

CITY OF NORTH PORT FIREFIGHTERS'  
PENSION - LOCAL OPTION TRUST FUND

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2016

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

December 21, 2016

Board of Trustees  
c/o Dave Carroll, Plan Administrator  
City of North Port  
Firefighters' Pension – Local Option Trust Fund  
P. O. Box 569  
Max Meadows, VA 24360

Re: City of North Port  
Firefighters' Pension – Local Option Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of North Port Firefighters' Pension - Local Option Trust Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

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

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of North Port and 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 North Port, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of North Port Firefighters' Pension - Local Option Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

By:   
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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 North Port Firefighters' Pension - Local Option Trust Fund, 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 April 13, 2016 Actuarial Impact Statement (determined as of October 1, 2015), are as follows:

Valuation Date	10/1/2016	10/1/2015
Applicable Plan/Fiscal Yr. End	<u>9/30/2018</u>	<u>9/30/2017</u>
Total Required Contribution		
% of Total Annual Payroll	29.38%	32.39%
Member Contributions (Est.)		
% of Total Annual Payroll	10.60%	10.60%
City and State Required Contribution		
% of Total Annual Payroll <sup>1</sup>	20.88%	21.79%
State Contribution <sup>2</sup>	250,000	250,000
% of Total Annual Payroll	6.14%	6.14%
Balance from City <sup>1 2</sup>		
% of Total Annual Payroll	14.74%	15.65%

<sup>1</sup> Statutory Normal Cost Minimum Applies as of 10/1/2016.

<sup>2</sup> The City may use up to \$250,000 in State Contributions for determining its minimum funding requirements (per Mutual Consent established between the City and the Membership). However, by Local Ordinance, the City's minimum required contribution is 18.0% of Active Member Pensionable Payroll.


Additionally, the City has access to a prepaid contribution of \$19,093.21; this is available to assist with funding for the fiscal year ending September 30, 2017.

Experience since the prior valuation has been more favorable than expected, relative to the Plan's actuarial assumptions. The primary sources of gain included average increases in pensionable compensation that were less than the assumption by 4.56% and greater than expected employee turnover. These gains were partially offset by a 7.76% investment return (Actuarial Asset basis), falling slightly below the 8.00% assumption, and no inactive mortality.

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:   
\_\_\_\_\_  
Sara E. Baumer

## CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2015	17.45%
(2) Summary of Contribution Impact by component:	
Change in State Monies Contribution Percentage	-1.8%
Investment Return (Actuarial Asset Basis)	0.3%
Salary Increases	-2.2%
Payroll Change Effect on UAAL Amortization	-2.2%
Change in Normal Cost Rate	0.0%
Change in Administrative Expense Percentage	0.8%
New Entrants	0.4%
Active Decrements	-6.6%
Inactive Mortality	0.2%
Assumption Change	4.2%
Other	<u>2.1%</u>
Total Change in Contribution	-4.81%
(3) Contribution Determined as of October 1, 2016 <sup>1</sup>	12.64%

<sup>1</sup> Without regard to statutory Normal Cost Minimum.

## CHANGES SINCE PRIOR VALUATION

### Plan Changes

Ordinance No. 2016-02 implemented the following changes to the Plan:

1. A definition of Average Final Compensation using the five years that provides the highest average. The ten-year lookback period for determination of this average is eliminated.
2. Provide for a reduction in the Early Retirement Penalty from 3% per year to the following schedule:

<u>Credited Service at time of Termination or Retirement</u>	<u>Percent per Year Reduction</u>
Less than 15 years	3%
At least 15, but less than 20 years	2%
20 or more years	1%

3. An increase in the Member Contribution Rate from 10.3% to 10.6%.
4. Future new hires shall participate in the Florida Retirement System (FRS).

The impact of these changes is outlined in our Actuarial Impact Statement dated April 13, 2016.

### Actuarial Assumption/Method Changes

As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables used by the Florida Retirement System for special risk employees for 2015. The impact of this change is shown on the comparative summary section of this report.



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>
<b>A. Participant Data</b>			
Actives	49	49	79
Service Retirees	15	15	14
DROP Retirees	4	4	4
Beneficiaries	2	2	2
Disability Retirees	2	2	2
Terminated Vested	<u>39</u>	<u>39</u>	<u>9</u>
<b>Total</b>	<b>111</b>	<b>111</b>	<b>110</b>
Total Annual Payroll	\$4,073,329	\$4,073,329	\$5,764,271
Payroll Under Assumed Ret. Age	4,073,329	4,073,329	5,764,271
Annual Rate of Payments to:			
Service Retirees	652,124	652,124	617,100
DROP Retirees	302,197	302,197	292,846
Beneficiaries	150,406	150,406	147,805
Disability Retirees	81,494	81,494	81,494
Terminated Vested	653,115	653,115	240,844
<b>B. Assets</b>			
Actuarial Value (AVA) <sup>1</sup>	43,129,328	43,129,328	39,330,432
Market Value (MVA) <sup>1</sup>	42,346,454	42,346,454	38,809,499
<b>C. Liabilities</b>			
Present Value of Benefits			
Actives			
Retirement Benefits	28,268,179	27,289,659	34,847,743
Disability Benefits	273,604	293,744	401,797
Death Benefits	482,494	213,718	285,089
Vested Benefits	1,868,555	1,868,973	2,378,799
Refund of Contributions	57,075	57,191	217,135
Service Retirees	7,655,285	7,384,143	7,107,667
DROP Retirees <sup>1</sup>	5,070,560	4,958,263	4,517,228
Beneficiaries	1,877,931	1,810,146	1,813,787
Disability Retirees	854,964	871,092	883,252
Terminated Vested	5,642,360	5,591,670	2,200,568
Share Balances	<u>1,689,185</u>	<u>1,689,185</u>	<u>1,563,225</u>
<b>Total</b>	<b>53,740,192</b>	<b>52,027,784</b>	<b>56,216,290</b>

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	39,280,596	39,733,516	61,113,199
Present Value of Future Member Contributions	4,163,743	4,211,753	6,477,999
Normal Cost (Retirement)	1,077,764	1,048,365	1,466,864
Normal Cost (Disability)	19,089	20,540	27,494
Normal Cost (Death)	25,060	10,972	14,991
Normal Cost (Vesting)	92,064	92,369	127,310
Normal Cost (Refunds)	<u>18,949</u>	<u>18,981</u>	<u>49,847</u>
Total Normal Cost	1,232,926	1,191,227	1,686,506
Present Value of Future Normal Costs	11,131,362	10,721,681	16,447,422
Accrued Liability (Retirement)	18,444,065	17,779,749	20,298,135
Accrued Liability (Disability)	116,123	121,962	145,827
Accrued Liability (Death)	268,780	119,224	142,196
Accrued Liability (Vesting)	972,980	964,080	1,054,397
Accrued Liability (Refunds)	16,597	16,589	42,586
Accrued Liability (Inactives) <sup>1</sup>	21,101,100	20,615,314	16,522,502
Share Balances	<u>1,689,185</u>	<u>1,689,185</u>	<u>1,563,225</u>
Total Actuarial Accrued Liability (AL)	42,608,830	41,306,103	39,768,868
Unfunded Actuarial Accrued Liability (UAAL)	(520,498)	(1,823,225)	438,436
Funded Ratio (AVA / AL)	101.2%	104.4%	98.9%

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 <sup>1</sup>	21,101,100	20,615,314	16,522,502
Share Balances	1,689,185	1,689,185	1,563,225
Actives	6,506,739	6,297,037	5,987,865
Member Contributions	<u>3,949,914</u>	<u>3,949,914</u>	<u>4,576,301</u>
Total	33,246,938	32,551,450	28,649,893
Non-vested Accrued Benefits	<u>1,351,537</u>	<u>1,318,230</u>	<u>2,631,188</u>
Total Present Value Accrued Benefits (PVAB)	34,598,475	33,869,680	31,281,081
Funded Ratio (MVA / PVAB)	122.4%	125.0%	124.1%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	728,795	0	
New Accrued Benefits	0	1,234,540	
Benefits Paid	0	(1,104,257)	
Interest	0	2,458,316	
Other	<u>0</u>	<u>0</u>	
Total	728,795	2,588,599	

	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 <sup>2</sup>	31.48	30.41	30.43
Administrative Expenses (with interest) % of Total Annual Payroll <sup>2</sup>	2.12	2.12	1.31
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years (as of 10/1/2016, with interest) % of Total Annual Payroll <sup>2</sup>	(4.22)	(7.35)	0.65
Total Required Contribution % of Total Annual Payroll <sup>2</sup>	29.38	25.18	32.39
Expected Member Contributions % of Total Annual Payroll <sup>2</sup>	10.60	10.60	10.60
Expected City and State Contribution % of Total Annual Payroll <sup>2</sup>	18.78	14.58	21.79

F. Past Contributions

Plan Years Ending:	<u>9/30/2016</u>
Total Required Contribution	1,779,936
City and State Requirement	1,250,835
Actual Contributions Made:	
Members (excluding buyback)	529,101
City	1,000,835
State	<u>250,000</u>
Total	1,779,936

G. Net Actuarial (Gain)/Loss (2,240,386)

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

<sup>2</sup> Contributions developed as of 10/1/2016 are expressed as a percentage of total annual payroll at 10/1/2016 of \$4,073,329.

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	(520,498)
2017	(383,826)
2018	(236,224)
2025	2,443,866
2032	594,719
2039	8,089
2045	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	2.94%	7.50%
Year Ended	9/30/2015	2.87%	7.50%
Year Ended	9/30/2014	5.61%	7.50%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	7.76%	8.00%
Year Ended	9/30/2015	10.24%	8.00%
Year Ended	9/30/2014	8.96%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	\$4,073,329
	10/1/2006	4,360,517
(b) Total Increase		-6.59%
(c) Number of Years		10.00
(d) Average Annual Rate		-0.68%

STATEMENT BY ENROLLED ACTUARY

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



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

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2015	\$438,436
(2) Sponsor Normal Cost developed as of October 1, 2015	1,075,493
(3) Expected administrative expenses for the year ended September 30, 2016	72,760
(4) Expected interest on (1), (2) and (3)	124,025
(5) Sponsor contributions to the System during the year ended September 30, 2016	1,250,835
(6) Expected interest on (5)	42,718
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	417,161
(8) Change to UAAL due to Assumption Change	1,302,727
(9) Change to UAAL due to Actuarial (Gain)/Loss	(2,240,386)
(10) Unfunded Actuarial Accrued Liability as of October 1, 2016	(520,498)

Type of Base	Date Established	Years Remaining	10/1/2016 Amount	Amortization Amount
	10/1/1993	7	\$1,138	\$202
	10/1/1994	8	2,137	344
	10/1/1995	9	1,920	285
	10/1/1996	10	2,286	315
	10/1/1999	13	173,231	20,294
	10/1/2000	14	200,687	22,540
	10/1/2003	17	386,170	39,200
method change	10/1/2004	18	1,159,802	114,586
actuarial loss	10/1/2004	12	1,010,705	124,181
actuarial loss	10/1/2005	12	456,779	56,122
actuarial loss	10/1/2006	12	413,333	50,784
actuarial gain	10/1/2007	12	(173,238)	(21,285)
actuarial loss	10/1/2008	2	243,725	126,550
method change	10/1/2008	12	(5,937)	(729)
actuarial loss	10/1/2009	3	1,122,151	403,178
actuarial gain	10/1/2010	4	(1,662,403)	(464,735)
assum. change	10/1/2010	14	429,117	48,195
actuarial loss	10/1/2011	5	525,359	121,833
benefit change	10/1/2011	25	(395,484)	(34,304)
actuarial gain	10/1/2012	6	(446,798)	(89,490)
actuarial gain	10/1/2013	7	(1,046,799)	(186,168)
actuarial gain	10/1/2014	8	(421,626)	(67,934)
benefit change	10/1/2015	29	179,018	14,855
actuarial gain	10/1/2015	9	(1,738,112)	(257,626)
actuarial gain	10/1/2016	10	(2,240,386)	(309,151)
assum change	10/1/2016	20	<u>1,302,727</u>	<u>122,857</u>
			(520,498)	(165,101)

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2015	\$438,436
(2) Expected UAAL as of October 1, 2016	417,161
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	95,307
Salary Increases	(630,129)
Active Decrements	(1,883,253)
Inactive Mortality	42,822
New Entrants	123,773
Other	<u>11,094</u>
Increase in UAAL due to (Gain)/Loss	(2,240,386)
Assumption Changes	<u>1,302,727</u>
(4) Actual UAAL as of October 1, 2016	(\$520,498)



## ACTUARIAL ASSUMPTIONS AND METHODS

### Mortality Rate

#### *Healthy Lives:*

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

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

#### *Disabled Lives:*

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

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

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

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

### Interest Rate

8.0% 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.

### Retirement Age

Earlier of age 55 with 10 years Credited Service or age 52 with 25 years of Credited Service. Also, any active member who is eligible for Normal Retirement is assumed to continue employment for one additional year.

### Early Retirement

Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

### Disability Rate

See table below (1201). It is assumed that 75% of disablements are service related. These rates are consistent with the other Florida municipal special risk retirement Plans.

### Termination Rate

See table on next page (1302). These rates are consistent with the other Florida municipal special risk retirement Plans.

Salary Increases

7.5% per year until the assumed retirement age; see table below. Projected salary at retirement is increased by the frozen dollar value of sick and annual leave as of July 5, 2012.

Administrative Expenses

\$82,948 annually, based on actual Administrative Expenses incurred during the prior fiscal year.

Post Retirement COLA

3.0% from age 55 until 63.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as a % of Salary at Age 53</u>
20	0.03%	6.0%	9.2%
30	0.04	5.0	18.9
40	0.07	2.6	39.1
50	0.18	0.8	80.5

Payroll Growth

0.00% per year. This assumption is supported given that the Plan is closed to new hires.

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.

Funding Method

Entry Age Normal Actuarial Cost Method.

## VALUATION NOTES

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

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

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

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

- (a) The normal cost accrual rate equals (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.
- (b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.
- (c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.
- (d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1992	20,910.06	_____%
1993	24,738.03	18.3%
1994	29,904.64	20.9%
1995	30,702.89	2.7%
1996	36,464.90	18.8%
1997	49,214.40	35.0%
1998	52,606.60	6.9%
1999	55,358.60	5.2%
2000	68,338.10	23.4%
2001	68,311.30	0.0%
2002	92,515.40	35.4%
2003	101,562.23	9.8%
2004	127,554.50	25.6%
2005	166,534.47	30.6%
2006	242,082.84	45.4%
2007	284,870.08	17.7%
2008	486,956.22	70.9%
2009	388,871.03	-20.1%
2010	400,984.42	3.1%
2011	399,175.25	-0.5%
2012	425,380.30	6.6%
2013	403,183.26	-5.2%
2014	387,316.25	-3.9%
2015	376,215.34	-2.9%
2016	371,775.04	-1.2%

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	1,060,511.39	1,060,511.39
Total Cash and Equivalents	1,060,511.39	1,060,511.39
Receivables:		
City Contributions in Transit	194,460.90	194,460.90
Investment Income	53,004.65	53,004.65
Total Receivable	247,465.55	247,465.55
Investments:		
U. S. Bonds and Bills	3,774,625.92	3,799,042.09
Federal Agency Guaranteed Securities	1,709,364.39	1,731,155.99
Corporate Bonds	3,327,696.22	3,357,974.65
Municipal Obligations	78,789.10	79,830.40
Stocks	15,382,420.61	19,757,399.94
Mutual Funds:		
Fixed Income	4,258,794.07	3,857,670.72
Equity	3,495,517.53	4,025,938.70
Pooled/Common/Commingled Funds:		
Real Estate	3,756,456.71	4,449,894.40
Total Investments	35,783,664.55	41,058,906.89
Total Assets	37,091,641.49	42,366,883.83
<u>LIABILITIES</u>		
Payables:		
Prior Refund Payable	1,337.11	1,337.11
Prepaid City Contribution	19,093.21	19,093.21
Total Liabilities	20,430.32	20,430.32
NET POSITION RESTRICTED FOR PENSIONS	37,071,211.17	42,346,453.51

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

ADDITIONS

Contributions:			
Member		529,100.71	
Buy-Back		2,808.14	
City		1,000,835.17	
State		371,775.04	
Total Contributions			1,904,519.06
Investment Income:			
Net Realized Gain (Loss)	177,713.99		
Unrealized Gain (Loss)	2,076,878.07		
Net Increase in Fair Value of Investments		2,254,592.06	
Interest & Dividends		841,061.53	
Less Investment Expense <sup>1</sup>		(276,012.68)	
Net Investment Income			2,819,640.91
Total Additions			4,724,159.97

DEDUCTIONS

Distributions to Members:			
Benefit Payments		852,788.80	
Lump Sum DROP Distributions		0.00	
Lump Sum Share Distributions		101,113.17	
Refunds of Member Contributions		150,355.25	
Total Distributions			1,104,257.22
Administrative Expense			82,948.00
Total Deductions			1,187,205.22
Net Increase in Net Position			3,536,954.75
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			38,809,498.76
End of the Year			42,346,453.51

<sup>1</sup>Investment 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 <sup>1</sup>	
09/30/2013	14.30%	
09/30/2014	8.84%	
09/30/2015	1.09%	
09/30/2016	7.24%	
Annualized Rate of Return for prior four (4) years:		7.76%
(A) 10/01/2015 Actuarial Assets:		\$39,330,431.81
(I) Net Investment Income:		
1. Interest and Dividends	841,061.53	
2. Realized Gains (Losses)	177,713.99	
3. Change in Actuarial Value	2,338,819.94	
4. Investment Related Expenses	(276,012.68)	
Total		3,081,582.78
(B) 10/01/2016 Actuarial Assets:		\$43,129,328.43
Actuarial Asset Rate of Return = 2I/(A+B-I):		7.76%
10/01/2016 Limited Actuarial Assets:		\$43,129,328.43
10/01/2016 Market Value of Assets:		\$42,346,453.51
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$95,306.68)

<sup>1</sup>Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	529,100.71	
Buy-Back	2,808.14	
City	1,000,835.17	
State	371,775.04	
 Total Contributions		 1,904,519.06
Earnings from Investments:		
Interest & Dividends	841,061.53	
Net Realized Gain (Loss)	177,713.99	
Change in Actuarial Value	2,338,819.94	
 Total Earnings and Investment Gains		 3,357,595.46

EXPENDITURES

Distributions to Members:		
Benefit Payments	852,788.80	
Lump Sum DROP Distributions	0.00	
Lump Sum Share Distributions	101,113.17	
Refunds of Member Contributions	150,355.25	
 Total Distributions		 1,104,257.22
Expenses:		
Investment related <sup>1</sup>	276,012.68	
Administrative	82,948.00	
 Total Expenses		 358,960.68
 Change in Net Assets for the Year		 3,798,896.62
 Net Assets Beginning of the Year		 39,330,431.81
 Net Assets End of the Year <sup>2</sup>		 43,129,328.43

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.



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

Beginning of the Year Balance	412,163.29
Plus Additions	298,385.40
Investment Return Earned	42,599.46
Less Distributions	0.00
End of the Year Balance	753,148.15

SHARE ACCOUNT ACTIVITY  
October 1, 2015 to September 30, 2016

09/30/2015 Balance	1,563,225.00
Plus Additions	121,775.04
Investment Return Earned	105,297.86
Less Distributions	(101,113.17)
09/30/2016 Balance	\$1,689,184.73 (est.)

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

(1)	Total Required Contribution Rate	34.65%
(2)	Pensionable Payroll Derived from Member Contributions	\$5,136,900.10
(3)	Total Required Contribution (1) x (2)	1,779,935.88
(4)	Less Actual Member Contributions	(529,100.71)
(5)	Less Allowable State Contribution	<u>(250,000.00)</u>
(6)	Equals Required City Contribution for Fiscal 2016	1,000,835.17
(7)	Less 2015 Prepaid Contribution	(23,399.90)
(8)	Less Actual City Contributions	<u>(996,528.48)</u>
(9)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2016	(\$19,093.21)

STATISTICAL DATA <sup>1</sup>

	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>
<u>Actives</u>				
Number	82	78	79	49
Average Current Age	38.9	39.0	37.4	40.6
Average Age at Employment	28.3	28.6	28.1	28.1
Average Past Service	10.6	10.4	9.3	12.5
Average Annual Salary	\$72,479	\$73,810	\$72,965	\$83,129
<u>Service Retirees</u>				
Number	13	13	14	15
Average Current Age	60.7	61.7	61.2	61.9
Average Annual Benefit	\$39,561	\$40,245	\$43,512	\$43,475
<u>DROP Retirees</u>				
Number	2	5	4	4
Average Current Age	54.1	54.0	55.0	56.0
Average Annual Benefit	\$68,853	\$73,851	\$73,212	\$75,549
<u>Beneficiaries</u>				
Number	1	2	2	2
Average Current Age	56.8	49.8	50.8	51.8
Average Annual Benefit	\$81,723	\$72,640	\$72,640	\$75,203
<u>Disability Retirees</u>				
Number	2	2	2	2
Average Current Age	52.0	53.0	54.0	55.0
Average Annual Benefit	\$40,747	\$40,747	\$40,747	\$40,747
<u>Terminated Vested</u>				
Number	11	9	9	39
Average Current Age <sup>2</sup>	46.6	45.0	46.3	36.3
Average Annual Benefit <sup>2</sup>	\$28,099	\$27,850	\$34,406	\$36,284

<sup>1</sup> Prior to 10/1/2015, averages were salary weighted.

<sup>2</sup> Excludes participants awaiting a refund of contributions.

## AGE AND SERVICE DISTRIBUTION

### PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	2	0	0	0	0	0	2
30 - 34	0	0	0	1	0	3	6	0	0	0	0	10
35 - 39	0	0	0	0	0	6	7	0	0	0	0	13
40 - 44	0	0	0	0	0	5	3	1	1	0	0	10
45 - 49	0	0	0	0	0	1	1	0	4	0	0	6
50 - 54	0	0	0	0	0	1	1	1	4	0	0	7
55 - 59	0	0	0	0	0	0	1	0	0	0	0	1
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	1	0	18	19	2	9	0	0	49

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2015	79
b. Terminations	
i. Vested (partial or full) with deferred benefits	(29)
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	(1)
f. DROP	<u>0</u>
g. Continuing participants	49
h. New entrants	<u>0</u>
i. Total active life participants in valuation	49

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	14	4	2	2	9	31
Retired	1	0	0	0	0	1
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	31	31
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	(1)	(1)
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	15	4	2	2	39	62

SUMMARY OF PLAN PROVISIONS  
(Through Ordinance 2016-02)

<u>Original Plan Effective Date</u>	November 5, 1974
<u>Latest Amendment</u>	May 10, 2016
<u>Eligibility</u>	Full-time employees who are classified as full-time Firefighters shall participate in the System as a condition of employment. Firefighters on or after May 10, 2016 shall participate in the Florida Retirement System. Members active on May 10, 2016 had the option of participating prospectively in the Florida Retirement System.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a firefighter.
<u>Salary</u>	W-2 Compensation plus tax deferred or tax sheltered items of income. Effective July 5, 2012 Salary includes up to 300 hours of overtime per fiscal year and only the dollar value of accrued sick and annual leave as of July 5, 2012 is included.
<u>Average Final Compensation</u>	Average Salary for the highest 5 years. Previously, there was a ten-year lookback period for determining this average.
<u>Member Contributions</u>	10.6% (previously 10.3%) of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Florida Statutes, Chapter 112. In no event will the City's contribution be less than 18% of the total salary of plan Members.
<u>Normal Retirement</u>	
Date	Earlier of age 55 and 10 years of Credited Service or age 52 and 25 years of Credited Service.
Benefit	3.50% of Average Final Compensation <u>times</u> Credited Service (3.0% for those hired on and after October 12, 2012).
Form of Benefit	Ten Year Certain and Life Annuity (options available).

Cost of Living Allowance

Service retirees, vested terminated members, and their beneficiaries receive annual 3.0% benefit increases beginning at age 55 and ceasing at age 63.

Early Retirement

Eligibility

Age 50 and 10 Years of Credited Service.

Benefit

Accrued benefit, reduced according to the following schedule:

<u>Credited Service at time of Termination or Retirement</u>	<u>Percent per Year Reduction</u>
Less than 15 years	3%
At least 15, but less than 20 years	2%
20 or more years	1%

Previously, the reduction was 3% per year.

Vesting

Schedule

100% after 10 years of Credited Service.

Benefit Amount

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

Disability

Eligibility

Service Incurred

Covered from Date of Employment.

Non-Service Incurred

10 years of Credited Service.

Exclusions

Disability resulting from use of drugs, illegal participation in riots, service in military, etc.

Benefit

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

Duration

Payable as a 10 Year Certain and Life Annuity or until recovery (as determined by the Board; optional forms available).



Death Benefits

Pre-Retirement

Vested

Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested

Refund of accumulated contributions, without interest.

Post-Retirement Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

a. Two Commission appointees,

b. Two Members of the Department elected by the membership, and

c. Fifth Member elected by other 4 and appointed by the City Commission.

Deferred Retirement Option Plan

Eligibility

Satisfaction of Normal Retirement requirements (earlier of (1) Age 55 with 10 years of Credited Service, or (2) Age 52 with 25 years of Credited Service).

Participation

Not to exceed 60 months.

Rate of Return

At the Member's election: (1) 1.0% annual rate, or (2) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), credited each fiscal quarter. One change between the above options is allowed.

Form of Distribution

Cash lump sum (options available) at termination of employment.

Supplemental Retirement Benefit

Initial Crediting	The Share Account of each active firefighter and retiree who was an employee and a member of the Plan between December 1, 2005 and September 30, 2012 shall receive one share for each month of credited service from date of hire through September 30, 2012.
Annual Crediting	For plan years beginning October 1, 2012 and later, premium tax revenues received by the City each year in excess of the \$250,000 applicable frozen amount shall be allocated to each Members share account.
Investment earnings	Effective December 31, 2013, and each December 31 thereafter, each share account shall be credited or debited with earnings or losses based upon the amount in the share account at the close of the immediately preceding plan year at a rate equal to the net of fees return for the Pension Plan for the preceding plan year.

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	1,060,511
Total Cash and Equivalents	1,060,511
Receivables:	
City Contributions in Transit	194,461
Investment Income	53,005
Total Receivable	247,466
Investments:	
U. S. Bonds and Bills	3,799,042
Federal Agency Guaranteed Securities	1,731,156
Corporate Bonds	3,357,975
Municipal Obligations	79,830
Stocks	19,757,400
Mutual Funds:	
Fixed Income	3,857,671
Equity	4,025,939
Pooled/Common/Commingled Funds:	
Real Estate	4,449,894
Total Investments	41,058,907
Total Assets	42,366,884
<u>LIABILITIES</u>	
Payables:	
Prior Refund Payable	1,337
Total Liabilities	1,337
NET POSITION RESTRICTED FOR PENSIONS	42,365,547

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

ADDITIONS

Contributions:

Member	529,101	
Buy-Back	2,808	
City	1,019,928	
State	371,775	
 Total Contributions		 1,923,612

Investment Income:

Net Increase in Fair Value of Investments	2,254,592	
Interest & Dividends	841,062	
Less Investment Expense <sup>1</sup>	(276,013)	
 Net Investment Income		 2,819,641
 Total Additions		 4,743,253

DEDUCTIONS

Distributions to Members:

Benefit Payments	852,789	
Lump Sum DROP Distributions	0	
Lump Sum Share Distributions	101,113	
Refunds of Member Contributions	150,355	
 Total Distributions		 1,104,257
 Administrative Expense		 82,948
 Total Deductions		 1,187,205
 Net Increase in Net Position		 3,556,048

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		38,809,499
 End of the Year		 42,365,547

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

**NOTES TO THE FINANCIAL STATEMENTS**  
(For the Year Ended September 30, 2016)

Plan Description

*Plan Administration*

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

- a. Two Commission appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other 4 and appointed by the City Commission.

Full-time employees who are classified as full-time Firefighters shall participate in the System as a condition of employment. Officers hired after July 1, 2016 shall participate in the Florida Retirement System. Members active on July 1, 2016 had the option of participating prospectively in the Florida Retirement System.

*Plan Membership as of October 1, 2015:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	22
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	9
Active Plan Members	79
	110
	110

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of age 55 and 10 years of Credited Service or age 52 and 25 years of Credited Service.

Benefit: 3.50% of Average Final Compensation times Credited Service (3.00% for those hired on and after October 12, 2012).

Cost-of-Living Allowance:

Service retirees, vested terminated members, and their beneficiaries receive annual 3% benefit increases beginning at age 55 and ceasing at age 63.

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced according to the following schedule:

Credited Service at time of Termination or Retirement	Percent per Year Reduction
Less than 15 years	3%
At least 15, but less than 20 years	2%
20 or more years	1%

Previously, the reduction was 3% per year.

Vesting:

Schedule: 100% after 10 years of Credited Service.

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

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

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

Pre-Retirement Death Benefits:

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

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

Supplemental Retirement Benefit:

Initial Crediting: The Share Account of each active firefighter and retiree who was an employee and a member of the Plan between December 1, 2005 and September 30, 2012 shall receive one share for each month of credited service from date of hire through September 30, 2012.

Annual Crediting: For plan years beginning October 1, 2012 and later, premium tax revenues received by the City each year in excess of the \$250,000 applicable frozen amount shall be allocated to each Members share account.

Investment Earnings: Effective December 31, 2013, and each December 31 thereafter, each share account shall be credited or debited with earnings or losses based upon the amount in the share account at the close of the immediately preceding plan year at a rate equal to the net of fees return for the Pension Plan for the preceding plan year.

*Contributions*

Member Contributions: 10.6% (previously 10.3%) of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. In no event will the City's contribution be less than 18% of the total salary of plan Members.

*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	47.50%
International Equity	10.00%
Domestic Core Fixed Income	22.50%
Global Fixed Income	5.00%
Real Estate	10.00%
GTAA	5.00%
<u>Total</u>	<u>100.00%</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 7.24 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 (earlier of (1) Age 55 with 10 years of Credited Service, or (2) Age 52 with 25 years of Credited Service).

Participation: Not to exceed 60 months.

Rate of Return: At the Member's election: (1) 1.0% annual rate, or (2) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), credited each fiscal quarter. One change between the above options is allowed.

The DROP balance as September 30, 2016 is \$753,148.

## 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	\$ 44,597,899
Plan Fiduciary Net Position	\$ (42,365,547)
Sponsor's Net Pension Liability	\$ 2,232,352
Plan Fiduciary Net Position as a percentage of Total Pension Liability	94.99%

*Actuarial Assumptions:*

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

Inflation	2.50%
Salary Increases	7.50%
Discount Rate	8.00%
Investment Rate of Return	8.00%

*Mortality Rate Healthy Lives:*

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

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

*Mortality Rate Disabled Lives:*

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated August 7th, 2012.

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 Core Fixed Income	2.5%
Global Fixed Income	3.5%
Real Estate	4.5%
GTAA	3.5%

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	\$ 8,224,057	\$ 2,232,352	\$ (2,716,772)



## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Total Pension Liability			
Service Cost	1,693,631	1,716,153	1,686,083
Interest	3,400,658	3,048,515	2,767,378
Share Plan Allocation	121,775	126,215	137,316
Changes of benefit terms	174,592	-	-
Differences between Expected and Actual Experience	(2,262,386)	555,367	-
Changes of assumptions	1,378,943	-	-
Contributions - Buy Back	2,808	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,104,257)	(1,288,806)	(924,447)
Net Change in Total Pension Liability	3,405,764	4,157,444	3,666,330
Total Pension Liability - Beginning	41,192,135	37,034,691	33,368,361
Total Pension Liability - Ending (a)	<u>\$ 44,597,899</u>	<u>\$ 41,192,135</u>	<u>\$ 37,034,691</u>
Plan Fiduciary Net Position			
Contributions - Employer	1,019,928	1,103,147	1,250,193
Contributions - State	371,775	376,215	387,316
Contributions - Employee	529,101	554,392	585,968
Contributions - Buy Back	2,808	-	-
Net Investment Income	2,819,641	411,906	2,992,901
Benefit Payments, including Refunds of Employee Contributions	(1,104,257)	(1,288,806)	(924,447)
Administrative Expense	(82,948)	(72,760)	(63,829)
Net Change in Plan Fiduciary Net Position	3,556,048	1,084,094	4,228,102
Plan Fiduciary Net Position - Beginning	38,809,499	37,725,405	33,497,303
Plan Fiduciary Net Position - Ending (b)	<u>\$ 42,365,547</u>	<u>\$ 38,809,499</u>	<u>\$ 37,725,405</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,232,352</u>	<u>\$ 2,382,636</u>	<u>\$ (690,714)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	94.99%	94.22%	101.87%
Covered Employee Payroll <sup>1</sup>	\$ 5,136,900	\$ 5,806,134	\$ 5,689,014
Net Pension Liability as a percentage of Covered Employee Payroll	43.46%	41.04%	-12.14%

### Notes to Schedule:

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

#### *Changes of benefit terms:*

For measurement date 09/30/2016, amounts reported as changes of benefit terms resulted from Ordinance No. 2016-02:

1. A definition of Average Final Compensation using the five years that provides the highest average. The ten-year lookback period for determination of this average is eliminated.
2. Provide for a reduction in the Early Retirement Penalty from 3% per year to the following schedule:

<u>Credited Service at time of Termination or Retirement</u>	<u>Percent per Year Reduction</u>
Less than 15 years	3%
At least 15, but less than 20 years	2%
20 or more years	1%

3. An increase in the Member Contribution Rate from 10.3% to 10.6%.
4. Future new hires shall participate in the Florida Retirement System (FRS).

*Changes of assumptions:*

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

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

## SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	1,250,835	1,353,147	1,500,193
Contributions in relation to the Actuarially Determined Contributions	1,269,928	1,353,147	1,500,193
Contribution Deficiency (Excess)	<u>\$ (19,093)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll <sup>1</sup>	\$ 5,136,900	\$ 5,806,134	\$ 5,689,014
Contributions as a percentage of Covered Employee Payroll	24.72%	23.31%	26.37%

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

### Notes to Schedule

Valuation Date: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.  
 Amortization Method: Level Percentage of Pay, Closed.  
 Remaining Amortization Period: 27 Years (as of 10/01/2014).  
 Mortality: RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).  
 Interest Rate: 8.0% per year compounded annually, net of investment related expenses.  
 Retirement Age: Earlier of age 55 with 10 years Credited Service or age 52 with 25 years of Credited Service. Also, any active member who is eligible for Normal Retirement is assumed to continue employment for one additional year.  
 Early Retirement: Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.  
 Disability Rates: See table below (1201). It is assumed that 75% of disablements are service related.  
 Termination Rates: See table below (1302).  
 Salary Increases: 7.5% per year until the assumed retirement age. Projected salary at retirement is increased by the frozen dollar value of sick and annual leave as of July 5, 2012.  
 Post Retirement COLA: 3.0% from age 55 until 63.  
 Payroll Growth: 5.0% per year.  
 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	% Becoming Disabled During the Year	% Terminating During the Year
20	0.03%	6.00%
30	0.04%	5.00%
40	0.07%	2.60%
50	0.18%	0.80%

**SCHEDULE OF INVESTMENT RETURNS**  
Last 10 Fiscal Years

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return			
Net of Investment Expense	7.24%	1.09%	8.84%

## NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2017)

### General Information about the Pension Plan

#### *Plan Description*

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

- a. Two Commission appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other 4 and appointed by the City Commission.

Full-time employees who are classified as full-time Firefighters shall participate in the System as a condition of employment. Officers hired after July 1, 2016 shall participate in the Florida Retirement System. Members active on July 1, 2016 had the option of participating prospectively in the Florida Retirement System.

#### *Plan Membership as of October 1, 2015:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	22
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	9
Active Plan Members	79
	110
	110

#### *Benefits Provided*

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

#### Normal Retirement:

Date: Earlier of age 55 and 10 years of Credited Service or age 52 and 25 years of Credited Service.

Benefit: 3.50% of Average Final Compensation times Credited Service (3.00% for those hired on and after October 12, 2012).

#### Cost-of-Living Allowance:

Service retirees, vested terminated members, and their beneficiaries receive annual 3% benefit increases beginning at age 55 and ceasing at age 63.

#### Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced according to the following schedule:

Credited Service at time of Termination or Retirement	Percent per Year Reduction
Less than 15 years	3%
At least 15, but less than 20 years	2%
20 or more years	1%

Previously, the reduction was 3% per year.

#### Vesting:

Schedule: 100% after 10 years of Credited Service.

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

#### Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

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

#### Pre-Retirement Death Benefits:

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

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

Supplemental Retirement Benefit:

Initial Crediting: The Share Account of each active firefighter and retiree who was an employee and a member of the Plan between December 1, 2005 and September 30, 2012 shall receive one share for each month of credited service from date of hire through September 30, 2012.

Annual Crediting: For plan years beginning October 1, 2012 and later, premium tax revenues received by the City each year in excess of the \$250,000 applicable frozen amount shall be allocated to each Members share account.

Investment Earnings: Effective December 31, 2013, and each December 31 thereafter, each share account shall be credited or debited with earnings or losses based upon the amount in the share account at the close of the immediately preceding plan year at a rate equal to the net of fees return for the Pension Plan for the preceding plan year.

*Contributions*

Member Contributions: 10.6% (previously 10.3%) of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. In no event will the City's contribution be less than 18% of the total salary of plan Members.

Net Pension Liability

The measurement date is September 30, 2016.

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

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

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

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

*Actuarial Assumptions:*

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

Inflation	2.50%
Salary Increases	7.50%
Discount Rate	8.00%
Investment Rate of Return	8.00%

*Mortality Rate Healthy Lives:*

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

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

*Mortality Rate Disabled Lives:*

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated August 7th, 2012.

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

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	47.50%	7.50%
International Equity	10.00%	8.50%
Domestic Core Fixed Income	22.50%	2.50%
Global Fixed Income	5.00%	3.50%
Real Estate	10.00%	4.50%
GTAA	5.00%	3.50%
Total	100.00%	

**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	\$ 41,192,135	\$ 38,809,499	\$ 2,382,636
Changes for a Year:			
Service Cost	1,693,631	-	1,693,631
Interest	3,400,658	-	3,400,658
Share Plan Allocation	121,775	-	121,775
Differences between Expected and Actual Experience	(2,262,386)	-	(2,262,386)
Changes of assumptions	1,378,943	-	1,378,943
Changes of benefit terms	174,592	-	174,592
Contributions - Employer	-	1,019,928	(1,019,928)
Contributions - State	-	371,775	(371,775)
Contributions - Employee	-	529,101	(529,101)
Contributions - Buy Back	2,808	2,808	-
Net Investment Income	-	2,819,641	(2,819,641)
Benefit Payments, including Refunds of Employee Contributions	(1,104,257)	(1,104,257)	-
Administrative Expense	-	(82,948)	82,948
Net Changes	3,405,764	3,556,048	(150,284)
Reporting Period Ending September 30, 2017	\$ 44,597,899	\$ 42,365,547	\$ 2,232,352

*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	\$ 8,224,057	\$ 2,232,352	\$ (2,716,772)

*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 \$2,310,609.

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	431,951	2,011,009
Changes of assumptions	1,225,728	-
Net difference between Projected and Actual Earnings on Pension Plan investments	1,725,985	-
Employer and State Contributions subsequent to the measurement date	TBD	-
<b>Total</b>	<b>TBD</b>	<b>\$ 2,011,009</b>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State Contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2017.

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

Year ended September 30:		
2018	\$	500,323
2019	\$	500,324
2020	\$	553,065
2021	\$	26,462
2022	\$	(36,453)
Thereafter	\$	(171,066)

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

Reporting Period Ending Measurement Date	09/30/2017 09/30/2016	09/30/2016 09/30/2015	09/30/2015 09/30/2014
Total Pension Liability			
Service Cost	1,693,631	1,716,153	1,686,083
Interest	3,400,658	3,048,515	2,767,378
Share Plan Allocation	121,775	126,215	137,316
Changes of benefit terms	174,592	-	-
Differences between Expected and Actual Experience	(2,262,386)	555,367	-
Changes of assumptions	1,378,943	-	-
Contributions - Buy Back	2,808	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,104,257)	(1,288,806)	(924,447)
Net Change in Total Pension Liability	3,405,764	4,157,444	3,666,330
Total Pension Liability - Beginning	41,192,135	37,034,691	33,368,361
Total Pension Liability - Ending (a)	<u>\$ 44,597,899</u>	<u>\$ 41,192,135</u>	<u>\$ 37,034,691</u>
Plan Fiduciary Net Position			
Contributions - Employer	1,019,928	1,103,147	1,250,193
Contributions - State	371,775	376,215	387,316
Contributions - Employee	529,101	554,392	585,968
Contributions - Buy Back	2,808	-	-
Net Investment Income	2,819,641	411,906	2,992,901
Benefit Payments, including Refunds of Employee Contributions	(1,104,257)	(1,288,806)	(924,447)
Administrative Expense	(82,948)	(72,760)	(63,829)
Net Change in Plan Fiduciary Net Position	3,556,048	1,084,094	4,228,102
Plan Fiduciary Net Position - Beginning	38,809,499	37,725,405	33,497,303
Plan Fiduciary Net Position - Ending (b)	<u>\$ 42,365,547</u>	<u>\$ 38,809,499</u>	<u>\$ 37,725,405</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,232,352</u>	<u>\$ 2,382,636</u>	<u>\$ (690,714)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	94.99%	94.22%	101.87%
Covered Employee Payroll <sup>1</sup>	\$ 5,136,900	\$ 5,806,134	\$ 5,689,014
Net Pension Liability as a percentage of Covered Employee Payroll	43.46%	41.04%	-12.14%

**Note to Schedule:**

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

*Changes of benefit terms:*

For measurement date 09/30/2016, amounts reported as changes of benefit terms resulted from Ordinance No. 2016-02:

1. A definition of Average Final Compensation using the five years that provides the highest average. The ten-year lookback period for determination of this average is eliminated.
2. Provide for a reduction in the Early Retirement Penalty from 3% per year to the following schedule:

<u>Credited Service at time of Termination or Retirement</u>	<u>Percent per Year Reduction</u>
--	-----------------------------------

Less than 15 years	3%
At least 15, but less than 20 years	2%
20 or more years	1%

3. An increase in the Member Contribution Rate from 10.3% to 10.6%.
4. Future new hires shall participate in the Florida Retirement System (FRS).

*Changes of assumptions:*

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

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

## SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	1,250,835	1,353,147	1,500,193
Contributions in relation to the			
Actuarially Determined Contributions	1,269,928	1,353,147	1,500,193
Contribution Deficiency (Excess)	\$ (19,093)	\$ -	\$ -
Covered Employee Payroll <sup>1</sup>	\$ 5,136,900	\$ 5,806,134	\$ 5,689,014
Contributions as a percentage of			
Covered Employee Payroll	24.72%	23.31%	26.37%

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

### Notes to Schedule

Valuation Date: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	27 Years (as of 10/01/2014).
Mortality:	RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).
Interest Rate:	8.0% per year compounded annually, net of investment related expenses.
Retirement Age:	Earlier of age 55 with 10 years Credited Service or age 52 with 25 years of Credited Service. Also, any active member who is eligible for Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Disability Rates:	See table below (1201). It is assumed that 75% of disablements are service related.
Termination Rates:	See table below (1302).
Salary Increases:	7.5% per year until the assumed retirement age. Projected salary at retirement is increased by the frozen dollar value of sick and annual leave as of July 5, 2012.
Post Retirement COLA:	3.0% from age 55 until 63.
Payroll Growth:	5.0% per year.
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	% Becoming Disabled During the Year	% Terminating During the Year
20	0.03%	6.00%
30	0.04%	5.00%
40	0.07%	2.60%
50	0.18%	0.80%

**FINAL COMPONENTS OF PENSION EXPENSE**  
**FISCAL YEAR SEPTEMBER 30, 2016**

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (690,714)	\$ 210,967	\$ 1,479,362	\$ -
Employer and State Contributions made after 09/30/2015	-	-	1,391,703	-
<b>Total Pension Liability Factors:</b>				
Service Cost	1,716,153	-	-	1,716,153
Interest	3,048,515	-	-	3,048,515
Share Plan Allocation	126,215	-	-	126,215
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	555,367	-	555,367	-
Current year amortization of experience difference	-	-	(61,708)	61,708
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(1,288,806)	-	-	(1,288,806)
Net change	<u>4,157,444</u>	<u>-</u>	<u>1,885,362</u>	<u>3,663,785</u>
<b>Plan Fiduciary Net Position:</b>				
Contributions - Employer	1,103,147	-	(1,103,147)	-
Contributions - State	376,215	-	(376,215)	-
Contributions - Employee	554,392	-	-	(554,392)
Net Investment Income	3,044,920	-	-	(3,044,920)
Difference between projected and actual earnings on Pension Plan investments	(2,633,014)	-	2,633,014	-
Current year amortization	-	(52,741)	(526,602)	473,861
Benefit Payments	(1,288,806)	-	-	1,288,806
Administrative Expenses	(72,760)	-	-	72,760
Net change	<u>1,084,094</u>	<u>(52,741)</u>	<u>627,050</u>	<u>(1,763,885)</u>
Ending Balance	<u>\$ 2,382,636</u>	<u>\$ 158,226</u>	<u>\$ 3,991,774</u>	<u>\$ 1,899,900</u>

**PRELIMINARY COMPONENTS OF PENSION EXPENSE**  
**FISCAL YEAR SEPTEMBER 30, 2017**

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,382,636	\$ 158,226	\$ 3,991,774	\$ -
Employer and State Contributions made after 09/30/2016	-	-	TBD*	-
<b>Total Pension Liability Factors:</b>				
Service Cost	1,693,631	-	-	1,693,631
Interest	3,400,658	-	-	3,400,658
Share Plan Allocation	121,775	-	-	121,775
Changes in benefit terms	174,592	-	-	174,592
Contributions - Buy Back	2,808	-	-	2,808
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(2,262,386)	2,262,386	-	-
Current year amortization of experience difference	-	(251,377)	(61,708)	(189,669)
Change in assumptions about future economic or demographic factors or other inputs	1,378,943	-	1,378,943	-
Current year amortization of change in assumptions	-	-	(153,215)	153,215
Benefit Payments	(1,104,257)	-	-	(1,104,257)
Net change	<u>3,405,764</u>	<u>2,011,009</u>	<u>1,164,020</u>	<u>4,252,753</u>
<b>Plan Fiduciary Net Position:</b>				
Contributions - Employer	1,019,928	-	(1,019,928)	-
Contributions - State	371,775	-	(371,775)	-
Contributions - Employee	529,101	-	-	(529,101)
Contributions - Buy Back	2,808	-	-	(2,808)
Net Investment Income	3,134,216	-	-	(3,134,216)
Difference between projected and actual earnings on Pension Plan investments	(314,575)	-	314,575	-
Current year amortization	-	(52,742)	(589,518)	536,776
Benefit Payments	(1,104,257)	-	-	1,104,257
Administrative Expenses	(82,948)	-	-	82,948
Net change	<u>3,556,048</u>	<u>(52,742)</u>	<u>(1,666,646)</u>	<u>(1,942,144)</u>
Ending Balance	<u>\$ 2,232,352</u>	<u>\$ 2,116,493</u>	<u>TBD</u>	<u>\$ 2,310,609</u>

\* Employer and State Contributions subsequent to the measurement date made after September 30, 2016 but made on or before September 30, 2017 needs 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	2025
2014	\$ (263,708)	5	\$ (52,741)	\$ (52,741)	\$ (52,742)	\$ (52,742)	\$ (52,742)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 2,633,014	5	\$ -	\$ 526,602	\$ 526,603	\$ 526,603	\$ 526,603	\$ 526,603	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 314,575	5	\$ -	\$ -	\$ 62,915	\$ 62,915	\$ 62,915	\$ 62,915	\$ 62,915	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (52,741)	\$ 473,861	\$ 536,776	\$ 536,776	\$ 536,776	\$ 589,518	\$ 62,915	\$ -	\$ -	\$ -	\$ -	\$ -

## 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	\$ -	8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ -	9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 1,378,943	9	\$ -	\$ -	\$ 153,215	\$ 153,216	\$ 153,216	\$ 153,216	\$ 153,216	\$ 153,216	\$ 153,216	\$ 153,216	\$ 153,216
Net Increase (Decrease) in Pension Expense			\$ -	\$ -	\$ 153,215	\$ 153,216	\$ 153,216	\$ 153,216	\$ 153,216	\$ 153,216	\$ 153,216	\$ 153,216	\$ 153,216



## AMORTIZATION SCHEDULE - EXPERIENCE

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

Plan Year Ending	Differences Between		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
	Expected and Actual Experience	Recognition Period (Years)												
2014	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
2015	\$	555,367	\$	-	\$	61,708	\$	61,708	\$	61,707	\$	61,707	\$	61,707
2016	\$	(2,262,386)	\$	-	\$	(251,377)	\$	(251,377)	\$	(251,376)	\$	(251,376)	\$	(251,376)
Net Increase (Decrease) in Pension Expense			\$	-	\$	61,708	\$	(189,669)	\$	(189,669)	\$	(189,668)	\$	(189,669)