

CITY OF HAINES CITY
MUNICIPAL POLICE OFFICERS'
RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2016

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



March 14, 2017

City of Haines City
Municipal Police Officers' Pension Board
Post Office Box 1507
Haines City, FL 33845-1507

Re: Municipal Police Officers' Retirement Trust Fund

Dear Board:

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

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

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

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


To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Haines City, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Haines City Municipal Police Officers' Retirement 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:



Patrick T. Donlan, A.S.A., M.A.A.A.
Enrolled Actuary #14-6595

PTD/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Haines City Municipal Police Officers' Retirement Trust Fund, performed as of October 1, 2016, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2018.

The contribution requirements developed in this valuation, compared with amounts set forth in the May 31, 2016 Actuarial Impact Statement (determined as of October 1, 2015), 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	32.6%	30.3%
Member Contributions (Est.) % of Total Annual Payroll	9.0%	9.0%
City and State Required Contribution % of Total Annual Payroll	23.6%	21.3%
State Contribution ¹ % of Total Annual Payroll	124,637 5.5%	124,637 5.5%
Balance from City % of Total Annual Payroll	18.1%	15.8%


¹ Reflects the mutual consent agreement between the City and the membership. The City will be able to utilize annual state contributions up to \$109,171.02 to offset their funding requirements. State contributions received in excess of \$109,171.02 will be split 50/50 between the City and the Excess State Monies Reserve.

The required contribution from the combination of City and State sources for the fiscal year ending September 30, 2017, is 21.3% of the actual pensionable payroll realized in that year. As a budgeting tool, the City may contribute 15.8% of each Member's salary and then make a one-time adjustment to account for the allowable State Monies received. The City and State requirement for fiscal 2018 will be 23.6% of actual payroll in that year. Please note that the City has a prepaid contribution of \$41,464.35 that may be used to help offset their fiscal 2017 requirement.

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: 
Drew D. Ballard, EA, MAAA

By: 
Patrick T. Donlan, EA, ASA, MAAA

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2015	17.5%
(2) Summary of Contribution Impact by component:	
Change in Available State Money	-1.7%
Investment Return (Actuarial Asset Basis)	-0.8%
Salary Increases	-0.3%
Change in Normal Cost Rate	0.1%
Change in Administrative Expense Percentage	0.4%
Payroll Change Effect on UAAL Amortization	1.3%
Active Decrements	-0.7%
Inactive Mortality	0.1%
Assumption Change	1.7%
Other	<u>0.5%</u>
Total Change in Contribution	0.6%
(3) Contribution Determined as of October 1, 2016	18.1%

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation. However, there was a mutual consent agreement between the City and plan membership which resulted in allocating one-half (1/2) of the Excess State Monies Reserve to help pay down the Unfunded Actuarial Accrued Liability.

The impact of this change is illustrated in our Actuarial Impact Statement dated May 31, 2016.

Actuarial Assumption/Method Changes

There have been two assumption changes made in conjunction with this valuation, as outlined below:

- The payroll growth assumption has been lowered from 3.00% to 2.45% per year in order to comply with Part VII of Chapter 112, Florida Statutes.
- 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	44	44	50
Service Retirees	15	15	14
Beneficiaries	2	2	1
Disability Retirees	1	1	1
Terminated Vested	<u>13</u>	<u>13</u>	<u>11</u>
Total	75	75	77
Total Annual Payroll	\$2,258,557	\$2,258,557	\$2,437,672
Payroll Under Assumed Ret. Age	2,258,557	2,258,557	2,437,672
Annual Rate of Payments to:			
Service Retirees	523,750	523,750	435,777
Beneficiaries	17,198	17,198	6,182
Disability Retirees	11,313	11,313	11,313
Terminated Vested	80,021	80,021	30,362
B. Assets			
Actuarial Value (AVA)	8,897,313	8,897,313	8,103,013
Market Value (MVA)	8,648,924	8,648,924	7,852,058
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	4,772,245	4,690,226	5,740,058
Disability Benefits	170,685	182,428	199,472
Death Benefits	81,965	39,725	44,289
Vested Benefits	1,218,076	1,217,200	1,315,936
Refund of Contributions	285,480	286,732	307,007
Service Retirees	5,841,997	5,620,975	4,635,690
Beneficiaries	162,899	151,450	37,881
Disability Retirees	60,250	52,188	54,889
Terminated Vested	624,535	619,528	297,497
Excess State Monies Reserve	<u>67,478</u>	<u>67,478</u>	<u>52,013</u>
Total	13,285,610	12,927,930	12,684,732

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	14,695,120	14,822,162	15,937,866
Present Value of Future Member Contributions	1,322,561	1,333,995	1,434,408
Normal Cost (Retirement)	215,655	213,149	223,931
Normal Cost (Disability)	16,167	17,247	17,884
Normal Cost (Death)	5,095	2,446	2,533
Normal Cost (Vesting)	65,186	65,140	76,385
Normal Cost (Refunds)	<u>50,328</u>	<u>50,462</u>	<u>51,956</u>
Total Normal Cost	352,431	348,444	372,689
Present Value of Future Normal Costs	2,036,931	2,030,171	2,205,806
Accrued Liability (Retirement)	3,494,092	3,414,639	4,345,501
Accrued Liability (Disability)	79,141	83,339	91,833
Accrued Liability (Death)	52,042	25,411	28,899
Accrued Liability (Vesting)	774,140	770,549	844,569
Accrued Liability (Refunds)	92,105	92,202	90,154
Accrued Liability (Inactives)	6,689,681	6,444,141	5,025,957
Excess State Monies Reserve	<u>67,478</u>	<u>67,478</u>	<u>52,013</u>
Total Actuarial Accrued Liability (AL)	11,248,679	10,897,759	10,478,926
Unfunded Actuarial Accrued Liability (UAAL)	2,351,366	2,000,446	2,375,913
Funded Ratio (AVA / AL)	79.1%	81.6%	77.3%

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	6,689,681	6,444,141	5,025,957
Actives	1,389,920	1,332,436	2,190,717
Member Contributions	<u>1,218,803</u>	<u>1,218,803</u>	<u>1,340,243</u>
Total	9,298,404	8,995,380	8,556,917
Non-vested Accrued Benefits	<u>395,298</u>	<u>387,118</u>	<u>306,027</u>
Total Present Value Accrued Benefits (PVAB)	9,693,702	9,382,498	8,862,944
Funded Ratio (MVA / PVAB)	89.2%	92.2%	88.6%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	311,204	0	
New Accrued Benefits	0	559,508	
Benefits Paid	0	(679,205)	
Interest	0	639,251	
Other	<u>0</u>	<u>0</u>	
Total	311,204	519,554	

	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 ¹	16.2	16.0	15.9
Administrative Expenses (with interest) % of Total Annual Payroll ¹	1.9	1.9	1.5
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 27 years (as of 10/1/2016, with interest) % of Total Annual Payroll ¹	14.5	13.0	12.9
Total Required Contribution % of Total Annual Payroll ¹	32.6	30.9	30.3
Expected Member Contributions % of Total Annual Payroll ¹	9.0	9.0	9.0
Expected City and State Contribution % of Total Annual Payroll ¹	23.6	21.9	21.3

F. Past Contributions

Plan Years Ending:	<u>9/30/2016</u>
Total Required Contribution	752,856
City and State Requirement	529,235
Actual Contributions Made:	
Members (excluding buyback)	223,621
City	404,599
State	<u>124,637</u> ²
Total	752,857

G. Net Actuarial (Gain)/Loss (209,142)

¹ Contributions developed as of 10/1/2016 are expressed as a percentage of total annual payroll at 10/1/2016 of \$2,258,557.

² Reflects mutual consent agreement between City and plan membership.

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	2,351,366
2017	2,188,755
2018	2,005,643
2024	1,398,054
2031	632,069
2037	7,598
2043	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	8.73%	6.15%
Year Ended	9/30/2015	7.87%	5.96%
Year Ended	9/30/2014	2.23%	7.00%

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

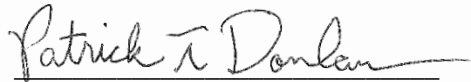
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	9.18%	7.50%
Year Ended	9/30/2015	6.43%	7.50%
Year Ended	9/30/2014	8.94%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	\$2,258,557
	10/1/2006	1,773,616
(b) Total Increase		27.34%
(c) Number of Years		10.00
(d) Average Annual Rate		2.45%

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.



Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #14-6595

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	\$2,375,913
(2) Sponsor Normal Cost developed as of October 1, 2015	153,299
(3) Expected administrative expenses for the year ended September 30, 2016	34,983
(4) Expected interest on (1), (2) and (3)	191,003
(5) Sponsor contributions to the System during the year ended September 30, 2016	529,235
(6) Expected interest on (5)	16,375
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	2,209,588
(8) Change to UAAL due to Assumption Change	350,920
(9) Change to UAAL due to Actuarial (Gain)/Loss	(209,142)
(10) Unfunded Actuarial Accrued Liability as of October 1, 2016	2,351,366

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2016 Amount</u>	<u>Amortization Amount</u>
Method	10/1/1993	7	(\$563)	(\$92)
Assumption	10/1/1994	8	53,755	7,904
Method	10/1/1995	9	(78,923)	(10,549)
Benefit	10/1/1997	11	216,313	24,726
Method	10/1/2004	18	842,784	68,331
Prior Losses	10/1/2004	12	735,602	78,780
Gain	10/1/2005	12	(114,129)	(12,223)
Loss	10/1/2006	12	147,257	15,771
Gain	10/1/2007	12	(534,228)	(57,214)
Assumption	10/1/2007	21	558,747	41,275
Loss	10/1/2008	2	104,598	53,557
Method	10/1/2008	12	261,218	27,976
Loss	10/1/2009	3	122,137	42,686
Benefit Change	10/1/2009	23	37,913	2,661
Loss	10/1/2010	4	24,022	6,446
Benefit Change	10/1/2010	24	(19,958)	(1,369)
Loss	10/1/2011	5	56,240	12,356
Loss	10/1/2012	6	423,643	79,364
Benefit Change	10/1/2012	26	11,332	746

Gain	10/1/2013	7	(123,340)	(20,262)
Benefit Change	10/1/2013	27	(310)	(20)
Gain	10/1/2014	8	(228,498)	(33,597)
Assumptions	10/1/2014	18	(481,946)	(39,075)
Reserve Allocation	10/1/2015	9	(48,748)	(6,516)
Loss	10/1/2015	9	244,670	32,702
Assumption	10/1/2016	20	350,920	26,675
Actuarial Gain	10/1/2016	10	<u>(209,142)</u>	<u>(25,724)</u>
			2,351,366	315,315

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2015	\$2,375,913
(2) Expected UAAL as of October 1, 2016	2,209,588
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(136,594)
Salary Increases	(55,442)
Active Decrements	(123,398)
Inactive Mortality	24,651
Other	<u>81,641</u>
Increase in UAAL due to (Gain)/Loss	(209,142)
Assumption Changes	<u>350,920</u>
(4) Actual UAAL as of October 1, 2016	\$2,351,366

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rates

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

7.50% 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 56 and 11 years of service, or Age 53 and 26 years of service. Also, any member who reached Normal Retirement is assumed to continue employment for one additional year. This assumption was evaluated and amended in conjunction with an actuarial experience study dated May 21, 2008.

Early Retirement

Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5.00% per year. This assumption was evaluated and amended in conjunction with an actuarial experience study dated May 21, 2008.

Disability Rate

Members are assumed to become disabled at varying rates based on age. Sample rates are as follows:

<u>Age</u>	<u>Probability</u>
20	0.051%
30	0.058%
40	0.121%
50	0.429%

Additionally, it is assumed that 75% of disablements are service related. The assumed rates of disablement were developed from those used by other plans containing Florida municipal Police Officers.

Termination Rate

Members are assumed to terminate employment prior to retirement as follows:

<u>Age</u>	<u>Probability</u>
Before Age 40	12.0%
Age 40 and Above	7.0%

This assumption was evaluated and amended in conjunction with an actuarial experience study dated September 9, 2014.

Salary Increases

<u>Service</u>	<u>Increase</u>
First Year	10.0%
Years 2 to 15	5.5%
Greater than 15 Years	4.0%

This assumption was evaluated and amended in conjunction with an actuarial experience study dated September 9, 2014.

Additionally, projected salary at retirement is increased based on individual accruals to account for non-regular compensation.

Administrative Expenses

\$41,206 annually, based on prior year's actual expenses.

Payroll Increase

2.45% (previously 3.00%) per year. This is in compliance with Part VII of Chapter 112, Florida Statutes.

Funding Method

Entry Age Normal Actuarial Cost Method.

Actuarial Asset Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 5-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value.

VALUATION NOTES

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

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

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

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

(a) The normal cost accrual rate equals

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

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

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

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

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

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1994	46,866.00	_____%
1995	51,768.00	10.5%
1996	55,513.00	7.2%
1997	62,680.00	12.9%
1998	64,077.42	2.2%
1999	67,304.18	5.0%
2000	64,419.89	-4.3%
2001	67,521.55	4.8%
2002	71,279.20	5.6%
2003	81,824.19	14.8%
2004	108,506.38	32.6%
2005	106,594.33	-1.8%
2006	106,594.33	0.0%
2007	106,594.33	0.0%
2008	106,594.33	0.0%
2009	104,757.47	-1.7%
2010	100,183.71	-4.4%
2011	100,337.62	0.2%
2012	101,723.02	1.4%
2013	109,171.02	7.3%
2014	117,527.44	7.7%
2015	123,637.48	5.2%
2016	140,102.10	13.3%

EXCESS STATE MONIES RESERVE

	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u> ¹	<u>Excess State Monies Reserve</u>
1998	\$64,077.42	\$64,077.42	\$0.00
1999	67,304.18	64,077.42	3,226.76
2000	64,419.89	64,077.42	342.47
2001	67,521.55	64,077.42	3,444.13
2002	71,279.20	64,077.42	7,201.78
2003	81,824.19	64,077.42	17,746.77
2004	108,506.38	64,077.42	44,428.96
2005	106,594.33	82,877.42	23,716.91
2006	106,594.33	82,877.42	23,716.91
2007	106,594.33	82,877.42	23,716.91
2008	106,594.33	82,877.42	23,716.91
2009	104,757.47	82,877.42	21,880.05
2010	100,183.71	82,877.42	17,306.29
2011	100,337.62	93,135.42	7,202.20
2012	101,723.02	93,135.42	8,587.60
2013	109,171.02	93,135.42	16,035.60
2014	117,527.44	93,135.42	24,392.02
2015	123,637.48	93,135.42	30,502.06
2016	140,102.10	124,636.56	<u>15,465.54</u>
Total Excess State Monies			312,629.87
Less amounts used in funding Ord. No. 05-1198 (3.2% BR)			(76,390.87)
Less amounts used in funding 3.35% BR			(116,748)
Less amounts used to pay down UAAL by Mutual Co			<u>(52,012.89)</u>
Equals Current State Monies Reserve			\$67,478.42

¹ Beginning in 2016, the "Frozen" amount reflects the mutual consent agreement between the City and the membership. Any state contributions received in excess of \$109,171.02 are split 50/50 between the City and the Excess State Monies Reserve.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	289,867.59	289,867.59
Total Cash and Equivalents	289,867.59	289,867.59
Receivables:		
Member Contributions in Transit	7,887.50	7,887.50
City Contributions in Transit	14,986.18	14,986.18
Investment Income	20,440.80	20,440.80
Total Receivable	43,314.48	43,314.48
Investments:		
U. S. Bonds and Bills	295,693.89	302,132.33
Federal Agency Guaranteed Securities	126,538.53	129,740.93
Corporate Bonds	1,890,058.43	1,930,369.22
Municipal Obligations	52,491.50	54,008.25
Stocks	2,613,386.59	2,693,762.13
Mutual Funds:		
Fixed Income	701,055.30	849,639.72
Equity	2,138,350.97	2,400,069.66
Total Investments	7,817,575.21	8,359,722.24
Total Assets	8,150,757.28	8,692,904.31
<u>LIABILITIES</u>		
Payables:		
Refunds (prior)	2,515.54	2,515.54
Prepaid City Contribution	41,464.35	41,464.35
Total Liabilities	43,979.89	43,979.89
NET POSITION RESTRICTED FOR PENSIONS	8,106,777.39	8,648,924.42

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

ADDITIONS

Contributions:			
Member		223,620.52	
City		404,598.67	
State		140,102.10	
Total Contributions			768,321.29
Investment Income:			
Net Realized Gain (Loss)	100,345.94		
Unrealized Gain (Loss)	393,853.97		
Net Increase in Fair Value of Investments		494,199.91	
Interest & Dividends		301,336.95	
Less Investment Expense ¹		(46,580.77)	
Net Investment Income			748,956.09
Total Additions			1,517,277.38

DEDUCTIONS

Distributions to Members:			
Benefit Payments		499,016.88	
Lump Sum PLOP Distributions		97,780.95	
Refunds of Member Contributions		82,407.10	
Total Distributions			679,204.93
Administrative Expense			41,205.69
Total Deductions			720,410.62
Net Increase in Net Position			796,866.76
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			7,852,057.66
End of the Year			8,648,924.42

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 five 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	
09/30/2012	15.98%	
09/30/2013	16.62%	
09/30/2014	8.76%	
09/30/2015	-3.69%	
09/30/2016	9.52%	
Annualized Rate of Return for prior five (5) years:		9.18%
(A) 10/01/2015 Actuarial Assets:		\$8,103,013.05
(I) Net Investment Income:		
1. Interest and Dividends	301,336.95	
2. Realized Gains (Losses)	100,345.94	
3. Change in Actuarial Value	391,287.35	
4. Investment Related Expenses	(46,580.77)	
Total		746,389.47
(B) 10/01/2016 Actuarial Assets:		\$8,897,313.19
Actuarial Asset Rate of Return = 2I/(A+B-I):		9.18%
10/01/2016 Limited Actuarial Assets:		\$8,897,313.19
10/01/2016 Market Value of Assets:		\$8,648,924.42
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$136,594.15

¹Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	223,620.52	
City	404,598.67	
State	140,102.10	
 Total Contributions		 768,321.29
Earnings from Investments:		
Interest & Dividends	301,336.95	
Net Realized Gain (Loss)	100,345.94	
Change in Actuarial Value	391,287.35	
 Total Earnings and Investment Gains		 792,970.24

EXPENDITURES

Distributions to Members:		
Benefit Payments	499,016.88	
Lump Sum PLOP Distributions	97,780.95	
Refunds of Member Contributions	82,407.10	
 Total Distributions		 679,204.93
Expenses:		
Investment related ¹	46,580.77	
Administrative	41,205.69	
 Total Expenses		 87,786.46
 Change in Net Assets for the Year		 794,300.14
 Net Assets Beginning of the Year		 8,103,013.05
 Net Assets End of the Year ²		 8,897,313.19

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

²Net Assets may be limited for actuarial consideration.

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

(1) Total Required Contribution Rate	30.3%
(2) Pensionable Payroll Derived from Member Contributions	2,484,672.44
(3) Total Required Contribution (1) x (2)	752,855.75
(4) Less Actual Member Contributions	(223,620.52)
(5) Less Allowable State Contribution	<u>(124,636.56)</u>
(6) Equals Required City Contribution for Fiscal 2016	404,598.67
(7) Less 2015 Prepaid Contribution	(21,183.84)
(8) Less Actual City Contributions	<u>(424,879.18)</u>
(9) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2016	(41,464.35)

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	50	46	50	44
Average Current Age	36.0	37.0	38.2	38.6
Average Age at Employment	30.0	30.0	31.2	31.5
Average Past Service	6.0	7.0	7.0	7.1
Average Annual Salary	\$47,068	\$48,042	\$48,753	\$51,331
<u>Service Retirees</u>				
Number		12	14	15
Average Current Age		66.7	65.5	64.5
Average Annual Benefit		\$31,655	\$31,127	\$34,917
<u>Beneficiaries</u>				
Number		1	1	2
Average Current Age		80.0	81.0	72.0
Average Annual Benefit		\$6,182	\$6,182	\$8,599
<u>Disability Retirees</u>				
Number		1	1	1
Average Current Age		80.0	81.0	82.0
Average Annual Benefit		\$11,313	\$11,313	\$11,313
<u>Terminated Vested</u>				
Number		11	11	13
Average Current Age		41.4	39.9	38.8
Average Annual Benefit ¹		\$19,912	\$15,181	\$26,674

¹ The Average Annual Benefit excludes participants awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	1	0	0	0	0	0	0	0	0	0	1
25 - 29	2	2	1	1	1	1	0	0	0	0	0	8
30 - 34	0	0	1	1	0	7	0	0	0	0	0	9
35 - 39	0	2	0	1	0	2	2	1	0	0	0	8
40 - 44	0	1	0	0	0	2	2	0	0	0	0	5
45 - 49	0	1	0	1	0	1	1	0	0	0	0	4
50 - 54	0	0	0	0	0	2	0	3	1	0	0	6
55 - 59	0	0	1	0	0	1	1	0	0	0	0	3
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	2	7	3	4	1	16	6	4	1	0	0	44

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2015	50
b. Terminations	
i. Vested (partial or full) with deferred benefits	(3)
ii. Non-vested or full lump sum distribution received	(2)
c. Deaths	
i. Beneficiary receiving benefits	(1)
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>(2)</u>
f. Continuing participants	42
g. New entrants	<u>2</u>
h. Total active life participants in valuation	44

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	<u>Vested Deferred</u>	<u>Total</u>
a. Number prior valuation	14	1	1	11	27
Retired	2	0	0	0	2
Vested Deferred	0	0	0	3	3
Death, With Survivor	(1)	1	0	0	0
Death, No Survivor	0	0	0	0	0
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	(1)	(1)
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
b. Number current valuation	15	2	1	13	31

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 14-1477)

<u>Eligibility</u>	Full-time employees who are classified as full-time sworn police officers shall participate in the System 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.
<u>Salary</u>	Total W-2 compensation plus tax exempt, tax sheltered, and tax deferred items of income. Effective July 1, 2011, Salary shall not include more than three hundred (300) hours of overtime per fiscal year. Additionally, Salary will include the lesser of the amount of sick and vacation time accrued as of July 1, 2011, or the actual amount of sick and vacation leave time for which the retiree receives payment at the time of retirement.
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	9.0% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize any unfunded past service cost as provided in Part VII of Chapter 112, F.S.
<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	3.35% of Average Final Compensation <u>times</u> Credited Service earned prior to October 1, 2011 <u>plus</u> 3.30% of Average Final Compensation <u>times</u> Credited Service earned after October 1, 2011.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% for each year prior to Normal Retirement.

Vesting

Schedule	100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability but not less than 42% of Average Final Compensation (if Service Incurred).
Duration	Payable for life and ten years certain or until recovery (as determined by the Board). Options available.

Death Benefits

Pre-Retirement	
Vested	Monthly accrued benefit payable to designated beneficiary for 10 years.
Non-Vested	Refund of accumulated contributions without interest.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

Two Commission appointees, two Members of the Department elected by the membership, and a fifth Member elected by other 4 and appointed by the Commission.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	289,868
Total Cash and Equivalents	289,868
Receivables:	
Member Contributions in Transit	7,888
City Contributions in Transit	14,986
Investment Income	20,441
Total Receivable	43,315
Investments:	
U. S. Bonds and Bills	302,132
Federal Agency Guaranteed Securities	129,741
Corporate Bonds	1,930,369
Municipal Obligations	54,008
Stocks	2,693,762
Mutual Funds:	
Fixed Income	849,640
Equity	2,400,070
Total Investments	8,359,722
Total Assets	8,692,905
<u>LIABILITIES</u>	
Payables:	
Refunds (prior)	2,516
Total Liabilities	2,516
NET POSITION RESTRICTED FOR PENSIONS	8,690,389

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

ADDITIONS

Contributions:

Member	223,621	
City	446,063	
State	140,102	
 Total Contributions		 809,786
 Investment Income:		
Net Increase in Fair Value of Investments	494,200	
Interest & Dividends	301,337	
Less Investment Expense ¹	(46,581)	
 Net Investment Income		 748,956
 Total Additions		 1,558,742

DEDUCTIONS

Distributions to Members:

Benefit Payments	499,017	
Lump Sum PLOP Distributions	97,781	
Refunds of Member Contributions	82,407	
 Total Distributions		 679,205
 Administrative Expense		 41,206
 Total Deductions		 720,411
 Net Increase in Net Position		 838,331
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		7,852,058
 End of the Year		 8,690,389

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 Commission appointees, two Members of the Department elected by the membership, and a fifth Member elected by other four and appointed by the Commission.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	16
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	11
Active Plan Members	50
	77

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: 3.35% of Average Final Compensation times Credited Service earned prior to October 1, 2011 plus 3.30% of Average Final Compensation times Credited Service earned after October 1, 2011.

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year prior to Normal Retirement.

Vesting:

Schedule: 100% after 10 years of Credited Service.

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

Disability:

Eligibility: Service Incurred: Covered from Date of Employment. Non-Service Incurred: 10 years of Credited Service.

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

Pre-Retirement Death Benefits:

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

Non-Vested: Refund of accumulated contributions without interest.

Contributions

Member Contributions: 9.0% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

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Investments

Investment Policy:

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	40%
International Equity	15%
Bonds	30%
Convertibles	10%
MLPs	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 9.520 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	\$ 11,075,327
Plan Fiduciary Net Position	\$ (8,690,389)
Sponsor's Net Pension Liability	<u>\$ 2,384,938</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	78.47%

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	2.70%
Salary Increases	4.00% - 10.00%
Discount Rate	7.50%
Investment Rate of Return	7.50%

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 September 9, 2014.

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 2.70%.

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	8.0%
International Equity	3.0%
Bonds	4.4%
Convertibles	6.4%
MLPs	10.4%

GASB 67

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 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
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 3,876,841	\$ 2,384,938	\$ 1,160,384

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	386,608	343,572	355,679
Interest	753,430	745,463	704,103
Change in Excess State Money	(36,548)	30,503	24,392
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	196,061	(423,476)	-
Changes of assumptions	352,225	-	-
Benefit Payments, including Refunds of Employee Contributions	(679,205)	(525,538)	(466,873)
Net Change in Total Pension Liability	972,571	170,524	617,301
Total Pension Liability - Beginning	10,102,756	9,932,232	9,314,931
Total Pension Liability - Ending (a)	<u>\$ 11,075,327</u>	<u>\$ 10,102,756</u>	<u>\$ 9,932,232</u>
Plan Fiduciary Net Position			
Contributions - Employer	446,063	427,002	424,080
Contributions - State	140,102	123,638	117,527
Contributions - Employee	223,621	201,777	195,586
Net Investment Income	748,956	(295,346)	629,355
Benefit Payments, including Refunds of Employee Contributions	(679,205)	(525,538)	(466,873)
Administrative Expense	(41,206)	(34,983)	(35,919)
Net Change in Plan Fiduciary Net Position	838,331	(103,450)	863,756
Plan Fiduciary Net Position - Beginning	7,852,058	7,955,508	7,091,752
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,690,389</u>	<u>\$ 7,852,058</u>	<u>\$ 7,955,508</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,384,938</u>	<u>\$ 2,250,698</u>	<u>\$ 1,976,724</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	78.47%	77.72%	80.10%
Covered Employee Payroll ¹	\$ 2,484,672	\$ 2,310,767	\$ 2,173,174
Net Pension Liability as a percentage of Covered Employee Payroll	95.99%	97.40%	90.96%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period.

Changes of assumptions:

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

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	529,235	520,137	517,215
Contributions in relation to the Actuarially Determined Contributions	570,700	520,137	517,215
Contribution Deficiency (Excess)	\$ (41,465)	\$ -	\$ -
Covered Employee Payroll ¹	\$ 2,484,672	\$ 2,310,767	\$ 2,173,174
Contributions as a percentage of Covered Employee Payroll	22.97%	22.51%	23.80%

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period.

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
Amortization Method: Level Percentage of Pay, Closed.
Remaining Amortization Period: 29 Years (as of 10/01/2014).
Mortality Rates: RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).
Interest Rate: 7.50% per year compounded annually, net of investment related expenses.
Retirement Age: Earlier of Age 56 and 11 years of service, or Age 53 and 26 years of service, or Age 60. Also, any member who reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement: Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Disability Rates: Members are assumed to become disabled at varying rates based on age. Sample rates are as follows:

Age	Probability
20	0.051%
30	0.058%
40	0.121%
50	0.429%

Termination Rates: Additionally, it is assumed that 75% of disablements are service related. Members are assumed to terminate employment prior to retirement as follows:

Age	Probability
Before Age 40	12.0%
Age 40 and Above	7.0%

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Salary Increases:

Service	Increase
First Year	10.0%
Years 2 to 15	5.5%
Greater than 15 Years	4.0%

Additionally, projected salary at retirement is increased based on individual accruals to account for non-regular compensation.

Payroll Increase:

3% per year.

Actuarial Asset Method:

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 5-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value.

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Annual Money-Weighted Rate of Return			
Net of Investment Expense	9.52%	-3.69%	8.76%

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 Commission appointees, two Members of the Department elected by the membership, and a fifth Member elected by other four and appointed by the Commission.

Full-time employees who are classified as full-time sworn police officers shall participate in the System as a condition of employment.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	16
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	11
Active Plan Members	50
	77
	77

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: 3.35% of Average Final Compensation times Credited Service earned prior to October 1, 2011 plus 3.30% of Average Final Compensation times Credited Service earned after October 1, 2011.

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year prior to Normal Retirement.

Vesting:

Schedule: 100% after 10 years of Credited Service.

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

Disability:

Eligibility: Service Incurred: Covered from Date of Employment. Non-Service Incurred: 10 years of Credited Service.

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

Pre-Retirement Death Benefits:

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

Non-Vested: Refund of accumulated contributions without interest.

Contributions

Member Contributions: 9.0% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

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	2.70%
Salary Increases	4.00% - 10.00%
Discount Rate	7.50%
Investment Rate of Return	7.50%

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 September 9, 2014.

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 2.70%.

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	40%	8.00%
International Equity	15%	3.00%
Bonds	30%	4.40%
Convertibles	10%	6.40%
MLPs	5%	10.40%
Total	100%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 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	\$ 10,102,756	\$ 7,852,058	\$ 2,250,698
Changes for a Year:			
Service Cost	386,608	-	386,608
Interest	753,430	-	753,430
Change in Excess State Money	(36,548)	-	(36,548)
Differences between Expected and Actual Experience	196,061	-	196,061
Changes of assumptions	352,225	-	352,225
Changes of benefit terms	-	-	-
Contributions - Employer	-	446,063	(446,063)
Contributions - State	-	140,102	(140,102)
Contributions - Employee	-	223,621	(223,621)
Net Investment Income	-	748,956	(748,956)
Benefit Payments, including Refunds of Employee Contributions	(679,205)	(679,205)	-
Administrative Expense	-	(41,206)	41,206
Net Changes	972,571	838,331	134,240
Reporting Period Ending September 30, 2017	\$ 11,075,327	\$ 8,690,389	\$ 2,384,938

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 3,876,841	\$ 2,384,938	\$ 1,160,384

Pension Plan Fiduciary Net Position.

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

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

For the year ended September 30, 2016, the Sponsor recognized a Pension Expense of \$426,293.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	338,780
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	666,153	-
Employer and State contributions subsequent to the measurement date	586,165	-
Total	\$ 1,252,318	\$ 338,780

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	\$	77,409
2018	\$	77,409
2019	\$	77,409
2020	\$	95,146
2021	\$	-
Thereafter	\$	-

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

For the year ended September 30, 2017, the Sponsor will recognize a Pension Expense of \$484,546.

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	156,848	254,085
Changes of assumptions	281,780	-
Net difference between Projected and Actual Earnings on Pension Plan investments	378,689	-
Employer and State contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ 254,085

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

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

Year ended September 30:			
2018	\$	155,726	
2019	\$	155,726	
2020	\$	173,463	
2021	\$	78,317	
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	386,608	343,572	355,679
Interest	753,430	745,463	704,103
Change in Excess State Money	(36,548)	30,503	24,392
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	196,061	(423,476)	-
Changes of assumptions	352,225	-	-
Benefit Payments, including Refunds of Employee Contributions	(679,205)	(525,538)	(466,873)
Net Change in Total Pension Liability	972,571	170,524	617,301
Total Pension Liability - Beginning	10,102,756	9,932,232	9,314,931
Total Pension Liability - Ending (a)	<u>\$ 11,075,327</u>	<u>\$ 10,102,756</u>	<u>\$ 9,932,232</u>
Plan Fiduciary Net Position			
Contributions - Employer	446,063	427,002	424,080
Contributions - State	140,102	123,638	117,527
Contributions - Employee	223,621	201,777	195,586
Net Investment Income	748,956	(295,346)	629,355
Benefit Payments, including Refunds of Employee Contributions	(679,205)	(525,538)	(466,873)
Administrative Expense	(41,206)	(34,983)	(35,919)
Net Change in Plan Fiduciary Net Position	838,331	(103,450)	863,756
Plan Fiduciary Net Position - Beginning	7,852,058	7,955,508	7,091,752
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,690,389</u>	<u>\$ 7,852,058</u>	<u>\$ 7,955,508</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,384,938</u>	<u>\$ 2,250,698</u>	<u>\$ 1,976,724</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	78.47%	77.72%	80.10%
Covered Employee Payroll ¹	\$ 2,484,672	\$ 2,310,767	\$ 2,173,174
Net Pension Liability as a percentage of Covered Employee Payroll	95.99%	97.40%	90.96%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period.

Changes of assumptions:

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

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	529,235	520,137	517,215
Contributions in relation to the Actuarially Determined Contributions	570,700	520,137	517,215
Contribution Deficiency (Excess)	\$ (41,465)	\$ -	\$ -
Covered Employee Payroll ¹	\$ 2,484,672	\$ 2,310,767	\$ 2,173,174
Contributions as a percentage of Covered Employee Payroll	22.97%	22.51%	23.80%

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period.

Notes to Schedule

Valuation Date: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 29 Years (as of 10/01/2014).
 Mortality Rates: RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set 7.50% per year compounded annually, net of investment related expenses.
 Interest Rate: 7.50% per year compounded annually, net of investment related expenses.
 Retirement Age: Earlier of Age 56 and 11 years of service, or Age 53 and 26 years of service, or Age 60. Also, any member who reached Normal Retirement is assumed to continue employment for one additional year.
 Early Retirement: Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
 Disability Rates: Members are assumed to become disabled at varying rates based on age. Sample rates are as follows:

Age	Probability
20	0.051%
30	0.058%
40	0.121%
50	0.429%

Additionally, it is assumed that 75% of disablements are service related.

Termination Rates: Members are assumed to terminate employment prior to retirement as follows:

Age	Probability
Before Age 40	12.0%
Age 40 and Above	7.0%

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Salary Increases:

Service	Increase
First Year	10.0%
Years 2 to 15	5.5%
Greater than 15 Years	4.0%

Additionally, projected salary at retirement is increased based on individual accruals to account for non-regular compensation.

Payroll Increase:

3% per year.

Actuarial Asset Method:

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 5-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value.

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 1,976,724	\$ 70,948	\$ 550,640	\$ -
Employer and State Contributions made after 09/30/2015	-	-	586,165	-
Total Pension Liability Factors:				
Service Cost	343,572	-	-	343,572
Interest	745,463	-	-	745,463
Change in Excess State Money	30,503	-	-	30,503
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(423,476)	423,476	-	-
Current year amortization of experience difference	-	(84,696)	-	(84,696)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(525,538)	-	-	(525,538)
Net change	<u>170,524</u>	<u>338,780</u>	<u>586,165</u>	<u>509,304</u>
Plan Fiduciary Net Position:				
Contributions - Employer	427,002	-	(427,002)	-
Contributions - State	123,638	-	(123,638)	-
Contributions - Employee	201,777	-	-	(201,777)
Net Investment Income	603,859	-	-	(603,859)
Difference between projected and actual earnings on Pension Plan investments	(899,205)	-	899,205	-
Current year amortization	-	(17,737)	(179,841)	162,104
Benefit Payments	(525,538)	-	-	525,538
Administrative Expenses	(34,983)	-	-	34,983
Net change	<u>(103,450)</u>	<u>(17,737)</u>	<u>168,724</u>	<u>(83,011)</u>
Ending Balance	<u><u>\$ 2,250,698</u></u>	<u><u>\$ 391,991</u></u>	<u><u>\$ 1,305,529</u></u>	<u><u>\$ 426,293</u></u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,250,698	\$ 391,991	\$ 1,305,529	\$ -
Employer and State Contributions made after 09/30/2016	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	386,608	-	-	386,608
Interest	753,430	-	-	753,430
Change in Excess State Money	(36,548)	-	-	(36,548)
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	196,061	-	196,061	-
Current year amortization of experience difference	-	(84,695)	(39,213)	(45,482)
Change in assumptions about future economic or demographic factors or other inputs	352,225	-	352,225	-
Current year amortization of change in assumptions	-	-	(70,445)	70,445
Benefit Payments	(679,205)	-	-	(679,205)
Net change	<u>972,571</u>	<u>(84,695)</u>	<u>438,628</u>	<u>449,248</u>
Plan Fiduciary Net Position:				
Contributions - Employer	446,063	-	(446,063)	-
Contributions - State	140,102	-	(140,102)	-
Contributions - Employee	223,621	-	-	(223,621)
Net Investment Income	592,256	-	-	(592,256)
Difference between projected and actual earnings on Pension Plan investments	156,700	156,700	-	-
Current year amortization	-	(49,077)	(179,841)	130,764
Benefit Payments	(679,205)	-	-	679,205
Administrative Expenses	(41,206)	-	-	41,206
Other	-	-	-	-
Net change	<u>838,331</u>	<u>107,623</u>	<u>(766,006)</u>	<u>35,298</u>
Ending Balance	<u>\$ 2,384,938</u>	<u>\$ 414,919</u>	<u>TBD</u>	<u>\$ 484,546</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)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ (88,684)	5	\$ (17,736)	\$ (17,737)	\$ (17,737)	\$ (17,737)	\$ (17,737)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 899,205	5	\$ -	\$ 179,841	\$ 179,841	\$ 179,841	\$ 179,841	\$ 179,841	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (156,700)	5	\$ -	\$ -	\$ (31,340)	\$ (31,340)	\$ (31,340)	\$ (31,340)	\$ (31,340)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (17,736)	\$ 162,104	\$ 130,764	\$ 130,764	\$ 130,764	\$ 148,501	\$ (31,340)	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

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

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2016	\$ 352,225	5	\$ 70,445	\$ 70,445	\$ 70,445	\$ 70,445	\$ 70,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 70,445	\$ 70,445	\$ 70,445	\$ 70,445	\$ 70,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2015	\$ (423,476)	5	\$ (84,696)	\$ (84,695)	\$ (84,695)	\$ (84,695)	\$ (84,695)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 196,061	5	\$ -	\$ 39,213	\$ 39,212	\$ 39,212	\$ 39,212	\$ 39,212	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (84,696)	\$ (45,482)	\$ (45,483)	\$ (45,483)	\$ (45,483)	\$ 39,212	\$ -	\$ -	\$ -	\$ -	\$ -