

CITY OF CRESTVIEW
POLICE OFFICERS' AND FIREFIGHTERS'
RETIREMENT PLAN

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2016

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

June 2, 2017

Ms. Kathy Austin
City of Crestview
Police and Fire Retirement Board
715 N. Ferdon Blvd
Crestview, FL 32536

Re: Police Officers' and Firefighters' Retirement Plan

Dear Kathy:

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

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

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Crestview, 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.

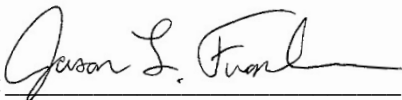
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the 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 Crestview, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of City of Crestview Police Officers' and Firefighters' Retirement Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

By: 
Jason L. Franken, FSA, MAAA
Enrolled Actuary #17-6888

JLF/lke

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	<u>Introduction</u>	
	a. Summary of Report	5
	b. Changes Since Prior Report	7
	c. Comparative Summary of Principal Valuation Results	8
II	<u>Valuation Information</u>	
	a. Reconciliation of Unfunded Actuarial Accrued Liability	14
	b. Actuarial Assumptions and Methods	15
	c. Valuation Notes	17
	d. History of Premium Tax Refunds	18
	e. Excess State Monies Reserve	19
III	Trust Fund	20
IV	<u>Member Statistics</u>	
	a. Statistical Data	26
	b. Age and Service Distribution	27
	c. Member Reconciliation	28
V	Summary of Plan Provisions	29
VI	Governmental Accounting Standards Board Disclosure Information	31

SUMMARY OF REPORT

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

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

Valuation Date Applicable Plan/Fiscal Yr. End	10/1/2016 <u>9/30/2018</u>	10/1/2015 <u>9/30/2017</u>
Total Required Contribution % of Total Annual Payroll	16.0%	13.9%
Member Contributions (Est.) % of Total Annual Payroll	6.4%	6.4%
City and State Required Contribution % of Total Annual Payroll	9.6%	7.5%
State Contribution ¹ % of Total Annual Payroll	219,413 5.0%	219,413 5.0%
Balance from City ¹ % of Total Annual Payroll	4.6%	2.5%

¹ Reflects the mutual consent agreement between the City and the plan membership. Under this agreement, the City is entitled to retain the first \$192,522.69 of the annual premium tax distributions. Additionally, the City will receive 25% of any amounts in excess of \$192,522.69 each year with the remaining excess amount being transferred to the newly established Share Plan. It is also important to point out that the mutual consent agreement stated that \$112,000 of the existing Excess State Monies Reserve as of 9/30/2015 would be transferred to the City as a prepaid contribution. In order to meet its funding requirement for fiscal 2016, the City utilized \$102,941.44 of the \$112,000, leaving \$9,058.56 available for fiscal 2017. Finally, \$695,091.25 of the Excess State Monies Reserve was agreed to be transferred to the newly established Share Plan.

The required contribution from the combination of City and State sources for the year ending September 30, 2018, is 9.6% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 4.6% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received (up to the maximum allowable amount).

Additionally, please note the City has a prepaid contribution of \$191,901.25 in addition to the \$9,058.56 described on the previous page that may be utilized to help offset the above stated requirements for fiscal 2017.

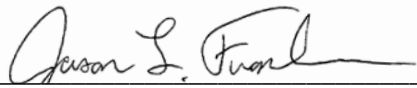
During the past year, there was net unfavorable actuarial experience. The primary components of unfavorable experience included average increases in pensionable earnings that were above the assumed rate, unfavorable non-retirement turnover and a 6.43% investment return (Actuarial Asset Basis) that fell short of the 8.00% assumption.

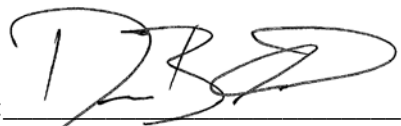
Please also note that the above stated requirements reflect a mandated change to the assumed rates of mortality, as described on the following page.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

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

By: 
Drew D. Ballard, EA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

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 for special risk employees used by the Florida Retirement System actuary in the July 1, 2015 actuarial valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
A. Participant Data			
Actives	90	90	87
Service Retirees	18	18	18
DROP Retirees	1	1	1
Beneficiaries	1	1	1
Disability Retirees	1	1	2
Terminated Vested	<u>10</u>	<u>10</u>	<u>9</u>
Total	121	121	118
Total Annual Payroll	\$4,415,729	\$4,415,729	\$4,038,499
Payroll Under Assumed Ret. Age	4,415,729	4,415,729	4,038,499
Annual Rate of Payments to:			
Service Retirees	513,587	513,587	513,587
DROP Retirees	53,410	53,410	53,410
Beneficiaries	13,562	13,562	13,562
Disability Retirees	16,874	16,874	30,327
Terminated Vested	0	0	0
B. Assets			
Actuarial Value (AVA) ¹	17,958,665	17,958,665	16,968,471
Market Value (MVA) ¹	17,297,179	17,297,179	16,322,800
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	13,316,850	13,242,826	11,546,057
Disability Benefits	749,992	810,245	741,948
Death Benefits	184,004	83,614	75,301
Vested Benefits	929,929	937,577	849,071
Refund of Contributions	266,472	267,434	275,526
Service Retirees	5,392,970	5,194,198	5,269,553
DROP Retirees ¹	716,822	682,974	631,386
Beneficiaries	36,447	36,447	13,095
Disability Retirees	124,403	116,371	258,045
Terminated Vested	69,259	69,259	46,234
Reserve / Share Plan	<u>784,822</u>	<u>784,822</u>	<u>807,091</u>
Total	22,571,970	22,225,767	20,513,307

