>11,315,559</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 12,545,231</u></u>	<u><u>\$ 12,030,936</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 4,599,676</u></u>	<u><u>\$ 5,070,181</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.17%	70.35%
Covered Employee Payroll ¹	\$ 567,030	\$ 613,927
Net Pension Liability as a percentage of Covered Employee Payroll	811.19%	825.86%

Notes to Schedule:

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	657,825	719,822	766,179	475,794
Contributions in relation to the Actuarially Determined Contributions	661,699	713,396	772,605	475,794
Contribution Deficiency (Excess)	\$ (3,874)	\$ 6,426	\$ (6,426)	\$ -
Covered Employee Payroll ¹	\$ 349,034	\$ 341,408	\$ 567,030	\$ 613,927
Contributions as a percentage of Covered Employee Payroll	189.58%	208.96%	136.25%	77.50%

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

Notes to Schedule

Valuation Date: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method

The following loads are applied for determination of the Sponsor funding requirement:

Interest - A half year, based on the current 7.5%

Salary - A full year, based on the current average assumption of 4.0%.

Mortality: RP2000 Combined Healthy projected to the valuation date with schedule AA - Sex Distinct.

Interest Rate: 7.5% per year compounded annually, net of investment related expenses.

Normal Retirement:	<u>Age</u>	<u>Retirement Probability</u>
	55	50%
	56	0%
	57	0%
	58	0%
	59	0%
	60 and older	100%

In addition to the above table, 100% Retirement is assumed upon the completion of 25 years of Credited Service.

Salary Increases: 4% per year.

Disability Rate: See table below.

Termination Rate: None assumed.

Early Retirement: None assumed.

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

Termination and Disability Rates:

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>
40	0.30%	0.00%
45	0.51%	0.00%
50	1.00%	0.00%
55	1.55%	0.00%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ 4,599,676	\$ 590,135	\$ 713,396	\$ -
Employer contributions made after 09/30/2015	-	-	661,699	-
Total Pension Liability Factors:				
Service Cost	60,573	-	-	60,573
Interest	1,238,859	-	-	1,238,859
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	259,399	-	259,399	-
Current year amortization of experience difference	-	-	(259,399)	259,399
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(1,374,722)	-	-	(1,374,722)
Net change	<u>184,109</u>	<u>-</u>	<u>661,699</u>	<u>184,109</u>
Plan Fiduciary Net Position:				
Contributions - Employer	713,396	-	(713,396)	-
Contributions - Employee	8,535	-	-	(8,535)
Net Investment Income	914,591	-	-	(914,591)
Difference between projected and actual earnings on Pension Plan investments	(982,345)	-	982,345	-
Current year amortization	-	(184,877)	(196,469)	11,592
Benefit Payments	(1,374,722)	-	-	1,374,722
Administrative Expenses	(48,589)	-	-	48,589
Net change	<u>(769,134)</u>	<u>(184,877)</u>	<u>72,480</u>	<u>511,777</u>
Ending Balance	<u>\$ 5,552,919</u>	<u>\$ 405,258</u>	<u>\$ 1,447,575</u>	<u>\$ 695,886</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 5,552,919	\$ 405,258	\$ 1,447,575	\$ -
Employer Contributions made after 09/30/2016	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	34,222	-	-	34,222
Interest	1,250,244	-	-	1,250,244
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	299,746	-	-	299,746
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(50,657)	50,657	-	-
Current year amortization of experience difference	-	(50,657)	-	(50,657)
Change in assumptions about future economic or demographic factors or other inputs	1,777,486	-	1,777,486	-
Current year amortization of change in assumptions	-	-	(1,777,486)	1,777,486
Benefit Payments	(1,386,624)	-	-	(1,386,624)
Net change	<u>1,924,417</u>	<u>-</u>	<u>-</u>	<u>1,924,417</u>
Plan Fiduciary Net Position:				
Contributions - Employer	661,699	-	(661,699)	-
Contributions - Employee	5,851	-	-	(5,851)
Contributions - Buy Back	299,746	-	-	(299,746)
Net Investment Income	865,966	-	-	(865,966)
Difference between projected and actual earnings on Pension Plan investments	84,389	84,389	-	-
Current year amortization	-	(201,754)	(196,469)	(5,285)
Benefit Payments	(1,386,624)	-	-	1,386,624
Administrative Expenses	(40,442)	-	-	40,442
Net change	<u>490,585</u>	<u>(117,365)</u>	<u>(858,168)</u>	<u>250,218</u>
Ending Balance	<u><u>\$ 6,986,751</u></u>	<u><u>\$ 287,893</u></u>	<u><u>TBD</u></u>	<u><u>\$ 2,174,635</u></u>

* Employer 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)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2013	\$ (746,867)	5	\$ (149,374)	\$ (149,374)	\$ (149,373)	\$ (149,373)	\$ (149,373)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2014	\$ (177,521)	5	\$ -	\$ (35,505)	\$ (35,504)	\$ (35,504)	\$ (35,504)	\$ (35,504)	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 982,345	5	\$ -	\$ -	\$ 196,469	\$ 196,469	\$ 196,469	\$ 196,469	\$ 196,469	\$ -	\$ -	\$ -	\$ -
2016	\$ (84,389)	5	\$ -	\$ -	\$ -	\$ (16,877)	\$ (16,878)	\$ (16,878)	\$ (16,878)	\$ (16,878)	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (149,374)	\$ (184,879)	\$ 11,592	\$ (5,285)	\$ (5,286)	\$ 144,087	\$ 179,591	\$ (16,878)	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2016	\$ 1,777,486	1	\$ 1,777,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 1,777,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

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

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2015	\$ 259,399	1	\$ 259,399	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (50,657)	1	\$ -	\$ (50,657)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 259,399	\$ (50,657)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -