

CITY OF MILTON
GENERAL EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2016

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

November 23, 2016

Ms. Lori McCafferty, Secretary
City of Milton General
Employees' Retirement Board
P. O. Box 909
Milton, FL 32572

Re: City of Milton
General Employees' Retirement System

Dear Lori:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Milton General Employees' Retirement System. 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, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

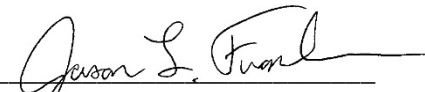
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the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

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

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

Respectfully submitted,

Foster & Foster, Inc.

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

JLF/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Milton General Employees' Retirement System, 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/Fiscal Year End	<u>9/30/2018</u>	<u>9/30/2017</u>
Total Required Contribution		
% of Total Annual Payroll	32.0%	29.3%
Member Contributions (Est.)		
% of Total Annual Payroll	10.0%	10.0%
Balance from City ¹		
% of Total Annual Payroll	22.0%	19.3%

¹ At the request of the Division of Retirement, the required contribution from the City for the year ending September 30, 2018 is 22.0% of the actual pensionable payroll realized in that year. The City has a prepaid contribution of \$45,538.07 available to offset the current year's funding requirements.

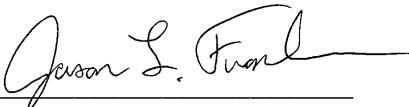
As can be seen, the Total Required Contribution has increased as a percentage of Total Annual Payroll. This is primarily due to the mandated mortality assumption change. Despite this increase, overall actuarial experience was more favorable during the past year. The principal components of favorable experience include more terminations and retirements than anticipated. Partially offsetting these gains was the effect of a 7.67% investment return (Actuarial Asset Basis) that was less than the 8.00% assumption.

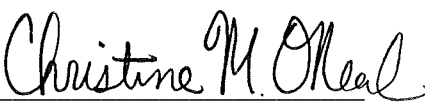
For informational purposes, the City's funding requirement, when expressed as a percentage of payroll, including an estimate of the annual pay for DROP participants, is approximately 19.9% for the fiscal year ending September 30, 2018. It is important to note that this funding rate is for illustration purposes only. The City should budget based on the information provided above, applied to non-DROP payroll only.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Jason L. Franken, FSA, EA, MAAA

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

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2015	19.3%
(2) Summary of Contribution Impact by component:	
Investment Return (Actuarial Asset Basis)	0.3%
Salary Increases	-0.2%
Payroll Change	1.4%
Payroll Growth Assumption	0.0%
Amortization Base Payoffs	0.0%
New Entrants	0.2%
Active Decrements	-1.6%
Inactive Mortality	0.4%
Data Corrections	0.0%
Assumption Change	2.1%
Other	<u>0.1%</u>
Total Change in Contribution	2.7%
(3) Contribution Determined as of October 1, 2016	22.0%

CHANGES SINCE PRIOR VALUATION

Plan Changes – Since the prior valuation Ordinance 1421-16 was adopted which extended the maximum number of years of DROP participation.

Actuarial Assumption/Method Changes – Since the prior valuation, the mortality assumption was changed to be the same as used for the Florida Retirement System for non-special risk in their July 1, 2015 actuarial valuation report. This change was mandated by State law.

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	58	58	61
Service Retirees	30	30	28
DROP Retirees	8	8	8
Beneficiaries	5	5	4
Disability Retirees	4	4	4
Terminated Vested	<u>5</u>	<u>5</u>	<u>5</u>
Total	110	110	110
Total Annual Payroll	\$2,220,297	\$2,220,297	\$2,321,106
Payroll Under Assumed Ret. Age	2,220,297	2,220,297	2,321,106
Annual Rate of Payments to:			
Service Retirees	623,497	623,497	580,782
DROP Retirees	237,984	237,984	236,727
Beneficiaries	61,292	61,292	47,319
Disability Retirees	61,197	61,197	61,197
Terminated Vested	42,348	42,348	42,348
B. Assets			
Actuarial Value (AVA) ¹	13,124,438	13,124,438	12,549,441
Market Value (MVA) ¹	12,736,260	12,736,260	12,170,490
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	6,150,993	6,014,480	6,401,597
Disability Benefits	231,407	278,306	292,902
Death Benefits	95,238	67,450	69,601
Vested Benefits	247,242	236,113	265,400
Refund of Contributions	73,096	73,520	74,511
Service Retirees	6,053,718	5,816,239	5,405,248
DROP Retirees ¹	3,379,172	3,339,339	3,242,335
Beneficiaries	538,463	508,518	430,640
Disability Retirees	580,552	597,884	609,165
Terminated Vested	<u>212,701</u>	<u>202,897</u>	<u>187,229</u>
Total	17,562,582	17,134,746	16,978,628

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	18,668,530	18,876,562	19,693,619
Present Value of Future Member Contributions	1,866,853	1,887,656	1,969,362
Normal Cost (Retirement)	260,158	254,344	263,018
Normal Cost (Disability)	12,222	14,596	15,630
Normal Cost (Death)	5,957	4,002	3,929
Normal Cost (Vesting)	15,292	14,617	15,440
Normal Cost (Refunds)	<u>11,434</u>	<u>11,469</u>	<u>12,919</u>
Total Normal Cost	305,063	299,028	310,936
Present Value of Future Normal Costs	2,469,471	2,449,480	2,542,570
Accrued Liability (Retirement)	4,009,586	3,896,427	4,207,898
Accrued Liability (Disability)	129,081	153,554	164,043
Accrued Liability (Death)	51,142	37,628	39,066
Accrued Liability (Vesting)	119,324	113,388	131,360
Accrued Liability (Refunds)	19,372	19,392	19,074
Accrued Liability (Inactives) ¹	<u>10,764,606</u>	<u>10,464,877</u>	<u>9,874,617</u>
Total Actuarial Accrued Liability (AL)	15,093,111	14,685,266	14,436,058
Unfunded Actuarial Accrued Liability (UAAL)	1,968,673	1,560,828	1,886,617
Funded Ratio (AVA / AL)	87.0%	89.4%	86.9%

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	10,764,606	10,464,877	9,874,617
Actives	434,877	363,239	566,189
Member Contributions	<u>1,618,785</u>	<u>1,618,785</u>	<u>1,746,443</u>
Total	12,818,268	12,446,901	12,187,249
Non-vested Accrued Benefits	<u>721,828</u>	<u>725,955</u>	<u>674,568</u>
Total Present Value			
Accrued Benefits (PVAB)	13,540,096	13,172,856	12,861,817
Funded Ratio (MVA / PVAB)	94.1%	96.7%	94.6%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	367,240	0	
New Accrued Benefits	0	367,911	
Benefits Paid	0	(1,044,055)	
Interest	0	987,183	
Other	<u>0</u>	<u>0</u>	
Total	367,240	311,039	

	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	14.3	14.0	13.9
Administrative Expenses (with interest) % of Total Annual Payroll ²	2.4	2.4	1.5
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 21 years (as of 10/1/2016, with interest) % of Total Annual Payroll ²	15.3	13.5	13.9
Total Required Contribution % of Total Annual Payroll ²	32.0	29.9	29.3
Expected Member Contributions % of Total Annual Payroll ²	10.0	10.0	10.0
Expected City Contribution % of Total Annual Payroll ²	22.0	19.9	19.3

F. Past Contributions

Plan Years Ending:	<u>9/30/2016</u>
Total Required Contribution	722,887
Actual Contributions Made:	
Members (excluding buyback)	229,488
City	<u>493,399</u>
Total	722,887

G. Net Actuarial (Gain)/Loss

(82,157)

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 \$2,220,297.

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	1,968,673
2017	1,773,719
2018	1,563,169
2023	1,266,198
2028	792,146
2032	276,800
2037	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	4.77%	5.50%
Year Ended	9/30/2015	3.00%	5.50%
Year Ended	9/30/2014	4.08%	5.50%

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

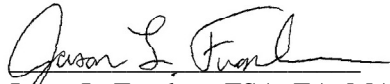
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	7.67%	8.00%
Year Ended	9/30/2015	9.62%	8.00%
Year Ended	9/30/2014	9.24%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	\$2,220,297
	10/1/2006	2,265,681
(b) Total Increase		-2.00%
(c) Number of Years		10.00
(d) Average Annual Rate		-0.20%

STATEMENT BY ENROLLED ACTUARY

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



Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #14-06888

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	\$1,886,617
(2) Sponsor Normal Cost developed as of October 1, 2015	78,825
(3) Expected administrative expenses for the year ended September 30, 2016	33,907
(4) Expected interest on (1), (2) and (3)	158,592
(5) Sponsor contributions to the System during the year ended September 30, 2016	493,399
(6) Expected interest on (5)	21,557
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	1,642,985
(8) Change to UAAL due to Assumption Change	407,845
(9) Change to UAAL due to Actuarial (Gain)/Loss	(82,157)
(10) Unfunded Actuarial Accrued Liability as of October 1, 2016	1,968,673

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2016 Amount</u>	<u>Amortization Amount</u>
Method Change	10/1/2004	18	\$1,434,098	\$141,686
Actuarial Loss	10/1/2005	19	405,478	39,094
Actuarial Gain	10/1/2006	20	(421,877)	(39,786)
Actuarial Gain	10/1/2007	21	(199,759)	(18,465)
Actuarial Loss	10/1/2008	2	134,636	69,907
Method Change	10/1/2008	12	153,582	18,870
Actuarial Loss	10/1/2009	3	184,355	66,237
Assumption Change	10/1/2009	13	115,403	13,519
Actuarial Loss	10/1/2010	4	205,129	57,345
Actuarial Loss	10/1/2011	5	148,907	34,532
Actuarial Gain	10/1/2012	6	(31,652)	(6,340)
Assumption Change	10/1/2012	16	194,109	20,305
Software Change	10/1/2013	17	(202,046)	(20,509)
Actuarial Gain	10/1/2013	7	(156,110)	(27,763)
Actuarial Gain	10/1/2014	8	(139,411)	(22,463)
Actuarial Gain	10/1/2015	9	(181,857)	(26,955)
Actuarial Gain	10/1/2016	10	(82,157)	(11,337)
Assumption Change	10/1/2016	20	<u>407,845</u>	<u>38,463</u>
			1,968,673	326,340

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2015	\$1,886,617
(2) Expected UAAL as of October 1, 2016	1,642,985
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	40,772
Salary Increases	(26,534)
Active Decrements	(240,776)
Inactive Mortality	57,369
Other	<u>87,012</u>
Increase in UAAL due to (Gain)/Loss	(82,157)
Assumption Changes	<u>407,845</u>
(4) Actual UAAL as of October 1, 2016	\$1,968,673

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate	<p><i>Healthy Lives:</i></p> <p>Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB</p> <p><i>Disabled Lives:</i></p> <p>Female: 100% RP2000 Disabled Female set forward two years Male: 100% RP2000 Disabled Male setback four years</p> <p>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. We feel this assumption sufficiently accommodates future mortality improvements.</p> <p>(Prior assumption: RP 2000 Combined Healthy (sex distinct), projected to the valuation year using scale AA. Disabled lives are set forward 5 years.)</p>
Interest Rate	8.00% per year compounded annually, net of investment related expenses. This assumption is in line with the national average for public programs and is reasonable based on the asset allocation.
Retirement Age	Earlier of Age 65 and 10 years of service or the completion of 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel that this assumption is reasonable based on the plan provisions.
Early Retirement	Commencing at eligibility for Early Retirement (age 55 with 10 years of service), Members are assumed to retire with an immediate benefit at the rate of 1% per year.
Disability Rate	See table on following page (1201).
Termination Rate	See table on following page (T3A).
Salary Increases	5.50% per year until the assumed Retirement age; see table below. This assumption was developed from those used by other plans containing general municipal employees.

Administrative Expenses	\$51,481 based on the prior year's actual expenses.
Payroll Growth	0.00%, utilized for amortizing the unfunded actuarial accrued liabilities.
Marital Status	100% of Members are assumed to be married.
Spouse's Age	Males are assumed to be three years older than females.
Funding Method	Entry Age Normal Actuarial Cost Method.
Asset Valuation Method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 60</u>
20	6.64%	0.03%	11.75%
30	4.93	0.04	20.06
40	4.04	0.07	34.27
50	2.17	0.18	58.54

VALUATION NOTES

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

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

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

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

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

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

(a) The normal cost accrual rate equals:

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

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

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

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

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	332,344.40	332,344.40
Total Cash and Equivalents	332,344.40	332,344.40
Receivables:		
Member Contributions in Transit	16,606.93	16,606.93
City Contributions in Transit	35,704.96	35,704.96
Investment Income	43,157.85	43,157.85
Total Receivable	95,469.74	95,469.74
Investments:		
Fixed	4,550,702.45	4,608,645.33
Equities	5,938,691.26	6,334,108.33
Pooled/Common/Commingled Funds:		
Real Estate	1,351,431.99	1,411,230.64
Total Investments	11,840,825.70	12,353,984.30
Total Assets	12,268,639.84	12,781,798.44
<u>LIABILITIES</u>		
Prepaid City Contribution	45,538.07	45,538.07
Total Liabilities	45,538.07	45,538.07
NET POSITION RESTRICTED FOR PENSIONS	12,223,101.77	12,736,260.37

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

ADDITIONS

Contributions:

Member	229,487.78	
City	493,398.73	

Total Contributions		722,886.51
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Investment Income:

Net Realized Gain (Loss)	303,427.24	
Unrealized Gain (Loss)	353,843.70	
Net Increase in Fair Value of Investments	657,270.94	
Interest & Dividends	367,292.54	
Less Investment Expense ¹	(86,143.41)	

Net Investment Income		938,420.07
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Total Additions		1,661,306.58
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DEDUCTIONS

Distributions to Members:

Benefit Payments	713,428.72	
Lump Sum DROP Distributions	172,056.22	
Refunds of Member Contributions	158,570.18	

Total Distributions		1,044,055.12
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Administrative Expense		51,481.22
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Total Deductions		1,095,536.34
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Net Increase in Net Position		565,770.24
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		12,170,490.13
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End of the Year		12,736,260.37
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¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2016

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

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return ¹	
09/30/2013	12.60%	
09/30/2014	9.19%	
09/30/2015	1.41%	
09/30/2016	7.77%	
Annualized Rate of Return for prior four (4) years:		7.67%
(A) 10/01/2015 Actuarial Assets:		\$12,549,441.20
(I) Net Investment Income:		
1. Interest and Dividends	367,292.54	
2. Realized Gains (Losses)	303,427.24	
3. Change in Actuarial Value	363,069.85	
4. Investment Related Expenses	(86,143.41)	
Total		947,646.22
(B) 10/01/2016 Actuarial Assets:		\$13,124,437.59
Actuarial Asset Rate of Return = 2I/(A+B-I):		7.67%
10/01/2016 Limited Actuarial Assets:		\$13,124,437.59
10/01/2016 Market Value of Assets:		\$12,736,260.37
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$40,772.26)