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	30,909,628	31,203,884	29,125,441
Present Value of Future Member Contributions	1,978,216	1,997,049	1,864,028
Total Normal Cost	608,645	605,907	488,921
Present Value of Future Normal Costs (EAN)	4,637,376	4,658,587	4,420,293
Total Actuarial Accrued Liability (AL)	18,311,522	17,944,109	16,987,238
Unfunded Actuarial Accrued Liability (UAAL)	352,857	(14,556)	18,767
Funded Ratio (AVA / AL)	98.1%	100.1%	99.9%

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	6,339,901	6,099,249	6,218,313
Actives	4,015,005	3,974,260	3,094,539
Member Contributions	<u>1,796,532</u>	<u>1,796,532</u>	<u>1,613,671</u>
Total	12,151,438	11,870,041	10,926,523
Non-vested Accrued Benefits	<u>985,887</u>	<u>963,073</u>	<u>1,038,178</u>
Total Present Value Accrued Benefits (PVAB)	13,137,325	12,833,114	11,964,701
Funded Ratio (MVA / PVAB)	131.7%	134.8%	136.4%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	304,211	0	
New Accrued Benefits	0	554,718	
Benefits Paid	0	(618,732)	
Interest	0	932,427	
Other	<u>0</u>	<u>0</u>	
Total	304,211	868,413	

	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	14.3	12.6
Administrative Expenses (with interest) % of Total Annual Payroll ²	1.1	1.1	1.2
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years (as of 10/1/2016, with interest) % of Total Annual Payroll ²	0.6	0.0	0.1
Total Required Contribution % of Total Annual Payroll ²	16.0	15.4	13.9
Expected Member Contributions % of Total Annual Payroll ²	6.4	6.4	6.4
Expected City and State Contribution % of Total Annual Payroll ²	9.6	9.0	7.5

F. Past Contributions

Plan Years Ending:	<u>9/30/2016</u>
City and State Requirement	322,355
Actual Contributions Made:	
Members (excluding buyback)	267,931
City (from Excess Reserve)	102,941
State	<u>219,413</u>
Total	590,285

G. Net Actuarial (Gain)/Loss

N/A

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 \$4,415,729.

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	352,857
2017	353,188
2018	352,709
2023	334,719
2027	288,371
2032	166,261
2036	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	8.87%	6.50%
Year Ended	9/30/2015	11.81%	6.50%
Year Ended	9/30/2014	-0.29%	6.50%

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

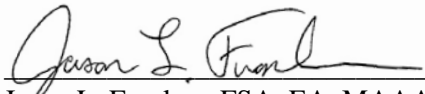
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	6.43%	8.00%
Year Ended	9/30/2015	8.85%	8.00%
Year Ended	9/30/2014	9.23%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	\$4,415,729
	10/1/2006	2,319,699
(b) Total Increase		90.36%
(c) Number of Years		10.00
(d) Average Annual Rate		6.65%

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 #17-6888

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	\$18,767
(2) Sponsor Normal Cost developed as of October 1, 2015	230,457
(3) Expected administrative expenses for the year ended September 30, 2016	46,407
(4) Expected interest on (1), (2) and (3)	21,794
(5) Sponsor contributions to the System during the year ended September 30, 2016	322,355
(6) Expected interest on (5)	9,626
(7) Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	(14,556)
(8) Change to UAAL due to Assumption Change	367,413
(9) Unfunded Actuarial Accrued Liability as of October 1, 2016	352,857

Type of Base	Date Established	Years Remaining	10/1/2016 Amount	Amortization Amount
UAAL Fresh Start	10/1/2015	9	(\$14,556)	(\$1,940)
Actuarial Loss	10/1/2016	20	<u>367,413</u>	<u>27,771</u>
			352,857	25,831

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Lives:

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

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

Disabled Lives:

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

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

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). 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

8.00% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Retirement Age

Earlier of age 55 and 10 years of service or age 52 and 25 years of service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based upon plan provisions.

Early Retirement

Commencing with the earliest Early Retirement Age (45), Members are assumed to retire with an immediate benefit at the rate of 5% per year. We feel this assumption is reasonable based upon plan provisions.

Disability Rate

See table below (1205). It is assumed that 75% of disablements and active Member deaths are service related. This assumption was developed from those used by other plans containing Florida municipal safety employees.

Termination Rate

See table below. This assumption was developed from those used by other plans containing Florida municipal safety employees.

Salary Increases

6.50% per year until the assumed retirement age; see table below. We feel this assumption is reasonable based on long-term expectations.

Payroll Growth

3.00% per year. This is in compliance with Part VII of Chapter 112, Florida Statutes.

Administrative Expenses

\$47,835 annually, based on prior year's actual expenses.

Funding Method

Frozen Entry Age Actuarial Cost Method.

Actuarial Asset 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>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as a % of Salary at Age 53</u>
20	0.14%	15.0%	12.5%
30	0.18%	12.5%	23.5%
40	0.30%	6.5%	44.1%
50	1.00%	2.0%	82.8%

VALUATION NOTES

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

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

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

Unfunded Accrued Liability 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.

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.

Frozen Entry Age Actuarial Cost Method is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Actuarial Accrued (Past Service) Liability. See the "Reconciliation of Unfunded Actuarial Accrued Liabilities" for details regarding the current status of the liability.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1994	78,603.04	_____%
1995	68,948.85	-12.3%
1996	80,603.69	16.9%
1997	88,297.09	9.5%
1998	111,601.13	26.4%
1999	106,063.97	-5.0%
2000	118,186.60	11.4%
2001	130,017.29	10.0%
2002	143,366.07	10.3%
2003	159,283.91	11.1%
2004	179,604.81	12.8%
2005	192,267.20	7.1%
2006	198,012.47	3.0%
2007	218,293.96	10.2%
2008	264,012.28	20.9%
2009	250,685.62	-5.0%
2010	268,908.32	7.3%
2011	270,866.52	0.7%
2012	267,020.03	-1.4%
2013	291,737.66	9.3%
2014	296,685.92	1.7%
2015	296,274.92	-0.1%
2016	300,085.43	1.3%

EXCESS STATE MONIES RESERVE

	Firefighters' Distribution			Special Distribution			Police Officers' Distribution		
	Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve	Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve	Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve
1999	\$38,252.04	\$35,504.22	\$2,747.82	\$6,815.26	\$6,815.26	\$0.00	\$60,996.67	\$67,414.21	\$0.00
2000	39,851.40	39,851.40	0.00	9,459.07	9,459.07	0.00	68,876.13	101,332.22	0.00
2001	41,993.16	41,993.16	0.00	12,227.36	12,227.36	0.00	75,796.77	99,563.17	0.00
2002	46,509.96	46,509.96	0.00	9,581.35	9,581.35	0.00	87,274.76	128,088.38	0.00
2003	46,757.64	46,757.64	0.00	11,581.84	11,581.84	0.00	100,944.43	125,840.21	0.00
2004	57,229.12	57,229.12	0.00	15,052.48	15,052.48	0.00	107,323.21	111,898.09	0.00
2005	61,747.29	57,229.12	4,518.17	12,856.09	12,856.09	0.00	116,426.80	114,094.48	2,332.32
2006	64,840.68	57,229.12	7,611.56	12,066.31	12,066.31	0.00	121,105.48	114,884.26	6,221.22
2007	75,446.20	57,229.12	18,217.08	23,927.52	23,927.52	0.00	118,920.24	103,023.05	15,897.19
2008	113,134.21	57,229.12	55,905.09	34,451.27	34,451.27	0.00	116,426.80	92,499.30	23,927.50
2009	120,051.64	57,230.12	62,821.52	0.00	0.00	0.00	130,633.98	120,134.31	10,499.67
2010	138,214.34	46,670.45	91,543.89	0.00	0.00	0.00	130,693.98	130,693.98	0.00
2011	138,877.63	45,375.54	93,502.09	0.00	0.00	0.00	131,988.89	131,988.89	0.00
2012	134,463.48	44,807.88	89,655.60	0.00	0.00	0.00	132,556.55	132,556.55	0.00
2013	146,492.12	38,470.59	108,021.53	6,351.70	6,815.26	0.00	138,893.84	138,893.84	0.00
2014	149,148.12	38,169.63	110,978.49	0.00	0.00	0.00	147,537.80	147,537.80	0.00
2015	138,385.44	35,694.93	102,690.51	7,876.98	7,876.98	0.00	150,012.50	150,012.50	0.00
2016	140,097.42	140,097.42	<u>0.00</u>	87.09	87.09	<u>0.00</u>	159,900.92	79,228.87	<u>80,672.05</u>
			748,213.35			0.00			139,549.95
Total Excess State Monies			887,763.30						
Less Amount Transferred to City for Fiscal 2016 Contribution			(102,941.44)						
Less Amounts Transferred to Share Plan			<u>(775,763.30)</u>						
Equals Current State Monies Reserve ¹			\$9,058.56						

¹ Available to City to offset Fiscal 2017 funding requirements.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	612,971.00	612,971.00
Cash	192.84	192.84
Total Cash and Equivalents	613,163.84	613,163.84
Receivables:		
Member Contributions in Transit	4,442.74	4,442.74
Member Contributions	71.60	71.60
City Contributions in Transit	1,874.40	1,874.40
State Contributions	87.09	87.09
Total Receivable	6,475.83	6,475.83
Investments:		
Fixed Income	5,273,567.40	5,134,576.11
Equities	9,213,681.62	10,084,001.97
Pooled/Common/Commingled Funds:		
Real Estate	1,500,000.00	1,650,862.00
Total Investments	15,987,249.02	16,869,440.08
Total Assets	16,606,888.69	17,489,079.75
<u>LIABILITIES</u>		
Prepaid City Contribution	191,901.25	191,901.25
Total Liabilities	191,901.25	191,901.25
NET POSITION RESTRICTED FOR PENSIONS	16,414,987.44	17,297,178.50

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

ADDITIONS

Contributions:			
Member		267,931.27	
City		0.00	
State		300,085.43	
Total Contributions			568,016.70
Investment Income:			
Net Realized Gain (Loss)	299,531.45		
Unrealized Gain (Loss)	418,786.15		
Net Increase in Fair Value of Investments		718,317.60	
Interest & Dividends		445,887.81	
Less Investment Expense ¹		(91,276.70)	
Net Investment Income			1,072,928.71
Total Additions			1,640,945.41

DEDUCTIONS

Distributions to Members:			
Benefit Payments		544,621.30	
Lump Sum DROP Distributions		0.00	
Refunds of Member Contributions		74,110.46	
Total Distributions			618,731.76
Administrative Expense			47,835.23
Total Deductions			666,566.99
Net Increase in Net Position			974,378.42
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			16,322,800.08
End of the Year			17,297,178.50

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	12.04%	
09/30/2014	9.92%	
09/30/2015	-2.25%	
09/30/2016	6.60%	
Annualized Rate of Return for prior four (4) years:		6.43%
(A) 10/01/2015 Actuarial Assets:		\$16,968,471.42
(I) Net Investment Income:		
1. Interest and Dividends	445,887.81	
2. Realized Gains (Losses)	299,531.45	
3. Change in Actuarial Value	434,601.57	
4. Investment Related Expenses	(91,276.70)	
Total		1,088,744.13
(B) 10/01/2016 Actuarial Assets:		\$17,958,665.26
Actuarial Asset Rate of Return = 2I/(A+B-I):		6.43%
10/01/2016 Limited Actuarial Assets:		\$17,958,665.26
10/01/2016 Market Value of Assets:		\$17,297,178.50
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$265,836.44)

¹Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	267,931.27	
City	0.00	
State	300,085.43	
 Total Contributions		 568,016.70
Earnings from Investments:		
Interest & Dividends	445,887.81	
Net Realized Gain (Loss)	299,531.45	
Change in Actuarial Value	434,601.57	
 Total Earnings and Investment Gains		 1,180,020.83

EXPENDITURES

Distributions to Members:		
Benefit Payments	544,621.30	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	74,110.46	
 Total Distributions		 618,731.76
Expenses:		
Investment related ¹	91,276.70	
Administrative	47,835.23	
 Total Expenses		 139,111.93
 Change in Net Assets for the Year		 990,193.84
 Net Assets Beginning of the Year		 16,968,471.42
 Net Assets End of the Year ²		 17,958,665.26

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

²Net Assets may be limited for actuarial consideration.

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

Beginning of the Year Balance	104,066.63
Plus Additions	53,409.60
Investment Return Earned	8,626.70
Less Distributions	0.00
End of the Year Balance	166,102.93

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

(1) Total Required Contribution Rate	14.1%
(2) Pensionable Payroll Derived from Member Contributions	4,186,426.09
(3) Total Required Contribution (1) x (2)	590,286.08
(4) Less Actual Member Contributions	<u>(267,931.27)</u>
(5) Less Allowable State Contribution	<u>(219,413.37)</u>
(6) Less Contribution from Excess State Monies Reserve	<u>(102,941.44)</u>
(7) Equals Required City Contribution for Fiscal 2016	0.00
(8) Less 2015 Prepaid Contribution	(80,604.94)
(9) Less Actual City Contributions	<u>(111,296.31)</u>
(10) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2016	(191,901.25)

STATISTICAL DATA

	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>
<u>Actives</u>				
Number	92	91	87	90
Average Current Age	38.9	37.8	38.6	39.0
Average Age at Employment	31.2	31.4	30.9	30.9
Average Past Service	7.7	6.4	7.7	8.1
Average Annual Salary	\$45,341	\$41,795	\$46,420	\$49,064
<u>Service Retirees</u>				
Number		16	18	18
Average Current Age		64.2	64.8	65.8
Average Annual Benefit		\$25,592	\$28,533	\$28,533
<u>DROP Retirees</u>				
Number		2	1	1
Average Current Age		63.3	70.3	71.3
Average Annual Benefit		\$56,887	\$53,410	\$53,410
<u>Beneficiaries</u>				
Number		1	1	1
Average Current Age		64.0	65.0	66.0
Average Annual Benefit		\$13,562	\$13,562	\$13,562
<u>Disability Retirees</u>				
Number		2	2	1
Average Current Age		61.0	62.0	69.0
Average Annual Benefit		\$15,164	\$15,164	\$16,874
<u>Terminated Vested</u>				
Number		5	9	10
Average Current Age ¹		N/A	N/A	N/A
Average Annual Benefit ¹		\$0	\$0	\$0

¹ 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	1	1	1	0	0	0	0	0	0	0	0	3
25 - 29	3	0	3	0	1	5	0	0	0	0	0	12
30 - 34	5	1	4	0	0	10	3	0	0	0	0	23
35 - 39	1	0	1	1	1	8	2	0	0	0	0	14
40 - 44	1	1	1	0	0	2	1	1	1	0	0	8
45 - 49	0	0	1	0	1	4	5	2	2	1	0	16
50 - 54	0	0	0	0	0	2	3	0	2	1	0	8
55 - 59	0	1	0	0	1	1	0	0	0	0	0	3
60 - 64	1	0	1	0	0	1	0	0	0	0	0	3
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	12	4	12	1	4	33	14	3	5	2	0	90

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2015	87
b. Terminations	
i. Vested (partial or full) with deferred benefits	(4)
ii. Non-vested or full lump sum distribution received	(5)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>0</u>
g. Continuing participants	78
h. New entrants	<u>12</u>
i. Total active life participants in valuation	90

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	18	1	1	2	9	31
Retired	0	0	0	0	0	0
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	5	5
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	(1)	0	(1)
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	(4)	(4)
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	18	1	1	1	10	31

SUMMARY OF PLAN PROVISIONS

<u>Eligibility</u>	Full-time employees who are classified as Police Officers or Firefighters participate as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Police Officer or Firefighter.
<u>Salary</u>	W-2 Compensation, excluding sick and vacation pay, but including tax-exempt, tax-deferred and tax-sheltered income.
<u>Average Final Compensation</u>	Average Salary for the 5 best years of the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	6.4% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, F.S. Minimum City contribution is 5.0% of Members' salaries.
<u>Normal Retirement</u>	
Date	Earlier of: 1) age 55 and 10 years of Credited Service, or 2) age 52 and 25 years of Credited Service.
Benefit	3.2% of Average Final Compensation <u>times</u> Credited Service
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 45 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year to age 50 and actuarially reduced from age 50 to age 45.
<u>Vesting</u>	
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 Early (reduced) or 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 for life (with 120 payments guaranteed) or until recovery (as determined by the Board). Optional forms of payment are available.

Death Benefits

Pre-Retirement	
Vested	Monthly accrued benefit payable to designated beneficiary for 10 years at otherwise Early (reduced) or Normal (unreduced) Retirement Date.
Non-Vested	Refund of accumulated contributions with interest.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Supplemental Benefit

Effective January 26, 2015. Retirees who meet the normal retirement requirements are entitled to a monthly supplemental benefit equal to \$85.00 payable as a 10-year certain & life annuity (or actuarially equivalent benefit).

Board of Trustees

Two Council appointees, one Member from each Department elected by the membership, and a fifth Member elected by other 4 and appointed by Council.

Deferred Retirement Option Plan

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

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	612,971
Cash	193
Total Cash and Equivalents	613,164
Receivables:	
Member Contributions in Transit	4,443
Member Contributions	72
City Contributions in Transit	1,874
State Contributions	87
Total Receivable	6,476
Investments:	
Fixed Income	5,134,576
Stocks	10,084,002
Mutual Funds:	
Real Estate	1,650,862
Total Investments	16,869,440
Total Assets	17,489,080
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	17,489,080

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

ADDITIONS

Contributions:

Member	267,931	
City	111,296	
State	300,086	
 Total Contributions		 679,313
 Investment Income:		
Net Increase in Fair Value of Investments	718,318	
Interest & Dividends	445,888	
Less Investment Expense ¹	(91,277)	
 Net Investment Income		 1,072,929
 Total Additions		 1,752,242

DEDUCTIONS

Distributions to Members:

Benefit Payments	544,621	
Lump Sum DROP Distributions	0	
Lump Sum Share Distributions	0	
Refunds of Member Contributions	74,111	
 Total Distributions		 618,732
 Administrative Expense		 47,835
 Total Deductions		 666,567
 Net Increase in Net Position		 1,085,675
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		16,403,405
 End of the Year		 17,489,080

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: Two Council appointees, one Member from each Department elected by the membership, and a fifth Member elected by other 4 and appointed by Council.

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	87
	118

Benefits Provided

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

Normal Retirement:

Date: Earlier of: 1) age 55 and 10 years of Credited Service, or 2) age 52 and 25 years of Credited Service.

Benefit: 3.2% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 45 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year to age 50 and actuarially reduced from age 50 to age 45.

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 Early (reduced) or 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 at otherwise Early (reduced) or Normal (unreduced) Retirement Date.

Non-Vested: Refund of accumulated contributions with interest.

Supplemental Benefit:

Effective January 26, 2015. Retirees who meet the normal retirement requirements are entitled to a monthly supplemental benefit equal to \$85.00 payable as a 10-year certain & life annuity (or actuarially equivalent benefit).

Contributions

Member Contributions: 6.40% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, F.S. Minimum City contribution is 5.0% of Members' salaries.

GASB 67

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	45%
International Equity	15%
Broad Market Fixed Income	25%
Global Fixed Income	5%
Real Estate	10%
<u>Total</u>	<u>100%</u>

Concentrations:

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

Rate of Return:

For the year ended September 30, 2016, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 6.60 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 more than 60 months.

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

The DROP balance as September 30, 2016 is \$166,103.

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	\$ 17,387,252
Plan Fiduciary Net Position	\$ (17,489,080)
Sponsor's Net Pension Liability	<u>\$ (101,828)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	100.59%

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	6.50%
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 29, 2016.

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

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

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

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

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.5%
International Equity	8.5%
Broad Market Fixed Income	2.5%
Global Fixed Income	3.5%
Real Estate	4.5%

GASB 67

Discount Rate:

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

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

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Sponsor's Net Pension Liability	\$ 2,121,170	\$ (101,828)	\$ (1,930,375)

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	675,767	650,319
Interest	1,205,985	1,207,893
Change in Excess State Money	(798,033)	102,691
Other	-	-
Share Plan Allocation	775,763	-
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	293,542	(1,131,354)
Changes of assumptions	337,452	-
Benefit Payments, including Refunds of Employee Contributions	(618,732)	(933,578)
Net Change in Total Pension Liability	<u>1,871,744</u>	<u>(104,029)</u>
Total Pension Liability - Beginning	<u>15,515,508</u>	<u>15,619,537</u>
Total Pension Liability - Ending (a)	<u>\$ 17,387,252</u>	<u>\$ 15,515,508</u>
Plan Fiduciary Net Position		
Contributions - Employer	111,296	429,649
Contributions - State	300,086	296,275
Contributions - Employee	267,931	255,354
Net Investment Income	1,072,929	(374,169)
Benefit Payments, including Refunds of Employee Contributions	(618,732)	(933,578)
Administrative Expense	(47,835)	(46,407)
Other	-	-
Net Change in Plan Fiduciary Net Position	<u>1,085,675</u>	<u>(372,876)</u>
Plan Fiduciary Net Position - Beginning	<u>16,403,405</u>	<u>16,776,281</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,489,080</u>	<u>\$ 16,403,405</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (101,828)</u>	<u>\$ (887,897)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	100.59%	105.72%
Covered Employee Payroll	\$ 4,186,426	\$ 3,989,908
Net Pension Liability as a percentage of Covered Employee Payroll	-2.43%	-22.25%

Notes to Schedule:*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 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	704,926	645,804
Interest	1,142,097	1,050,053
Change in Excess State Money	110,979	-
Other	36,400	-
Share Plan Allocation	-	-
Changes of benefit terms	102,466	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,079,145)</u>	<u>(334,643)</u>
Net Change in Total Pension Liability	1,017,723	1,361,214
Total Pension Liability - Beginning	<u>14,601,814</u>	<u>13,240,600</u>
Total Pension Liability - Ending (a)	<u>\$ 15,619,537</u>	<u>\$ 14,601,814</u>
Plan Fiduciary Net Position		
Contributions - Employer	576,763	746,119
Contributions - State	296,686	291,738
Contributions - Employee	235,503	264,486
Net Investment Income	1,512,913	1,596,346
Benefit Payments, including Refunds of Employee Contributions	(1,079,145)	(334,643)
Administrative Expense	(37,041)	(30,354)
Other	<u>(44,105)</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	1,461,574	2,533,692
Plan Fiduciary Net Position - Beginning	<u>15,314,707</u>	<u>12,781,015</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,776,281</u>	<u>\$ 15,314,707</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (1,156,744)</u>	<u>\$ (712,893)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	107.41%	104.88%
Covered Employee Payroll	\$ 3,701,314	\$ 4,132,599
Net Pension Liability as a percentage of Covered Employee Payroll	-31.25%	-17.25%

Notes to Schedule:*Changes of benefit terms:*

For measurement date 09/30/2014, amounts reported as changes of benefit terms resulted from a monthly supplemental benefit equal to \$85.00 payable as a 10-year certain & life annuity (or actuarially equivalent benefit) to all retirees on or after January 26, 2015 who meet the normal retirement requirements.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	322,355	542,628	762,470	929,835
From Excess State Money Reserve	102,941	-	-	-
Contributions in relation to the Actuarially Determined Contributions	330,709	623,233	762,470	929,835
Contribution Deficiency (Excess)	<u>\$ (111,295)</u>	<u>\$ (80,605)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 4,186,426	\$ 3,989,908	\$ 3,701,314	\$ 4,132,599
Contributions as a percentage of Covered Employee Payroll	7.90%	15.62%	20.60%	22.50%

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: Frozen Entry Age Actuarial Cost Method.
 Amortization Method: Level percentage of pay, closed.
 Remaining Amortization Period: 29 Years (as of 10/01/2014).
 Mortality: RP-2000 Mortality Table (Combined Healthy) with no projection. Disabled lives set forward 5 years.
 Interest Rate: 8% per year compounded annually, net of investment related expenses.
 Retirement Age: Earlier of age 55 and 10 years of service or age 52 and 25 years of service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
 Early Retirement: Commencing with the earliest Early Retirement Age (45), Members are assumed to retire with an immediate benefit at the rate of 5% per year.
 Disability Rates: See Table Below (1205). It is assumed that 75% of disablements and active Member deaths are service related.
 Termination Rates: See Table Below.
 Salary Increases: 6.5% per year until the assumed retirement age.
 Payroll Growth: 3.0% per year.
 Actuarial Asset 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	% Becoming
	During the	Disabled During
Age	Year	the Year
20	15.00%	0.14%
30	12.50%	0.18%
40	6.50%	0.30%
50	2.00%	1.00%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return				
Net of Investment Expense	6.60%	-2.25%	9.92%	12.04%

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: Two Council appointees, one Member from each Department elected by the membership, and a fifth Member elected by other 4 and appointed by Council.
Full-time employees who are classified as Police Officers or Firefighters participate as a condition of employment.

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	87
	118
	118

Benefits Provided

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

Normal Retirement:

Date: Earlier of: 1) age 55 and 10 years of Credited Service, or 2) age 52 and 25 years of Credited Service.

Benefit: 3.2% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 45 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year to age 50 and actuarially reduced from age 50 to age 45.

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 Early (reduced) or 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 at otherwise Early (reduced) or Normal (unreduced) Retirement Date.

Non-Vested: Refund of accumulated contributions with interest.

Supplemental Benefit:

Effective January 26, 2015. Retirees who meet the normal retirement requirements are entitled to a monthly supplemental benefit equal to \$85.00 payable as a 10-year certain & life annuity (or actuarially equivalent benefit).

Contributions

Member Contributions: 6.40% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, F.S. Minimum City contribution is 5.0% of Members' salaries.

GASB 68

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	6.50%
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 29, 2016.

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	45%	7.5%
International Equity	15%	8.5%
Broad Market Fixed Income	25%	2.5%
Global Fixed Income	5%	3.5%
Real Estate	10%	4.5%
Total	<u>100%</u>	

Discount Rate:

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2016	\$ 15,515,508	\$ 16,403,405	\$ (887,897)
Changes for a Year:			
Service Cost	675,767	-	675,767
Interest	1,205,985	-	1,205,985
Change in Excess State Money	(798,033)	-	(798,033)
Share Plan Allocation	775,763	-	775,763
Differences between Expected and Actual Experience	293,542	-	293,542
Changes of assumptions	337,452	-	337,452
Changes of benefit terms	-	-	-
Contributions - Employer	-	111,296	(111,296)
Contributions - State	-	300,086	(300,086)
Contributions - Employee	-	267,931	(267,931)
Net Investment Income	-	1,072,929	(1,072,929)
Benefit Payments, including Refunds of Employee Contributions	(618,732)	(618,732)	-
Administrative Expense	-	(47,835)	47,835
Net Changes	1,871,744	1,085,675	786,069
Reporting Period Ending September 30, 2017	\$ 17,387,252	\$ 17,489,080	\$ (101,828)

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	\$ 2,121,170	\$ (101,828)	\$ (1,930,375)

Pension Plan Fiduciary Net Position.

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

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

For the year ended September 30, 2016, the Sponsor has recognized a Pension Expense of \$506,902.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	-	942,795
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	1,200,243	-
Employer and State contributions subsequent to the measurement date	411,382	-
Total	<u>\$ 1,611,625</u>	<u>\$ 942,795</u>

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

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

Year ended September 30:	
2017	\$ 97,099
2018	\$ 97,101
2019	\$ 97,101
2020	\$ 154,706
2021	\$ (188,559)
Thereafter	\$ -

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

For the year ended September 30, 2017, the Sponsor will recognize a Pension Expense of \$576,838.

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	244,619	754,236
Changes of assumptions	281,210	-
Net difference between Projected and Actual Earnings on Pension Plan investments	1,106,468	-
Employer and State contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ 754,236

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		\$	250,236
2019		\$	250,238
2020		\$	307,843
2021		\$	(35,422)
2022		\$	105,166
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	675,767	650,319
Interest	1,205,985	1,207,893
Change in Excess State Money	(798,033)	102,691
Other	-	-
Share Plan Allocation	775,763	-
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	293,542	(1,131,354)
Changes of assumptions	337,452	-
Benefit Payments, including Refunds of Employee Contributions	<u>(618,732)</u>	<u>(933,578)</u>
Net Change in Total Pension Liability	1,871,744	(104,029)
Total Pension Liability - Beginning	15,515,508	15,619,537
Total Pension Liability - Ending (a)	<u>\$ 17,387,252</u>	<u>\$ 15,515,508</u>
Plan Fiduciary Net Position		
Contributions - Employer	111,296	429,649
Contributions - State	300,086	296,275
Contributions - Employee	267,931	255,354
Net Investment Income	1,072,929	(374,169)
Benefit Payments, including Refunds of Employee Contributions	(618,732)	(933,578)
Administrative Expense	(47,835)	(46,407)
Other	-	-
Net Change in Plan Fiduciary Net Position	<u>1,085,675</u>	<u>(372,876)</u>
Plan Fiduciary Net Position - Beginning	16,403,405	16,776,281
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,489,080</u>	<u>\$ 16,403,405</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (101,828)</u>	<u>\$ (887,897)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	100.59%	105.72%
Covered Employee Payroll	\$ 4,186,426	\$ 3,989,908
Net Pension Liability as a percentage of Covered Employee Payroll	-2.43%	-22.25%

Notes to Schedule:*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 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	704,926	645,804
Interest	1,142,097	1,050,053
Change in Excess State Money	110,979	-
Other	36,400	-
Share Plan Allocation	-	-
Changes of benefit terms	102,466	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,079,145)</u>	<u>(334,643)</u>
Net Change in Total Pension Liability	1,017,723	1,361,214
Total Pension Liability - Beginning	<u>14,601,814</u>	<u>13,240,600</u>
Total Pension Liability - Ending (a)	<u><u>\$ 15,619,537</u></u>	<u><u>\$ 14,601,814</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	576,763	746,119
Contributions - State	296,686	291,738
Contributions - Employee	235,503	264,486
Net Investment Income	1,512,913	1,596,346
Benefit Payments, including Refunds of Employee Contributions	<u>(1,079,145)</u>	<u>(334,643)</u>
Administrative Expense	<u>(37,041)</u>	<u>(30,354)</u>
Other	<u>(44,105)</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	1,461,574	2,533,692
Plan Fiduciary Net Position - Beginning	<u>15,314,707</u>	<u>12,781,015</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 16,776,281</u></u>	<u><u>\$ 15,314,707</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ (1,156,744)</u></u>	<u><u>\$ (712,893)</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	107.41%	104.88%
Covered Employee Payroll	\$ 3,701,314	\$ 4,132,599
Net Pension Liability as a percentage of Covered Employee Payroll	-31.25%	-17.25%

Notes to Schedule:*Changes of benefit terms:*

For measurement date 09/30/2014, amounts reported as changes of benefit terms resulted from a monthly supplemental benefit equal to \$85.00 payable as a 10-year certain & life annuity (or actuarially equivalent benefit) to all retirees on or after January 26, 2015 who meet the normal retirement requirements.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	322,355	542,628	762,470	929,835
From Excess State Money Reserve	102,941	-	-	-
Contributions in relation to the Actuarially Determined Contributions	330,709	623,233	762,470	929,835
Contribution Deficiency (Excess)	\$ (111,295)	\$ (80,605)	\$ -	\$ -
Covered Employee Payroll	\$ 4,186,426	\$ 3,989,908	\$ 3,701,314	\$ 4,132,599
Contributions as a percentage of Covered Employee Payroll	7.90%	15.62%	20.60%	22.50%

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: Frozen Entry Age Actuarial Cost Method.
 Amortization Method: Level percentage of pay, closed.
 Remaining Amortization Period: 29 Years (as of 10/01/2014).
 Mortality: RP-2000 Mortality Table (Combined Healthy) with no projection. Disabled lives set forward 5 years.
 Interest Rate: 8% per year compounded annually, net of investment related expenses.
 Retirement Age: Earlier of age 55 and 10 years of service or age 52 and 25 years of service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
 Early Retirement: Commencing with the earliest Early Retirement Age (45), Members are assumed to retire with an immediate benefit at the rate of 5% per year.
 Disability Rates: See Table Below (1205). It is assumed that 75% of disablements and active Member deaths are service related.
 Termination Rates: See Table Below.
 Salary Increases: 6.5% per year until the assumed retirement age.
 Payroll Growth: 3.0% per year.
 Actuarial Asset 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	Year	the Year
20	15.00%	0.14%
30	12.50%	0.18%
40	6.50%	0.30%
50	2.00%	1.00%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ (1,156,744)	\$ 230,421	\$ 725,924	\$ -
Employer and State contributions made after 09/30/2015	-	-	411,382	-
Total Pension Liability Factors:				
Service Cost	650,319	-	-	650,319
Interest	1,207,893	-	-	1,207,893
Change in Excess State Money	102,691	-	-	102,691
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(1,131,354)	1,131,354	-	-
Current year amortization of experience difference	-	(188,559)	-	(188,559)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(933,578)	-	-	(933,578)
Net change	(104,029)	942,795	411,382	838,766
Plan Fiduciary Net Position:				
Contributions - Employer	429,649	-	(429,649)	-
Contributions - State	296,275	-	(296,275)	-
Contributions - Employee	255,354	-	-	(255,354)
Projected Net Investment Income	1,342,154	-	-	(1,342,154)
Difference between projected and actual earnings on Pension Plan investments	(1,716,323)	-	1,716,323	-
Current year amortization	-	(57,605)	(343,264)	285,659
Benefit Payments	(933,578)	-	-	933,578
Administrative Expenses	(46,407)	-	-	46,407
Other	-	-	-	-
Net change	(372,876)	(57,605)	647,135	(331,864)
Ending Balance	\$ (887,897)	\$ 1,115,611	\$ 1,784,441	\$ 506,902

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (887,897)	\$ 1,115,611	\$ 1,784,441	\$ -
Employer and State Contributions made after 09/30/2016	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	675,767	-	-	675,767
Interest	1,205,985	-	-	1,205,985
Change in Excess State Money	(798,033)	-	-	(798,033)
Share Plan Allocation	775,763	-	-	775,763
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	293,542	-	293,542	-
Current year amortization of experience difference	-	(188,559)	(48,923)	(139,636)
Change in assumptions about future economic or demographic factors or other inputs	337,452	-	337,452	-
Current year amortization of change in assumptions	-	-	(56,242)	56,242
Benefit Payments	(618,732)	-	-	(618,732)
Net change	<u>1,871,744</u>	<u>(188,559)</u>	<u>525,829</u>	<u>1,157,356</u>
Plan Fiduciary Net Position:				
Contributions - Employer	111,296	-	(111,296)	-
Contributions - State	300,086	-	(300,086)	-
Contributions - Employee	267,931	-	-	(267,931)
Contributions - Buy Back	-	-	-	-
Projected Net Investment Income	1,312,782	-	-	(1,312,782)
Difference between projected and actual earnings on Pension Plan investments	(239,853)	-	239,853	-
Current year amortization	-	(57,606)	(391,234)	333,628
Benefit Payments	(618,732)	-	-	618,732
Administrative Expenses	(47,835)	-	-	47,835
Net change	<u>1,085,675</u>	<u>(57,606)</u>	<u>(562,763)</u>	<u>(580,518)</u>
Ending Balance	<u>\$ (101,828)</u>	<u>\$ 869,446</u>	<u>TBD</u>	<u>\$ 576,838</u>

* Employer and State Contributions subsequent to the measurement date made after September 30, 2016 but made on or before September 30, 2017 need to be added.

AMORTIZATION SCHEDULE - INVESTMENTS

Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on Pension Plan Investments

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2014	\$ (288,026)	5	\$ (57,606)	\$ (57,605)	\$ (57,605)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 1,716,323	5	\$ 343,264	\$ 343,265	\$ 343,265	\$ 343,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 239,853	5	\$ 47,970	\$ 47,970	\$ 47,971	\$ 47,971	\$ 47,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 333,628	\$ 333,630	\$ 333,631	\$ 391,236	\$ 47,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2016	\$ 337,452	6	\$ 56,242	\$ 56,242	\$ 56,242	\$ 56,242	\$ 56,242	\$ 56,242	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 56,242	\$ 56,242	\$ 56,242	\$ 56,242	\$ 56,242	\$ 56,242	\$ -	\$ -	\$ -	\$ -	\$ -

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)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2015	\$ (1,131,354)	6	\$ (188,559)	\$ (188,559)	\$ (188,559)	\$ (188,559)	\$ (188,559)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 293,542	6	\$ 48,923	\$ 48,923	\$ 48,924	\$ 48,924	\$ 48,924	\$ 48,924	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (139,636)	\$ (139,636)	\$ (139,635)	\$ (139,635)	\$ (139,635)	\$ 48,924	\$ -	\$ -	\$ -	\$ -	\$ -