

CITY OF BELLE GLADE RETIRED PUBLIC
SAFETY OFFICERS' TRUST FUND

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2016

CONTRIBUTIONS APPLICABLE TO THE PLAN/
FISCAL YEAR ENDED SEPTEMBER 30, 2017

December 22, 2016

Board of Trustees
City of Belle Glade
Retired Public Safety Officers' Trust Fund
110 Dr. Martin Luther King, Jr. Blvd., West
Belle Glade, FL 33430-3900

Re: City of Belle Glade
Retired Public Safety Officers' Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Belle Glade Retired Public Safety Officers' 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 Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City and the Board of Trustees, financial reports prepared by the Plan's 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 Belle Glade, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Belle Glade Retired Public Safety Officers' 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:



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 Belle Glade Retired Public Safety Officers' Trust Fund, performed as of October 1, 2016, has been completed and the results are presented in this Report. The contributions developed in the valuation apply to the City's fiscal year ended September 30, 2017.

Valuation Date	10/1/2016
Applicable Plan/Fiscal Year End	<u>9/30/2017</u>
Total Required Contribution	\$0

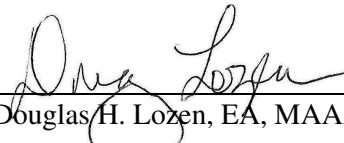
Experience during the last 12 months has been less favorable than expected, relative to the Plan's actuarial assumptions. The sources of unfavorable experience were lower than expected Retiree mortality and a 5.0% net-of-fees investment return (Market Value Basis), falling short of the 6.25% assumption.

The current assets in the Fund exceed all Retiree liabilities. Accordingly, these excess assets will be utilized for current and future Plan expenses.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Douglas H. Lozen, EA, MAAA

By: 
Sara E. Baumer

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

As a result of Chapter 2015-157, Florida Statutes, the assumed rate of mortality was changed from the RP-2000 Combined Healthy Table to the assumption used by the Florida Retirement System. This change is described in the Actuarial Assumptions and Methods section of this report and the impact on the funding requirements is disclosed in the Comparative Summary of Principal Valuation Results that follows.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
A. Participant Data			
Number Included			
Actives	0	0	0
Service Retirees	11	11	11
Beneficiaries	0	0	0
Disability Retirees	0	0	0
Terminated Vested	<u>4</u>	<u>4</u>	<u>4</u>
 Total	 15	 15	 15
 Total Annual Payroll	 \$0	 \$0	 \$0
Payroll Under Assumed Ret. Age	0	0	0
 Annual Rate of Payments to:			
Service Retirees	196,430	196,430	196,430
Beneficiaries	0	0	0
Disability Retirees	0	0	0
Terminated Vested	0	0	0
 B. Assets			
Actuarial Value	5,674,007	5,674,007	5,612,777
Market Value	5,674,007	5,674,007	5,612,777
 C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	0	0	0
Disability Benefits	0	0	0
Death Benefits	0	0	0
Vested Benefits	0	0	0
Refund of Contributions	0	0	0
Service Retirees	3,017,997	2,739,691	2,819,970
Beneficiaries	0	0	0
Disability Retirees	0	0	0
Terminated Vested	1,054	1,054	1,054
Plan Termination State Reserve	<u>989,768</u>	<u>1,093,520</u>	<u>1,040,766</u>
 Total	 4,008,819	 3,834,265	 3,861,790

C. Liabilities - (Continued)	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
Liabilities Due and Unpaid	0	0	0
Present Value of Future Salaries (Attained Age)	N/A	N/A	N/A
Present Value of Future Salaries (Entry Age)	N/A	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A	N/A
Present Value of Future Normal Costs (Entry Age)	N/A	N/A	N/A
Actuarial Accrued Liability (exclusive of Excess State Reserve)	3,019,051	2,740,745	2,821,024
Unfunded Actuarial Accrued Liability (UAAL)	N/A	N/A	N/A

D. Actuarial Present Value of Accrued Benefits

Vested Accrued Benefits			
Inactives	3,019,051	2,740,745	2,821,024
Actives	0	0	0
Member Contributions	<u>0</u>	<u>0</u>	<u>0</u>
Total	3,019,051	2,740,745	2,821,024
Non-vested Accrued Benefits	<u>0</u>	<u>0</u>	<u>0</u>
Total Present Value Accrued Benefits	3,019,051	2,740,745	2,821,024

Funded Ratio (MVA / PVAB)	187.9%	207.0%	199.0%
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Increase (Decrease) in Present Value of Accrued Benefits Attributable to:

Plan Amendments	0	0
Assumption Changes	278,306	0
New Accrued Benefits	0	(58,013)
Benefits Paid	0	(192,562)
Interest	0	170,296
Other	<u>0</u>	<u>0</u>
Total	278,306	(80,279)

Valuation Date	New Assump 10/1/2016	Old Assump 10/1/2016	10/1/2015
Applicable to Fiscal Year Ending	<u>9/30/2017</u>	<u>9/30/2017</u>	<u>9/30/2016</u>

E. Pension Cost

Normal Cost (with interest)	N/A	N/A	N/A
Payment Required to Amortize Unfunded Actuarial Accrued Liability	N/A	N/A	N/A
Total Required Contribution	0	0	0

Three-Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	5.0%	6.25%
Year Ended	9/30/2015	0.6%	6.25%
Year Ended	9/30/2014	10.7%	6.50%

STATEMENT BY ENROLLED ACTUARY

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



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

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

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

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

Interest Rate

6.25% per year compounded annually, net of investment related expenses.

Administrative Expenses

Covered with Plan assets that exceed Plan liabilities.

Cost-of-Living Increase

3% per year beginning at retirement (actual cost-of-living adjustment payable is based on the actual increase in the Consumer Price Index with a maximum of 3.0% and a minimum of 0.0%).

Asset Method

Fair Market Value, net of investment-related expenses.

Funding Method

Aggregate Actuarial Cost Method.

VALUATION NOTES

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to participants due a monthly benefit.

Aggregate Actuarial Cost Method is the method used to determine the required contributions under the Plan. In the event the Present Value of Benefits exceeds the Actuarial Value of Assets, the difference will be amortized over a period not to exceed the average expected future lifetime of the Plan's Retirees.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Prepaid Benefits	16,321.84	16,321.84
Money Market	68,500.00	68,500.00
Cash	244,693.12	244,693.12
 Total Cash and Equivalents	 329,514.96	 329,514.96
Receivables:		
Investment Income	20,375.22	20,375.22
 Total Receivable	 20,375.22	 20,375.22
Investments:		
U. S. Bonds and Bills	669,252.00	703,832.00
Federal Agency Guaranteed Securities	87,904.00	87,888.00
Corporate Bonds	1,271,009.12	1,295,829.64
Stocks	2,260,947.89	2,576,797.82
Mutual Funds:		
Fixed Income	653,262.00	659,769.00
 Total Investments	 4,942,375.01	 5,324,116.46
 Total Assets	 5,292,265.19	 5,674,006.64
 <u>LIABILITIES</u>		
 Total Liabilities	 0.00	 0.00
 NET POSITION RESTRICTED FOR PENSIONS	 5,292,265.19	 5,674,006.64

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

ADDITIONS

Total Contributions		0.00
Investment Income:		
Net Realized Gain (Loss)	35,978.50	
Unrealized Gain (Loss)	128,001.88	
Net Increase in Fair Value of Investments		163,980.38
Interest & Dividends		152,804.85
Less Investment Expense ¹		(44,080.12)
Net Investment Income		272,705.11
Total Additions		272,705.11

DEDUCTIONS

Distributions to Members:		
Benefit Payments	192,562.08	
Total Distributions		192,562.08
Administrative Expense		18,913.15
Total Deductions		211,475.23
Net Increase in Net Position		61,229.88
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		5,612,776.76
End of the Year		5,674,006.64
Actuarial Asset Rate of Return		5.0%
Actuarial Gain/(Loss) due to Investment Return		(71,619.52)

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

PLAN TERMINATION STATE ASSET REVERSION SCHEDULE

	Asset Transfer Dollars to PSO from Prior Police <u>and Fire Plans</u>	Asset Transfer <u>Percentages</u>	Plan Termination <u>State Reversion %</u>	Excess Asset Reversion to State at Plan <u>Termination</u>
Police	3,941,710.62	89.30%	35.00%	31.25%
Fire	<u>472,494.07</u>	<u>10.70%</u>	56.29%	<u>6.03%</u>
	4,414,204.69	100.00%		<u>37.28%</u>

STATISTICAL DATA

10/1/2013 10/1/2014 10/1/2015 10/1/2016

Retirees (Including Prior Vested Terminated Members who entered pay status)

Number	12	12	11	11
Average Current Age	65.9	66.9	67.9	68.9
Average Annual Benefit	\$18,270	\$18,177	\$17,857	\$17,857

LIST OF RETIREES

Members Currently Receiving Benefits

<u>Name</u>	<u>Form of Payment</u>	<u>Retirement Date</u>
Akin, B	Life Only	1/1/1994
Bullock, W	100% Joint & Survivor	1/1/1994
Crist, Dan	100% Joint & Survivor	9/1/2004
Davis, Daniel	66.6% Joint & Survivor	5/1/1991
Farnall, G	10 Year Certain & Life	11/1/1993
Fullenwider	100% Joint & Survivor	10/1/2007
Miner, Wayne	Life Only	8/1/2004
Murray, F	100% Joint & Survivor	1/1/1994
Murray, T.	100% Joint & Survivor	3/1/2004
Shunk, R	100% Joint & Survivor	1/1/1994
Tuliano, Anthony	50% Joint % Survivor	2/1/2010

Terminated Vested Members Eligible for Future Benefits

<u>Name</u>	<u>Retirement Date</u>
None	N/A

Other Terminated Members Entitled to Lump Sum Refunds

<u>Name</u>	<u>Amount</u>
Berryhill, Tony	\$200
Blackman, Victor	659
Mordechay, Nir	111
Rose, Louis	84

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Prepaid Benefits	16,322
Money Market	68,500
Cash	244,693
 Total Cash and Equivalents	 329,515
Receivables:	
Investment Income	20,375
 Total Receivable	 20,375
Investments:	
U. S. Bonds and Bills	703,832
Federal Agency Guaranteed Securities	87,888
Corporate Bonds	1,295,830
Stocks	2,576,798
Mutual Funds:	
Fixed Income	659,769
 Total Investments	 5,324,117
 Total Assets	 5,674,007
 Total Liabilities	 0
 NET POSITION RESTRICTED FOR PENSIONS	 5,674,007

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

ADDITIONS

Total Contributions		0
Investment Income:		
Net Increase in Fair Value of Investments	163,980	
Interest & Dividends	152,805	
Less Investment Expense ¹	(44,080)	
Net Investment Income		272,705
Total Additions		272,705

DEDUCTIONS

Distributions to Members:		
Benefit Payments	192,562	
Total Distributions		192,562
Administrative Expense		18,913
Total Deductions		211,475
Net Increase in Net Position		61,230
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		5,612,777
End of the Year		5,674,007

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

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

Plan Description

Plan Administration

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

- a. Two Council appointees,
- b. Two Members of the Plan elected by the membership,
- c. Fifth Member elected by the other four and appointed by Council (as a ministerial duty).

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	11
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	4
Active Plan Members	-
	15
	15

Benefits Provided

The Plan provides retirement, disability and death benefits.

Normal Retirement:

Retirement benefits are calculated as 3.00% of Average Final Compensation times Credited Service.

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

Early Retirement:

Eligibility: 6 Years of Credited Service.

Accrued benefit, reduced 3.00% for each of the first 5 years and 5.00% for each additional year prior to Normal Retirement.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 6 years of Credited Service.

Benefit accrued to date of disability but not less than 65.00% of Average Final Compensation (Service Incurred), or 25.00% of Average Final Compensation (Non-Service Incurred).

Death Benefits Pre-Retirement:

Vested: Joint annuitant receives (at their election) either: 1) refund of member contributions, or 2) an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity. Joint annuitant is a spouse, dependent child, or any person receiving 50% or more of their support from the member.

Non-Vested: Refund of member contributions.

Death Post-Retirement:

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

Cost-of-Living Adjustments:

Each July 1 following retirement the monthly benefit amount is increased 3%.

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.

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%
Broad Market Fixed Income	45%
TIPS	5%
Cash	5%
<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 4.95 percent.

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

NET PENSION LIABILITY OF THE SPONSOR

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

Total Pension Liability	\$ 4,192,499
Plan Fiduciary Net Position	\$ (5,674,007)
Sponsor's Net Pension Liability	<u>\$ (1,481,508)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	135.34%

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	N/A
Discount Rate	6.25%
Investment Rate of Return	6.25%

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

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

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

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

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

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.5%
Broad Market Fixed Income	2.5%
TIPS	2.5%
Cash	0.0%

GASB 67

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 6.25 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	Current Discount Rate	1% Increase
	5.25%	6.25%	7.25%
Sponsor's Net Pension Liability	\$ (1,134,167)	\$ (1,481,508)	\$ (1,769,876)

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	-	-	-
Interest	251,764	187,913	197,370
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(279,133)	43,007	-
Changes of assumptions	287,927	-	-
Benefit Payments, including Refunds of Employee Contributions	(192,562)	(208,166)	(213,861)
Net Change in Total Pension Liability	67,996	22,754	(16,491)
Total Pension Liability - Beginning	4,124,503	4,101,749	4,118,240
Total Pension Liability - Ending (a)	<u>\$ 4,192,499</u>	<u>\$ 4,124,503</u>	<u>\$ 4,101,749</u>
Plan Fiduciary Net Position			
Net Investment Income	272,705	31,354	574,460
Benefit Payments, including Refunds of Employee Contributions	(192,562)	(208,166)	(213,861)
Administrative Expense	(18,913)	(20,000)	(24,231)
Net Change in Plan Fiduciary Net Position	61,230	(196,812)	336,368
Plan Fiduciary Net Position - Beginning	5,612,777	5,809,589	5,473,221
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,674,007</u>	<u>\$ 5,612,777</u>	<u>\$ 5,809,589</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (1,481,508)</u>	<u>\$ (1,488,274)</u>	<u>\$ (1,707,840)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	135.34%	136.08%	141.64%
Covered Employee Payroll	N/A	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	N/A	N/A

Changes of assumptions:

For year ending 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System 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	-	-	-
Contributions in relation to the Actuarially			
Determined Contributions	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	N/A	N/A	N/A
Contributions as a percentage of Covered			
Employee Payroll	N/A	N/A	N/A

Notes to Schedule

Valuation Date: 10/01/2015
 Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Aggregate Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Asset Valuation Method:	Fair Market Value, net of investment-related expenses.
Cost-of-Living Increase:	3% per year beginning at retirement.
Investment Rate of Return:	6.25% per year compounded annually, net of investment related expenses.
Mortality:	RP 2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. Based upon other studies of municipal Police Officers and Firefighters, we feel this assumption sufficiently accommodates future mortality improvements.

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	4.95%	0.55%	10.73%

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 Council appointees,
- b. Two Members of the Plan elected by the membership,
- c. Fifth Member elected by the other four and appointed by Council (as a ministerial duty).

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	11
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	4
Active Plan Members	-
	15
	15

Benefits Provided

The Plan provides retirement, disability and death benefits.

Normal Retirement:

Retirement benefits are calculated as 3.00% of Average Final Compensation times Credited Service.

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

Early Retirement:

Eligibility: 6 Years of Credited Service.

Accrued benefit, reduced 3.00% for each of the first 5 years and 5.00% for each additional year prior to Normal Retirement.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 6 years of Credited Service.

Benefit accrued to date of disability but not less than 65.00% of Average Final Compensation (Service Incurred), or 25.00% of Average Final Compensation (Non-Service Incurred).

Death Benefits Pre-Retirement:

Vested: Joint annuitant receives (at their election) either: 1) refund of member contributions, or 2) an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity. Joint annuitant is a spouse, dependent child, or any person receiving 50% or more of their support from the member.

Non-Vested: Refund of member contributions.

Death Post-Retirement:

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

Cost-of-Living Adjustments:

Each July 1 following retirement the monthly benefit amount is increased 3%.

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.

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	N/A
Discount Rate	6.25%
Investment Rate of Return	6.25%

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

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

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	45%	7.5%
Broad Market Fixed Income	45%	2.5%
TIPS	5%	2.5%
Cash	5%	0.0%
Total	100%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 6.25 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	\$ 4,124,503	\$ 5,612,777	\$ (1,488,274)
Changes for a Year:			
Service Cost	-	-	-
Interest	251,764	-	251,764
Differences between Expected and Actual Experience	(279,133)	-	(279,133)
Changes of assumptions	287,927	-	287,927
Changes of benefit terms	-	-	-
Net Investment Income	-	272,705	(272,705)
Benefit Payments, including Refunds of Employee Contributions	(192,562)	(192,562)	-
Administrative Expense	-	(18,913)	18,913
Net Changes	67,996	61,230	6,766
Reporting Period Ending September 30, 2017	\$ 4,192,499	\$ 5,674,007	\$ (1,481,508)

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	5.25%	6.25%	7.25%
Sponsor's Net Pension Liability	\$ (1,134,167)	\$ (1,481,508)	\$ (1,769,876)

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 -\$33,464.

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	-	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	156,027	-
Employer and State contributions subsequent to the measurement date	TBD	
Total	TBD	\$ -

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.

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	\$	31,255
2019	\$	31,255
2020	\$	79,220
2021	\$	14,297
2022	\$	-
Thereafter	\$	-

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

Reporting Period Ending	09/30/2017	09/30/2016	09/30/2015
Measurement Date	09/30/2016	09/30/2015	09/30/2014
Total Pension Liability			
Service Cost	-	-	-
Interest	251,764	187,913	197,370
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(279,133)	43,007	-
Changes of assumptions	287,927	-	-
Benefit Payments, including Refunds of Employee Contributions	(192,562)	(208,166)	(213,861)
Net Change in Total Pension Liability	67,996	22,754	(16,491)
Total Pension Liability - Beginning	4,124,503	4,101,749	4,118,240
Total Pension Liability - Ending (a)	<u>\$ 4,192,499</u>	<u>\$ 4,124,503</u>	<u>\$ 4,101,749</u>
Plan Fiduciary Net Position			
Net Investment Income	272,705	31,354	574,460
Benefit Payments, including Refunds of Employee Contributions	(192,562)	(208,166)	(213,861)
Administrative Expense	(18,913)	(20,000)	(24,231)
Net Change in Plan Fiduciary Net Position	61,230	(196,812)	336,368
Plan Fiduciary Net Position - Beginning	5,612,777	5,809,589	5,473,221
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,674,007</u>	<u>\$ 5,612,777</u>	<u>\$ 5,809,589</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (1,481,508)</u>	<u>\$ (1,488,274)</u>	<u>\$ (1,707,840)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	135.34%	136.08%	141.64%
Covered Employee Payroll	N/A	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	N/A	N/A

Changes of assumptions:

For Reporting Period Ending 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System 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 Contributions in relation to the Actuarially Determined Contributions	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll Contributions as a percentage of Covered Employee Payroll	N/A	N/A	N/A
	N/A	N/A	N/A

Notes to Schedule

Valuation Date: 10/01/2015

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Aggregate Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Asset Valuation Method:	Fair Market Value, net of investment-related expenses.
Cost-of-Living Increase:	3% per year beginning at retirement.
Investment Rate of Return:	6.25% per year compounded annually, net of investment related expenses.
Mortality:	RP 2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. Based upon other studies of municipal Police Officers and Firefighters, we feel this assumption sufficiently accommodates future mortality improvements.