¹Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	229,487.78	
City	493,398.73	
 Total Contributions		 722,886.51
Earnings from Investments:		
Interest & Dividends	367,292.54	
Net Realized Gain (Loss)	303,427.24	
Change in Actuarial Value	363,069.85	
 Total Earnings and Investment Gains		 1,033,789.63

EXPENDITURES

Distributions to Members:		
Benefit Payments	713,428.72	
Lump Sum DROP Distributions	172,056.22	
Refunds of Member Contributions	158,570.18	
 Total Distributions		 1,044,055.12
Expenses:		
Investment related ¹	86,143.41	
Administrative	51,481.22	
 Total Expenses		 137,624.63
 Change in Net Assets for the Year		 574,996.39
 Net Assets Beginning of the Year		 12,549,441.20
 Net Assets End of the Year ²		 13,124,437.59

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

²Net Assets may be limited for actuarial consideration.

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

(1)	Total Required Contribution Rate	31.5%
(2)	Pensionable Payroll Derived from Member Contributions	\$2,294,877.80
(3)	Total Required Contribution (1) x (2)	722,886.51
(4)	Less Actual Member Contributions	<u>(229,487.78)</u>
(5)	Equals Required City Contribution for Fiscal 2016	493,398.73
(6)	Less 2015 Prepaid Contribution	(45,537.72)
(7)	Less Actual City Contributions	<u>(493,399.08)</u>
(8)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2016	(\$45,538.07)

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

Beginning of the Year Balance	589,462.53
Plus Additions	252,269.88
Investment Return Earned	44,051.04
Less Distributions	(172,056.22)
End of the Year Balance	713,727.23

STATISTICAL DATA ¹

	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>
<u>Actives</u>				
Number	59	57	61	58
Average Current Age	46.7	46.1	45.4	45.8
Average Age at Employment	34.5	36.0	36.0	36.5
Average Past Service	12.2	10.1	9.4	9.3
Average Annual Salary	\$37,203	\$38,441	\$38,051	\$38,281
<u>Service Retirees</u>				
Number		26	28	30
Average Current Age		69.3	70.1	69.6
Average Annual Benefit		\$20,105	\$20,742	\$20,783
<u>DROP Retirees</u>				
Number		10	8	8
Average Current Age		57.0	54.5	55.7
Average Annual Benefit		\$26,179	\$29,591	\$29,748
<u>Beneficiaries</u>				
Number		4	4	5
Average Current Age		67.1	68.1	70.9
Average Annual Benefit		\$11,830	\$11,830	\$12,258
<u>Disability Retirees</u>				
Number		3	4	4
Average Current Age		60.6	62.0	63.0
Average Annual Benefit		\$13,675	\$15,299	\$15,299
<u>Terminated Vested</u>				
Number		5	5	5
Average Current Age ²		54.2	55.2	56.2
Average Annual Benefit ²		\$10,587	\$10,587	\$10,587

¹ Prior to 10/1/2014, averages were salary weighted.

² The Average Annual Benefit and Current Age 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	1	0	0	0	0	0	0	0	0	0	1
25 - 29	0	2	0	0	0	1	0	0	0	0	0	3
30 - 34	3	1	0	0	2	0	2	0	0	0	0	8
35 - 39	1	1	0	0	0	2	4	0	0	0	0	8
40 - 44	1	2	0	0	1	1	0	1	0	0	0	6
45 - 49	0	0	2	1	0	2	1	0	0	0	0	6
50 - 54	1	0	1	0	0	2	3	1	2	0	0	10
55 - 59	0	1	1	0	0	1	3	4	0	0	0	10
60 - 64	0	1	0	0	0	1	0	1	1	0	0	4
65+	0	0	0	0	0	0	0	2	0	0	0	2
Total	6	9	4	1	3	10	13	9	3	0	0	58

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2015	61
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	(6)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(2)
f. DROP	<u>(1)</u>
g. Continuing participants	52
h. New entrants	<u>6</u>
i. Total active life participants in valuation	58

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	28	8	4	4	5	49
Retired	3	(1)	0	0	0	2
DROP	0	1	0	0	0	1
Vested Deferred	0	0	0	0	0	0
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	0	0
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	30	8	5	4	5	52

SUMMARY OF CURRENT PLAN
(Through Ordinance 1432-16)

ELIGIBILITY	Full-time employees who are classified as fulltime General Employees of the City enter the Plan on January 1 or July 1 after 6 months of employment.
CREDITED SERVICE	Total years and fractional parts of years of eligible service with the City as a General Employee.
SALARY	Total compensation, including overtime, but excluding bonuses, plus all tax-deferred, tax-sheltered and tax-exempt items of income. For service earned after July 1, 2011, Salary shall not include more than 300 hours of overtime per fiscal year. Salary will include the lesser of the amount of sick or annual leave time accrued on July 1, 2011 or the actual amount for which the retiree receives payment at retirement.
AVERAGE FINAL COMPENSATION	1/12 th of the arithmetic average of salary for the highest five of the ten years of service immediately preceding the retirement or termination of the Member.
NORMAL RETIREMENT	
Date	Earlier of age 65 and 10 years of Credited Service or 25 years of Credited Service, regardless of age.
Benefit Amount	2.50% of Average Final Compensation times Credited Service, with a maximum of 100% of Average Final Compensation.
Form of Benefit	Life Annuity (options available).
EARLY RETIREMENT	
Eligibility	Age 55 and 10 years of Credited Service.
Benefit	Accrued benefit, reduced actuarially to reflect early commencement of benefits.
VESTING (TERMINATION)	
Schedule	100% after 10 years of Credited Service.

Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date, or refund of Member Contributions. Non-vested terminated Members receive a refund of Member Contributions.
DISABILITY BENEFIT	
Eligibility	10 years of Credited Service, with total and permanent disability.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Accrued benefit payable for life.
PRE-RETIREMENT DEATH	Refund of Accumulated Member Contributions.
MEMBER CONTRIBUTIONS	10% of Salary.
CITY CONTRIBUTIONS	Remaining amount necessary for payment of current costs and amortization of the past service liability, with a minimum of 6% of salaries.
BOARD OF TRUSTEES	<ul style="list-style-type: none"> a.) Two legal residents appointed by the City Council, b.) Three Members of the Plan. c.) All Board Members serve three-year terms.
DEFERRED RETIREMENT OPTION PLAN	
Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 84 months.
Rate of Return	At member's election either: a) 6.50% annual interest, compounded monthly, or b) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs) credited each fiscal quarter. Member may change election once during DROP period. For years 6 and 7 in DROP interest shall be credited equal to the net investment return realized for that quarter but not less than 0% or greater than 6.5%.
Distribution	Cash lump sum (options available) at termination of employment.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	332,344
Total Cash and Equivalents	332,344
Receivables:	
Member Contributions in Transit	16,607
City Contributions in Transit	35,705
Investment Income	43,158
Total Receivable	95,470
Investments:	
Fixed	4,608,645
Equities	6,334,108
Pooled/Common/Commingled Funds:	
Real Estate	1,411,231
Total Investments	12,353,984
Total Assets	12,781,798
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	12,781,798

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

ADDITIONS

Contributions:

Member	229,488	
City	538,937	
Total Contributions		768,425
Investment Income:		
Net Increase in Fair Value of Investments	657,271	
Interest & Dividends	367,292	
Less Investment Expense ¹	(86,143)	
Net Investment Income		938,420
Total Additions		1,706,845

DEDUCTIONS

Distributions to Members:

Benefit Payments	713,429	
Lump Sum DROP Distributions	172,057	
Refunds of Member Contributions	158,570	
Total Distributions		1,044,056
Administrative Expense		51,481
Total Deductions		1,095,537
Net Increase in Net Position		611,308

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		12,170,490
End of the Year		12,781,798

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 legal residents appointed by the City Council,
- b.) Three Members of the Plan.
- c.) All Board Members serve three-year terms.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	44
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	5
Active Plan Members	61
	110

Benefits Provided

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

Normal Retirement:

Date: Earlier of age 65 and 10 years of Credited Service or 25 years of Credited Service, regardless of age.

Benefit Amount: 2.50% of Average Final Compensation times Credited Service, with a maximum of 100% of Average Final Compensation.

Early Retirement:

Eligibility: Age 55 and 10 years of Credited Service.

Benefit: Accrued benefit, reduced actuarially to reflect early commencement of benefits.

Vesting (Termination):

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date, or refund of Member Contributions. Non-vested terminated Members receive a refund of Member Contributions.

Disability Benefit:

Eligibility: 10 years of Credited Service, with total and permanent disability.

Benefit: Accrued benefit payable for life.

Pre-Retirement Death:

Refund of Accumulated Member Contributions.

Contributions

Member Contributions: 10% of Salary.

City Contributions: Remaining amount necessary for payment of current costs and amortization of the past service liability, with a minimum of 6% of salaries.

Investments

Investment Policy:

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

Asset Class	Target Allocation
Domestic Equity	47.00%
International equity	10.00%
Domestic Fixed Income	32.50%
Real Estate	10.00%
Cash	0.50%
Total	100.00%

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 7.77 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 member's election either: a) 6.5% annual interest, compounded monthly, or b) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs) credited each fiscal quarter. Member may change election once during DROP period.

The DROP balance as September 30, 2016 is \$713,272.

NET PENSION LIABILITY OF THE SPONSOR

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

Total Pension Liability	\$ 15,164,082
Plan Fiduciary Net Position	\$ (12,781,798)
Sponsor's Net Pension Liability	<u>\$ 2,382,284</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	84.29%

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	5.50%
Discount Rate	8.00%
Investment Rate of Return	8.00%

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 date of the most recent experience study for which significant assumptions are based upon is not available.

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	7.5%
International equity	8.5%
Domestic Fixed Income	2.5%
Real Estate	4.5%
Cash	0.0%

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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	\$ 3,957,287	\$ 2,382,284	\$ 1,051,039

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	318,891	300,174
Interest	1,131,940	1,107,941
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(39,135)	(64,838)
Changes of assumptions	444,060	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,044,056)</u>	<u>(1,079,979)</u>
Net Change in Total Pension Liability	811,700	263,298
Total Pension Liability - Beginning	<u>14,352,382</u>	<u>14,089,084</u>
Total Pension Liability - Ending (a)	<u>\$ 15,164,082</u>	<u>\$ 14,352,382</u>
Plan Fiduciary Net Position		
Contributions - Employer	538,937	463,611
Contributions - Employee	229,488	211,695
Net Investment Income	938,420	173,587
Benefit Payments, including Refunds of Employee Contributions	(1,044,056)	(1,079,979)
Administrative Expense	<u>(51,481)</u>	<u>(33,907)</u>
Net Change in Plan Fiduciary Net Position	611,308	(264,993)
Plan Fiduciary Net Position - Beginning	<u>12,170,490</u>	<u>12,435,483</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,781,798</u>	<u>\$ 12,170,490</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,382,284</u>	<u>\$ 2,181,892</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	84.29%	84.80%
Covered Employee Payroll	\$ 2,294,878	\$ 2,534,951
Net Pension Liability as a percentage of Covered Employee Payroll	103.81%	86.07%

Notes to Schedule:

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

Changes of assumptions:

For year ending 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.

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	299,907	277,692
Interest	1,073,644	1,025,082
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(810,211)</u>	<u>(625,717)</u>
Net Change in Total Pension Liability	563,340	677,057
Total Pension Liability - Beginning	<u>13,525,744</u>	<u>12,848,687</u>
Total Pension Liability - Ending (a)	<u>\$ 14,089,084</u>	<u>\$ 13,525,744</u>
Plan Fiduciary Net Position		
Contributions - Employer	515,239	431,650
Contributions - Employee	216,487	212,636
Net Investment Income	1,056,606	1,289,483
Benefit Payments, including Refunds of Employee Contributions	(810,211)	(625,717)
Administrative Expense	<u>(30,596)</u>	<u>(22,136)</u>
Net Change in Plan Fiduciary Net Position	947,525	1,285,916
Plan Fiduciary Net Position - Beginning	<u>11,487,958</u>	<u>10,202,042</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,435,483</u>	<u>\$ 11,487,958</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,653,601</u>	<u>\$ 2,037,786</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.26%	84.93%
Covered Employee Payroll	\$ 2,164,868	\$ 2,126,357
Net Pension Liability as a percentage of Covered Employee Payroll	76.38%	95.83%

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	493,399	463,611	515,239	431,650
Contributions in relation to the Actuarially Determined Contributions	538,937	463,611	515,239	431,650
Contribution Deficiency (Excess)	\$ (45,538)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 2,294,878	\$ 2,534,951	\$ 2,164,868	\$ 2,126,357
Contributions as a percentage of Covered Employee Payroll	23.48%	18.29%	23.80%	20.30%

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

Notes to Schedule

Valuation Date: 10/01/2014
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 23 year (as of 10/01/2014).
 Mortality: RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disabled lives are set forward 5 years.
 Interest Rate: 8.0% per year compounded annually, net of investment related expenses.
 Retirement Age: Earlier of Age 65 and 10 years of service or the completion of 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
 Disability Rates: See table below (1201).
 Termination Rates: See table below (T3A).
 Salary Increases: 5.5% per year until the assumed Retirement age.
 Early Retirement: Commencing at eligibility for Early Retirement (age 55 with 10 years of service), Members are assumed to retire with an immediate benefit at the rate of 1% per year.
 Payroll Growth: 0.02% (Utilized for amortizing the unfunded actuarial accrued liabilities.)
 Marital Status: 100% of Members are assumed to be married.
 Spouse's Age: Males are assumed to be three years older than females.
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:	Age	% Terminating During the Year	% Becoming Disabled During the Year
	20	6.6%	0.03%
	30	4.9%	0.04%
	40	4.0%	0.07%
	50	2.2%	0.18%

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	7.77%	1.41%	9.19%	12.60%

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 legal residents appointed by the City Council,
- b.) Three Members of the Plan.
- c.) All Board Members serve three-year terms.

Full-time employees who are classified as fulltime General Employees of the City enter the Plan on January 1 or July 1 after 6 months of employment.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	44
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	5
Active Plan Members	61
	110
	110

Benefits Provided

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

Normal Retirement:

Date: Earlier of age 65 and 10 years of Credited Service or 25 years of Credited Service, regardless of age.

Benefit Amount: 2.50% of Average Final Compensation times Credited Service, with a maximum of 100% of Average Final Compensation.

Early Retirement:

Eligibility: Age 55 and 10 years of Credited Service.

Benefit: Accrued benefit, reduced actuarially to reflect early commencement of benefits.

Vesting (Termination):

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date, or refund of Member Contributions. Non-vested terminated Members receive a refund of Member Contributions.

Disability Benefit:

Eligibility: 10 years of Credited Service, with total and permanent disability.

Benefit: Accrued benefit payable for life.

Pre-Retirement Death:

Refund of Accumulated Member Contributions.

Contributions

Member Contributions: 10% of Salary.

City Contributions: Remaining amount necessary for payment of current costs and amortization of the past service liability, with a minimum of 6% of salaries.

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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	5.50%
Discount Rate	8.00%
Investment Rate of Return	8.00%

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 date of the most recent experience study for which significant assumptions are based upon is not available.

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	47.00%	7.50%
International equity	10.00%	8.50%
Domestic Fixed Income	32.50%	2.50%
Real Estate	10.00%	4.50%
Cash	0.50%	0.00%
<u>Total</u>	<u>100.00%</u>	

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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	\$ 14,352,382	\$ 12,170,490	\$ 2,181,892
Changes for a Year:			
Service Cost	318,891	-	318,891
Interest	1,131,940	-	1,131,940
Differences between Expected and Actual Experience	(39,135)	-	(39,135)
Changes of assumptions	444,060	-	444,060
Changes of benefit terms	-	-	-
Contributions - Employer	-	538,937	(538,937)
Contributions - State	-	-	-
Contributions - Employee	-	229,488	(229,488)
Contributions - Buy Back	-	-	-
Net Investment Income	-	938,420	(938,420)
Benefit Payments, including Refunds of Employee Contributions	(1,044,056)	(1,044,056)	-
Administrative Expense	-	(51,481)	51,481
Net Changes	811,700	611,308	200,392
Reporting Period Ending September 30, 2017	\$ 15,164,082	\$ 12,781,798	\$ 2,382,284

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	\$ 3,957,287	\$ 2,382,284	\$ 1,051,039

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 \$505,731.

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	-	75,837
Changes of assumptions	370,050	-
Net difference between Projected and Actual Earnings on Pension Plan investments	443,162	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ 813,212	\$ 75,837

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	\$	193,465
2019	\$	193,465
2020	\$	221,850
2021	\$	61,108
2022	\$	67,487
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	318,891	300,174
Interest	1,131,940	1,107,941
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(39,135)	(64,838)
Changes of assumptions	444,060	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,044,056)</u>	<u>(1,079,979)</u>
Net Change in Total Pension Liability	811,700	263,298
Total Pension Liability - Beginning	<u>14,352,382</u>	<u>14,089,084</u>
Total Pension Liability - Ending (a)	<u>\$ 15,164,082</u>	<u>\$ 14,352,382</u>
Plan Fiduciary Net Position		
Contributions - Employer	538,937	463,611
Contributions - Employee	229,488	211,695
Net Investment Income	938,420	173,587
Benefit Payments, including Refunds of Employee Contributions	(1,044,056)	(1,079,979)
Administrative Expense	<u>(51,481)</u>	<u>(33,907)</u>
Net Change in Plan Fiduciary Net Position	611,308	(264,993)
Plan Fiduciary Net Position - Beginning	<u>12,170,490</u>	<u>12,435,483</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,781,798</u>	<u>\$ 12,170,490</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,382,284</u>	<u>\$ 2,181,892</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	84.29%	84.80%
Covered Employee Payroll	\$ 2,294,878	\$ 2,534,951
Net Pension Liability as a percentage of Covered Employee Payroll	103.81%	86.07%

Notes to Schedule:

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

Changes of assumptions:

For Reporting Period Ending 09/30/2017, 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.

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	299,907	277,692
Interest	1,073,644	1,025,082
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(810,211)</u>	<u>(625,717)</u>
Net Change in Total Pension Liability	563,340	677,057
Total Pension Liability - Beginning	<u>13,525,744</u>	<u>12,848,687</u>
Total Pension Liability - Ending (a)	<u>\$ 14,089,084</u>	<u>\$ 13,525,744</u>
Plan Fiduciary Net Position		
Contributions - Employer	515,239	431,650
Contributions - Employee	216,487	212,636
Net Investment Income	1,056,606	1,289,483
Benefit Payments, including Refunds of Employee Contributions	(810,211)	(625,717)
Administrative Expense	<u>(30,596)</u>	<u>(22,136)</u>
Net Change in Plan Fiduciary Net Position	947,525	1,285,916
Plan Fiduciary Net Position - Beginning	<u>11,487,958</u>	<u>10,202,042</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,435,483</u>	<u>\$ 11,487,958</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,653,601</u>	<u>\$ 2,037,786</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.26%	84.93%
Covered Employee Payroll	\$ 2,164,868	\$ 2,126,357
Net Pension Liability as a percentage of Covered Employee Payroll	76.38%	95.83%

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	493,399	463,611	515,239	431,650
Contributions in relation to the Actuarially Determined Contributions	538,937	463,611	515,239	431,650
Contribution Deficiency (Excess)	\$ (45,538)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 2,294,878	\$ 2,534,951	\$ 2,164,868	\$ 2,126,357
Contributions as a percentage of Covered Employee Payroll	23.48%	18.29%	23.80%	20.30%

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

Notes to Schedule

Valuation Date: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 23 year (as of 10/01/2014).
 Mortality: RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disabled lives are set forward 5 years.
 Interest Rate: 8.0% per year compounded annually, net of investment related expenses.
 Retirement Age: Earlier of Age 65 and 10 years of service or the completion of 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
 Disability Rates: See table below (1201).
 Termination Rates: See table below (T3A).
 Salary Increases: 5.5% per year until the assumed Retirement age.
 Early Retirement: Commencing at eligibility for Early Retirement (age 55 with 10 years of service), Members are assumed to retire with an immediate benefit at the rate of 1% per year.
 Payroll Growth: 0.02% (Utilized for amortizing the unfunded actuarial accrued liabilities.)
 Marital Status: 100% of Members are assumed to be married.
 Spouse's Age: Males are assumed to be three years older than females.
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:	% Terminating During the Year	% Becoming Disabled During the Year
Age		
20	6.60%	0.03%
30	4.90%	0.04%
40	4.00%	0.07%
50	2.20%	0.18%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 1,653,601	\$ 113,546	\$ 463,611	\$ -
Employer Contributions made after September 30, 2015	-	-	538,937	-
Total Pension Liability Factors:				
Service Cost	300,174	-	-	300,174
Interest	1,107,941	-	-	1,107,941
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(64,838)	64,838	-	-
Current year amortization of experience difference	-	(10,807)	-	(10,807)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(1,079,979)	-	-	(1,079,979)
Net change	<u>263,298</u>	<u>54,031</u>	<u>538,937</u>	<u>317,329</u>
Plan Fiduciary Net Position:				
Contributions - Employer	463,611	-	(463,611)	-
Contributions - Employee	211,695	-	-	(211,695)
Net Investment Income	977,295	-	-	(977,295)
Difference between projected and actual earnings on Pension Plan investments	(803,708)	-	803,708	-
Current year amortization	-	(28,387)	(160,741)	132,354
Benefit Payments	(1,079,979)	-	-	1,079,979
Administrative Expenses	(33,907)	-	-	33,907
Net change	<u>(264,993)</u>	<u>(28,387)</u>	<u>179,356</u>	<u>57,250</u>
Ending Balance	<u>\$ 2,181,892</u>	<u>\$ 139,190</u>	<u>\$ 1,181,904</u>	<u>\$ 374,579</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,181,892	\$ 139,190	\$ 1,181,904	\$ -
Employer Contributions made after September 30, 2016	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	318,891	-	-	318,891
Interest	1,131,940	-	-	1,131,940
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(39,135)	39,135	-	-
Current year amortization of experience difference	-	(17,329)	-	(17,329)
Change in assumptions about future economic or demographic factors or other inputs	444,060	-	444,060	-
Current year amortization of change in assumptions	-	-	(74,010)	74,010
Benefit Payments	(1,044,056)	-	-	(1,044,056)
Net change	<u>811,700</u>	<u>21,806</u>	<u>370,050</u>	<u>463,456</u>
Plan Fiduciary Net Position:				
Contributions - Employer	538,937	-	(538,937)	-
Contributions - Employee	229,488	-	-	(229,488)
Net Investment Income	960,555	-	-	(960,555)
Difference between projected and actual earnings on Pension Plan investments	(22,135)	-	22,135	-
Current year amortization	-	(28,387)	(165,168)	136,781
Benefit Payments	(1,044,056)	-	-	1,044,056
Administrative Expenses	(51,481)	-	-	51,481
Net change	<u>611,308</u>	<u>(28,387)</u>	<u>(681,970)</u>	<u>42,275</u>
Ending Balance	<u>\$ 2,382,284</u>	<u>\$ 132,609</u>	<u>TBD</u>	<u>\$ 505,731</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)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ (141,932)	5	\$ (28,386)	\$ (28,387)	\$ (28,387)	\$ (28,386)	\$ (28,386)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 803,708	5	\$ -	\$ 160,741	\$ 160,741	\$ 160,742	\$ 160,742	\$ 160,742	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 22,135	5	\$ -	\$ -	\$ 4,427	\$ 4,427	\$ 4,427	\$ 4,427	\$ 4,427	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (28,386)	\$ 132,354	\$ 136,781	\$ 136,783	\$ 136,783	\$ 165,169	\$ 4,427	\$ -	\$ -	\$ -	\$ -

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	\$ -	6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 444,060	6	\$ -	\$ -	\$ 74,010	\$ 74,010	\$ 74,010	\$ 74,010	\$ 74,010	\$ 74,010	\$ 74,010	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ -	\$ 74,010	\$ 74,010	\$ 74,010	\$ 74,010	\$ 74,010	\$ 74,010	\$ -	\$ -	\$ -

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)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ -	5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ (64,838)	6	\$ -	\$ (10,807)	\$ (10,807)	\$ (10,806)	\$ (10,806)	\$ (10,806)	\$ (10,806)	\$ -	\$ -	\$ -	\$ -
2016	\$ (39,135)	6	\$ -	\$ -	\$ (6,522)	\$ (6,522)	\$ (6,522)	\$ (6,523)	\$ (6,523)	\$ (6,523)	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ (10,807)	\$ (17,329)	\$ (17,328)	\$ (17,328)	\$ (17,329)	\$ (17,329)	\$ (6,523)	\$ -	\$ -	\$ -