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (1,707,840)	\$ 191,859	\$ -	\$ -
Employer and State contributions made after 09/30/2015	-	-	-	-
Total Pension Liability Factors:				
Service Cost	-	-	-	-
Interest	187,913	-	-	187,913
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	43,007	-	43,007	-
Current year amortization of experience difference	-	-	(43,007)	43,007
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(208,166)	-	-	(208,166)
Net change	<u>22,754</u>	<u>-</u>	<u>-</u>	<u>22,754</u>
Plan Fiduciary Net Position:				
Net Investment Income	355,969	-	-	(355,969)
Difference between projected and actual earnings on Pension Plan investments	(324,615)	-	324,615	-
Current year amortization	-	(47,964)	(64,923)	16,959
Benefit Payments	(208,166)	-	-	208,166
Administrative Expenses	(20,000)	-	-	20,000
Net change	<u>(196,812)</u>	<u>(47,964)</u>	<u>259,692</u>	<u>(110,844)</u>
Ending Balance	<u><u>\$ (1,488,274)</u></u>	<u><u>\$ 143,895</u></u>	<u><u>\$ 259,692</u></u>	<u><u>\$ (88,090)</u></u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (1,488,274)	\$ 143,895	\$ 259,692	\$ -
Employer and State contributions made after 09/30/2016	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	-	-	-	-
Interest	251,764	-	-	251,764
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(279,133)	279,133	-	-
Current year amortization of experience difference	-	(279,133)	-	(279,133)
Change in assumptions about future economic or demographic factors or other inputs	287,927	-	287,927	-
Current year amortization of change in assumptions	-	-	(287,927)	287,927
Benefit Payments	(192,562)	-	-	(192,562)
Net change	<u>67,996</u>	<u>-</u>	<u>-</u>	<u>67,996</u>
Plan Fiduciary Net Position:				
Net Investment Income	344,190	-	-	(344,190)
Difference between projected and actual earnings on Pension Plan investments	(71,485)	-	71,485	-
Current year amortization	-	(47,965)	(79,220)	31,255
Benefit Payments	(192,562)	-	-	192,562
Administrative Expenses	(18,913)	-	-	18,913
Net change	<u>61,230</u>	<u>(47,965)</u>	<u>(7,735)</u>	<u>(101,460)</u>
Ending Balance	<u>\$ (1,481,508)</u>	<u>\$ 95,930</u>	<u>TBD</u>	<u>\$ (33,464)</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 - INVESTMENT

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

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ (239,824)	5	\$ (47,964)	\$ (47,965)	\$ (47,965)	\$ (47,965)	\$ (47,965)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 324,615	5	\$ -	\$ 64,923	\$ 64,923	\$ 64,923	\$ 64,923	\$ 64,923	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 71,485	5	\$ -	\$ -	\$ 14,297	\$ 14,297	\$ 14,297	\$ 14,297	\$ 14,297	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (47,964)	\$ 16,958	\$ 31,255	\$ 31,255	\$ 31,255	\$ 79,220	\$ 14,297	\$ -	\$ -	\$ -	\$ -

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	\$ -	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ -	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 287,927	1	\$ -	\$ -	\$ 287,927	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ -	\$ 287,927	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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	\$ -	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 43,007	1	\$ -	\$ 43,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (279,133)	1	\$ -	\$ -	\$ (279,133)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ 43,007	\$ (279,133)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -