

CITY OF PALATKA
POLICE OFFICERS' RETIREMENT PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2015

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

March 14, 2016

Ms. Ruby Williams, Administrator
City of Palatka
Officers' Retirement Plan
201 North 2nd Street
Palatka, FL 32177

Re: City of Palatka Police Officers' Retirement Plan Actuarial Reports

Dear Ruby:

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

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

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

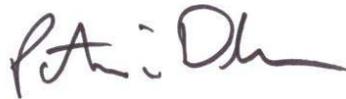
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the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

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

Respectfully submitted,

Foster & Foster, Inc.



By: _____

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

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Palatka Police Officers' Retirement Plan, performed as of October 1, 2015, 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, 2017.

The contribution requirements, compared with those developed in the October 1, 2014 actuarial valuation report, are as follows:

Valuation Date Applicable Plan/Fiscal Year End	10/1/2015 <u>9/30/2017</u>	10/1/2014 <u>9/30/2016</u>
Total Required Contribution % of Total Annual Payroll	19.2%	22.4%
Member Contributions (Est.) % of Total Annual Payroll	6.0%	6.0%
City and State Required Contribution % of Total Annual Payroll	13.2%	16.4%
State Contribution ¹ % of Total Annual Payroll	64,825 4.8%	64,825 4.8%
Balance from City ¹ % of Total Annual Payroll	8.4%	11.6%

¹ For budgeting purposes, the City and State requirement for the fiscal year ending September 30, 2016 is 16.4% of the actual non-DROP payroll realized during that year. The precise City requirement for the year is this amount, less actual State Contributions. The City and State requirement for the fiscal year ending September 30, 2017 will be 13.2% of the actual non-DROP payroll realized during that fiscal year. Please also note that the City has a prepaid contribution of \$14,848.92 (see page 26) that is available to help offset their requirement for fiscal 2016.

During the past year, there was a net actuarial gain. The primary components of gain included an 8.52% investment return (Actuarial Asset Basis) that exceeded the 8.00% assumption, much larger than expected turnover and a large refund of employee contributions to a terminated vested participant. There were no significant offsets to this gain. For more detail on the sources of gain, see page 15.

The new benefit accrual rate calculated based upon State Monies resulted in a benefit multiplier that was 0.03% lower than the prior accrual rate, which will impact benefits as of October 1, 2016.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Heidi E. Andorfer, FSA, EA

By: 
Patrick T. Donlan, ASA, MAAA

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2014	12.3%
(2) Summary of Contribution Impact by component:	
Change in Available State Money	0.1%
Investment Return (Actuarial Asset Basis)	-0.4%
Administrative Expenses	0.6%
Salary Increases	-0.5%
Payroll Change	0.7%
Reduction in Chapter 175 Multiplier	-0.7%
Payroll Growth Assumption	0.1%
Change in Active Demographics	-1.5%
Active Decrements	-1.5%
Inactive Mortality	0.3%
Refund of Contributions to Terminated Vested	-1.1%
Other	<u>0.0%</u>
Total Change in Contribution	-3.9%
(3) Contribution Determined as of October 1, 2015	8.4%

PLAN CHANGES SINCE PRIOR VALUATION

In accordance with the City's Code, the total benefit multiplier was decreased from 3.16% to 3.13%.

ACTUARIAL ASSUMPTION/METHOD CHANGES SINCE PRIOR VALUATION

There have been no changes in the assumptions or methods since the prior valuation. However, the assumed payroll growth for the purposes of amortizing the Unfunded Actuarial Accrued Liabilities is limited to the actual historical 10-year average. In last year's valuation this amount was 2.20%. In this valuation, 0.00% was used.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Plan Change <u>10/1/2015</u>	Old Plan Change <u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data			
Number Included			
Actives	28	28	34
Service Retirees	12	12	11
DROP Retirees	2	2	1
Beneficiaries	7	7	7
Disability Retirees	2	2	2
Terminated Vested	<u>10</u>	<u>10</u>	<u>7</u>
Total	61	61	62
Total Annual Payroll	\$1,352,830	\$1,352,830	\$1,609,685
Payroll Under Assumed Ret. Age	1,352,830	1,352,830	1,609,685
Annual Rate of Payments to:			
Service Retirees	294,634	297,703	258,218
DROP Retirees	53,341	53,852	24,407
Beneficiaries	151,075	152,692	152,692
Disability Retirees	38,216	38,216	38,216
Terminated Vested	65,292	65,292	71,895
B. Assets			
Actuarial Value ¹	10,361,931	10,361,931	9,749,035
Market Value ¹	9,614,309	9,614,309	10,217,857
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	4,276,936	4,317,929	5,063,425
Disability Benefits	102,740	103,526	116,009
Death Benefits	27,922	28,148	31,255
Vested Benefits	805,083	812,799	852,995
Refund of Contributions	53,781	53,781	54,592
Service Retirees	3,021,358	3,052,722	2,640,534
DROP Retirees ¹	677,181	683,047	315,829
Beneficiaries	1,419,384	1,434,568	1,460,818
Disability Retirees	367,294	367,294	374,221
Terminated Vested	580,040	580,040	550,373
Excess State Monies Reserve	<u>0</u>	<u>0</u>	<u>0</u>
Total	11,331,719	11,433,854	11,460,051

C. Liabilities - (Continued)	New Plan Change	Old Plan Change	
	<u>10/1/2015</u>	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	6,813,352	6,813,352	7,686,543
Present Value of Future Member Contributions	408,801	408,801	461,193
Normal Cost (Retirement)	120,431	121,586	172,387
Normal Cost (Disability)	11,301	11,337	15,343
Normal Cost (Death)	2,266	2,276	3,451
Normal Cost (Vesting)	54,932	55,458	59,670
Normal Cost (Refunds)	<u>11,094</u>	<u>11,094</u>	<u>11,980</u>
Total Normal Cost	200,024	201,751	262,831
Present Value of Future Normal Costs	910,497	918,504	1,087,625
Accrued Liability (Retirement)	3,773,636	3,809,805	4,433,874
Accrued Liability (Disability)	56,035	56,673	60,108
Accrued Liability (Death)	19,931	20,118	21,165
Accrued Liability (Vesting)	492,524	497,244	506,969
Accrued Liability (Refunds)	13,839	13,839	8,535
Accrued Liability (Inactives) ¹	6,065,257	6,117,671	5,341,775
Excess State Monies Reserve	<u>0</u>	<u>0</u>	<u>0</u>
Total Actuarial Accrued Liability	10,421,222	10,515,350	10,372,426
Unfunded Actuarial Accrued Liability (UAAL)	59,291	153,419	623,391
Funded Ratio (AVA / AL)	99.4%	98.5%	94.0%
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives ¹	6,065,257	6,117,671	5,341,775
Actives	2,508,483	2,538,025	2,851,726
Member Contributions	<u>648,987</u>	<u>648,987</u>	<u>714,420</u>
Total	9,222,727	9,304,683	8,907,921
Non-vested Accrued Benefits	<u>23,191</u>	<u>23,545</u>	<u>142,995</u>
Total Present Value Accrued Benefits	9,245,918	9,328,228	9,050,916
Funded Ratio (MVA / PVAB)	104.0%	103.1%	112.9%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	(82,310)	0	
Assumption Changes	0	0	
New Accrued Benefits	0	102,364	
Benefits Paid	0	(528,005)	
Interest	0	702,953	
Other	<u>0</u>	<u>0</u>	
Total	(82,310)	277,312	

	New Plan Change	Old Plan Change	
Valuation Date	10/1/2015	10/1/2015	10/1/2014
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) % of Total Annual Payroll ²	15.4	15.5	17.0
Administrative Expenses (with interest) % of Total Annual Payroll ²	2.1	2.1	1.3
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2015, with interest) % of Total Annual Payroll ²	1.7	2.3	4.1
Total Required Contribution % of Total Annual Payroll ²	19.2	19.9	22.4
Expected Member Contributions % of Total Annual Payroll ²	6.0	6.0	6.0
Expected City and State Contribution % of Total Annual Payroll ²	13.2	13.9	16.4

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
Total Required Contribution	345,929
City and State Requirement	260,864

Actual Contributions Made:

Members (excluding buyback)	85,065
City	196,040
State	<u>64,824</u>
Total	345,929

G. Net Actuarial (Gain)/Loss (450,673)

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015 and 9/30/2014.

² Contributions developed as of 10/1/2015 are expressed as a percentage of total annual payroll at 10/1/2015 of \$1,352,830.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	59,291 ¹

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	5.56%	5.50%
Year Ended	9/30/2014	7.84%	5.50%
Year Ended	9/30/2013	2.65%	5.50%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	8.52%	8.00%
Year Ended	9/30/2014	8.70%	8.00%
Year Ended	9/30/2013	8.46%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$1,352,830
	10/1/2005	1,451,803
(b) Total Increase		-6.82%
(c) Number of Years		10.00
(d) Average Annual Rate		-0.70%

¹ Based on current payments, if there are no future gains and losses, the Unfunded Actuarial Accrued Liability is expected to be paid off in the next four years.

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, 2014	\$623,391
(2) Sponsor Normal Cost developed as of October 1, 2014	166,250
(3) Expected administrative expenses for the year ended September 30, 2015	19,558
(4) Expected interest on (1), (2) and (3)	63,954
(5) Sponsor contributions to the System during the year ended September 30, 2015	260,865
(6) Expected interest on (5)	8,196
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	604,092
(8) Change to UAAL due to Plan Change	(94,128)
(9) Change to UAAL due to Actuarial (Gain)/Loss	(450,673)
(10) Unfunded Accrued Liability as of October 1, 2015	59,291

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2015 <u>Amount</u>	Amortization <u>Amount</u>
"A"	10/1/2001	16	(\$43,329)	(\$4,533)
"B"	10/1/2004	19	41,334	3,985
Method Change	10/1/2008	13	9,451	1,107
Mult Reduced	10/1/2008	23	(43,333)	(3,869)
Mult Reduced	10/1/2009	24	(155,027)	(13,633)
Method & Assum	10/1/2009	14	948,383	106,515
Actuarial Loss	10/1/2010	15	219,224	23,715
Mult Reduced	10/1/2010	25	(62,379)	(5,411)
Actuarial Gain	10/1/2011	16	(34,679)	(3,628)
Mult Increased	10/1/2011	26	141,183	12,093
Assum Change	10/1/2011	16	(58,846)	(6,156)
Actuarial Gain	10/1/2012	17	(148,753)	(15,100)
Mult Increased	10/1/2012	27	56,956	4,823
Actuarial Gain	10/1/2013	18	(333,307)	(32,930)
Mult Increased	10/1/2013	28	74,799	6,267
Actuarial Gain	10/1/2014	19	(7,585)	(731)
Mult Reduced	10/1/2015	30	(94,128)	(7,742)
Actuarial Gain	10/1/2015	20	<u>(450,673)</u>	<u>(42,502)</u>
			59,291	22,270

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$623,391
(2) Expected UAAL as of October 1, 2015	604,092
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(50,152)
Salary Increases	(72,361)
Active Decrements	(209,489)
Inactive Mortality	35,705
Refund of Contributions to Terminated Vested	(146,842)
Other	<u>(7,534)</u>
Increase in UAAL due to (Gain)/Loss	(450,673)
Plan Changes	<u>(94,128)</u>
(4) Actual UAAL as of October 1, 2015	\$59,291

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	RP 2000 Combined Healthy – Sex Distinct. Disabled lives set forward 5 years. We feel this assumption sufficiently accommodates mortality improvements.
<u>Termination Rates</u>	See Tables below (1305). This assumption was developed from those used by other plans containing Florida municipal Police Officers.
<u>Disability Rates</u>	See Tables below (1207). It is assumed that 75% of disablements and active Member deaths are service related. This assumption was developed from those used by other plans containing Florida municipal Police Officers.
<u>Retirement Age</u>	Earlier of: <ol style="list-style-type: none">1) age 50 with 7 years of credited service,2) age 55 with 10 years of credited service,3) age 52 with 25 years of service, or4) 30 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption is consistent with the provisions of the plan.
<u>Interest Rate</u>	8.00% per year, compounded annually, net of investment-related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.
<u>Salary Increases</u>	5.50% per year until the assumed retirement age; see table below. This assumption is consistent with those used for other plans containing Florida municipal Police Officers.
<u>Payroll Growth</u>	Up to 3.00% annually (0.00% for 10/1/2015 valuation).
<u>Administrative Expenses</u>	\$26,755 annually. This assumption is equal to the amount paid out of the trust in the prior year.
<u>Funding Method</u>	Entry Age Normal Cost Method.

Actuarial Asset Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-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 of Assets.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 50</u>
20	17.20%	0.07%	20.06%
30	15.00	0.11	34.27
40	8.20	0.19	58.54
50	1.70	0.51	100.00

VALUATION NOTES

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

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

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>
1998	55,860.11	_____%
1999	60,189.71	7.8%
2000	58,844.94	-2.2%
2001	56,869.19	-3.4%
2002	63,572.74	11.8%
2003	71,146.21	11.9%
2004	72,672.20	2.1%
2005	74,734.14	2.8%
2006	76,218.67	2.0%
2007	77,732.46	2.0%
2008	74,734.14	-3.9%
2009	66,456.93	-11.1%
2010	62,975.83	-5.2%
2011	61,450.09	-2.4%
2012	62,952.42	2.4%
2013	59,255.63	-5.9%
2014	66,188.77	11.7%
2015	64,824.64	-2.1%

EXCESS STATE MONIES RESERVE

	<u>Actual</u> <u>State Contribution</u>	<u>Applicable</u> <u>"Frozen" Amount</u>	<u>Excess State</u> <u>Monies Reserve</u>
1998	\$55,860.11	\$55,860.11	\$0.00
1999	60,189.71	55,860.11	4,329.60
2000	58,844.94	55,860.11	2,984.83
2001	56,869.19	55,860.11	1,009.08
2002	63,572.74	55,860.11	7,712.63
2003	71,146.21	N/A	0.00
2004	72,672.20	N/A	0.00
2005	74,734.14	N/A	0.00
2006	76,218.67	N/A	0.00
2007	77,732.46	N/A	0.00
2008	74,734.14	N/A	0.00
2009	66,456.93	N/A	0.00
2010	62,975.83	N/A	0.00
2011	61,450.09	N/A	0.00
2012	62,952.42	N/A	0.00
2013	59,255.63	N/A	0.00
2014	66,188.77	N/A	0.00
2015	64,824.64	N/A	<u>0.00</u>
			16,036.14
	Less Reserve used to partially fund the accrual increase from 2.35% to 2.50%		<u>(16,036.14)</u>
	Equals Current State Monies Reserve		\$0.00

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	517,413.64	517,413.64
Cash	299.26	299.26
Total Cash and Equivalents	517,712.90	517,712.90
Receivables:		
Member Contributions in Transit	6,058.57	6,058.57
City Contributions in Transit	14,540.61	14,540.61
Total Receivable	20,599.18	20,599.18
Investments:		
U. S. Bonds and Bills	326,500.90	337,645.95
Federal Agency Guaranteed Securities	436,359.25	457,935.39
Corporate Bonds	1,504,523.29	1,504,262.50
Mutual Funds:		
Fixed Income	1,024,083.64	1,077,257.62
Equity	5,054,284.04	5,716,364.34
Total Investments	8,345,751.12	9,093,465.80
Total Assets	8,884,063.20	9,631,777.88
<u>LIABILITIES</u>		
Payables:		
Benefit Payments	428.16	428.16
Administrative Expenses	2,191.67	2,191.67
Prepaid City Contribution	14,848.92	14,848.92
Total Liabilities	17,468.75	17,468.75
NET POSITION RESTRICTED FOR PENSIONS	8,866,594.45	9,614,309.13

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Market Value Basis

ADDITIONS

Contributions:

Member	85,064.46
City	196,039.70
State	64,824.64

Total Contributions 345,928.80

Investment Income:

Net Realized Gain (Loss)	201,194.39
Unrealized Gain (Loss)	(951,217.31)
Net Increase in Fair Value of Investments	(750,022.92)
Interest & Dividends	415,129.61
Less Investment Expense ¹	(59,822.73)

Net Investment Income (394,716.04)

Total Additions (48,787.24)

DEDUCTIONS

Distributions to Members:

Benefit Payments	477,798.94
Lump Sum DROP Distributions	0.00
Refunds of Member Contributions	50,206.31

Total Distributions 528,005.25

Administrative Expense 26,755.30

Total Deductions 554,760.55

Net Increase in Net Position (603,547.79)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 10,217,856.92

End of the Year 9,614,309.13

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

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2015

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

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return ¹	
09/30/2012	17.16%	
09/30/2013	12.34%	
09/30/2014	9.66%	
09/30/2015	-3.91%	
Annualized Rate of Return for prior four (4) years:		8.52%
(A) 10/01/2014 Actuarial Assets:		\$9,749,035.03
(I) Net Investment Income:		
1. Interest and Dividends	415,129.61	
2. Realized Gains (Losses)	201,194.39	
3. Change in Actuarial Value	265,226.77	
4. Investment Related Expenses	(59,822.73)	
Total		821,728.04
(B) 10/01/2015 Actuarial Assets:		\$10,361,931.32
Actuarial Asset Rate of Return = 2I/(A+B-I):		8.52%
10/01/2015 Limited Actuarial Assets:		\$10,361,931.32
10/01/2015 Market Value of Assets:		\$9,614,309.13
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$50,152.42

¹Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2015
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	85,064.46	
City	196,039.70	
State	64,824.64	
Total Contributions		345,928.80
Earnings from Investments:		
Interest & Dividends	415,129.61	
Net Realized Gain (Loss)	201,194.39	
Change in Actuarial Value	265,226.77	
Total Earnings and Investment Gains		881,550.77

EXPENDITURES

Distributions to Members:		
Benefit Payments	477,798.94	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	50,206.31	
Total Distributions		528,005.25
Expenses:		
Investment related ¹	59,822.73	
Administrative	26,755.30	
Total Expenses		86,578.03
Change in Net Assets for the Year		612,896.29
Net Assets Beginning of the Year		9,749,035.03
Net Assets End of the Year ²		10,361,931.32

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, 2015

(1)	Total Required Contribution Rate	24.4%
(2)	Pensionable Payroll Derived from Member Contributions	\$1,417,741.00
(3)	Total Required Contribution (1) x (2)	345,928.80
(4)	Less Actual Member Contributions	(85,064.46)
(5)	Less Allowable State Contribution	<u>(64,824.64)</u>
(6)	Equals Required City Contribution for Fiscal 2015	196,039.70
(7)	Less 2014 Prepaid Contribution	(6,734.44)
(8)	Less Actual City Contributions	<u>(204,154.18)</u>
(9)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2015	(\$14,848.92)

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2014 to September 30, 2015

Beginning of the Year Balance	20,017.20
Plus Additions	41,917.25
Investment Return Earned	3,165.24
Less Distributions	0.00
End of the Year Balance	65,099.69

STATISTICAL DATA ¹

	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>
<u>Actives</u>				
Number	35	32	34	28
Average Current Age	39.9	41.6	39.6	36.8
Average Age at Employment	30.5	31.3	29.6	28.0
Average Past Service	9.4	10.3	10.0	8.8
Average Annual Salary	\$42,994	\$46,395	\$47,344	\$48,315
<u>Service Retirees</u>				
Number			11	12
Average Current Age			N/A	64.2
Average Annual Benefit			\$23,474	\$24,553
<u>DROP Retirees</u>				
Number			1	2
Average Current Age			N/A	53.0
Average Annual Benefit			\$24,407	\$26,671
<u>Beneficiaries</u>				
Number			7	7
Average Current Age			N/A	62.2
Average Annual Benefit			\$21,813	\$21,582
<u>Disability Retirees</u>				
Number			2	2
Average Current Age			N/A	67.5
Average Annual Benefit			\$19,108	\$19,108
<u>Terminated Vested</u>				
Number			7	10
Average Current Age			N/A	41.5
Average Annual Benefit			\$10,271	\$6,529

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

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	1	3	1	0	0	0	0	0	0	0	0	5
25 - 29	0	1	1	0	1	0	0	0	0	0	0	3
30 - 34	0	1	1	1	1	0	0	0	0	0	0	4
35 - 39	1	0	0	0	0	2	1	0	0	0	0	4
40 - 44	0	0	0	0	0	1	2	2	0	0	0	5
45 - 49	0	0	0	0	0	0	2	1	1	0	0	4
50 - 54	0	0	0	0	0	1	1	0	0	0	0	2
55 - 59	0	0	0	0	0	0	0	0	0	1	0	1
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	2	5	3	1	2	4	6	3	1	1	0	28

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	34
b. Terminations	
i. Vested (partial or full) with deferred benefits	(4)
ii. Non-vested or full lump sum distribution received	(3)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(1)
f. DROP	<u>(1)</u>
g. Continuing participants	25
h. New entrants	<u>3</u>
i. Total active life participants in valuation	28

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

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	11	1	7	2	7	28
Retired	1	0	0	0	0	1
DROP	0	1	0	0	0	1
Vested Deferred	0	0	0	0	4	4
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	(1)	(1)
Rehires	0	0	0	0	(1)	(1)
Expired Annuities	0	0	0	0	0	0
Hired/Termed In Last Year	0	0	0	0	1	1
b. Number current valuation	12	2	7	2	10	33

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 14-23)

<u>Latest Amendment Date</u>	September 25, 2014.
<u>Credited Service</u>	Total years and completed months of service with the City as a Police Officer.
<u>Compensation</u>	Fixed monthly remuneration for services rendered to the City as a Police Officer, including salary and wages, longevity pay, overtime pay, shift differentials, pay for absence from work for vacation, holiday, and sickness, and deferred compensation pay. Compensation does not include assignment pay, allowances for clothing, equipment, cleaning, meals and travel, reimbursement for expenses, vehicle allowances, bonuses, termination pay, severance pay, unused sick and vacation pay and the value of any fringe benefits, extra duty pay or payment for special detail work for a second party employer.
<u>Final Average Compensation</u>	Average Compensation paid during the three (3) highest consecutive years of the last five (5).
<u>Contributions</u>	
Employee	6.00% of Compensation.
Premium Tax	0.85% tax on applicable insurance policies.
City	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided in F.S. Chapter 112.
<u>Normal Retirement</u>	
Eligibility	Earlier of: (1) age 50 and 7 years of Credited Service, (2) age 55 and 10 years of Credited Service, (3) age 52 and 25 years of Credited Service, or (4) 30 years of Credited Service, regardless of age.
Benefit Amount	2.50% of Final Average Compensation <u>times</u> Credited Service, plus a supplement funded with Chapter 185, F.S. Premium Tax monies equal to 0.66% of Final Average Compensation <u>times</u> Credited Service (0.63% effective 10/1/2016).

Form of Benefit Life annuity, with 120 payments guaranteed; provided, however, the surviving spouse receives 75% of the retiree's benefit for life.

Disability

Eligibility a) 10 years of contributing service for non-service related; coverage from date of hire for service-incurred.
b) Total and permanent disability prior to Normal Retirement Date.

Benefit Amount

Non-Service Incurred Accrued benefit, but not less than 25% of Final Average Compensation.

Service Incurred Accrued Benefit, but not less than 45% of average salary paid during the last 5 years.

Death Benefits

Pre-Retirement

Eligibility Covered for service incurred from date of hire; after 7 years for non-service incurred (as determined by the Board).

Benefit Line of duty death: 75% of accrued benefit paid to spouse (minimum benefit is 35% of Final Average Compensation).

Not in line of duty death: 75% of accrued benefit paid to spouse (with at least 120 payments guaranteed) at the Member's Normal Retirement Date. If no spouse, the accrued benefit will be paid for 10 years to the beneficiary.

Post-Retirement 75% of pension paid to spouse (total of 120 monthly payments guaranteed) unless other optional form was selected at the time of retirement.

Vesting (Termination)

Less than 7 years Refund of Member Contributions.

7 years or more Accrued benefit payable at the otherwise Normal Retirement Date if Member Contributions left in Fund or a refund of Member Contributions.

Board of Trustees

- a) Two City Commission appointees,
- b) Two Members of the Plan elected by a majority of the other covered Police Officers, and
- c) A fifth Member elected by other 4 and appointed by the City Commission.

Deferred Retirement Option Plan

Eligibility

Eligible for Normal Retirement benefits.

Participation

Not to exceed 5 years, or beyond attaining 35 years of Credited Service, if earlier.

Rate of Return

At Member's election:

- (1) Rate of investment return reported by the Fund's monitor each September 30th, or
- (2) 6.50% per annum compounded monthly.

Distribution

Lump Sum (options available) at termination of employment.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	517,414
Cash	299
Total Cash and Equivalents	517,713
Receivables:	
Member Contributions in Transit	6,058
City Contributions in Transit	14,541
Total Receivable	20,599
Investments:	
U. S. Bonds and Bills	337,646
Federal Agency Guaranteed Securities	457,935
Corporate Bonds	1,504,263
Fixed Income	1,077,258
Equity	5,716,364
Total Investments	9,093,466
Total Assets	9,631,778
<u>LIABILITIES</u>	
Payables:	
Benefit Payments	428
Administrative Expenses	2,192
Total Liabilities	2,620
NET POSITION RESTRICTED FOR PENSIONS	9,629,158

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Market Value Basis

ADDITIONS

Contributions:

Member	85,064	
City	210,889	
State	64,825	
 Total Contributions		 360,778
 Investment Income:		
Net Increase in Fair Value of Investments	(750,024)	
Interest & Dividends	415,130	
Less Investment Expense ¹	(59,823)	
 Net Investment Income		 (394,717)
 Total Additions		 (33,939)

DEDUCTIONS

Distributions to Members:

Benefit Payments	477,799	
Lump Sum DROP Distributions	0	
Refunds of Member Contributions	50,206	
 Total Distributions		 528,005
 Administrative Expense		 26,755
 Total Deductions		 554,760
 Net Increase in Net Position		 (588,699)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		10,217,857
End of the Year		9,629,158

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

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2015)

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 City Commission appointees,
- b. Two Members of the Plan elected by a majority of the other covered Police Officers, and
- c. A fifth Member elected by other 4 and appointed by the City Commission.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	21
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	7
Active Plan Members	34
	62

Benefits Provided

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

Normal Retirement:

Eligibility: Earlier of: 1) age 50 and 7 years of Credited Service, 2) age 55 and 10 years of Credited Service, 3) age 52 and 25 years of Credited Service, or 4) 30 years of Credited Service, regardless of age.

Benefit Amount: 2.50% of Final Average Compensation times Credited Service, plus a supplement funded with Chapter 185, F.S. Premium Tax monies equal to 0.66% of Final Average Compensation times Credited Service (0.63% effective 10/1/2016).

Form of Benefit: Life annuity, with 120 payments guaranteed; provided, however, the surviving spouse receives 75% of the retiree's benefit for life.

Disability:

Eligibility: a) 10 years of contributing service for non-service related; coverage from date of hire for service-incurred.
b) Total and permanent disability prior to Normal Retirement Date.

Benefit Amount: Non-Service Incurred Accrued benefit, but not less than 25% of Final Average Compensation.
Service Incurred Accrued Benefit, but not less than 45% of average salary paid during the last 5 years.

Death Benefits Pre-Retirement:

Eligibility: Covered for service incurred from date of hire; after 7 years for non-service incurred (as determined by the Board).

Benefit Line of duty death: 75% of accrued benefit paid to spouse (minimum benefit is 35% of Final Average Compensation).

Not in line of duty death: 75% of accrued benefit paid to spouse (with at least 120 payments guaranteed) at the Member's Normal Retirement Date. If no spouse, the accrued benefit will be paid for 10 years to the beneficiary.

Vesting (Termination):

Less than 7 years: Refund of Member Contributions.

7 years or more: Accrued benefit payable at the otherwise Normal Retirement Date if Member Contributions left in Fund or a refund of Member Contributions.

Contributions

Employee: 6.00% of Compensation.

Premium Tax: 0.85% tax on applicable insurance policies.

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided for in Part VII in Chapter 112, Florida Statutes.

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2015:

Asset Class	Target Allocation
Domestic Equity	32%
International Equity	15%
Bonds	25%
High Yields Bonds	5%
Convertibles	8%
REITS	5%
MLPs	5%
Cash	5%
Total	100%

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, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -3.91 percent.

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

Deferred Retirement Option Program

Eligibility: Eligible for Normal Retirement benefits.

Participation: Not to exceed 5 years, or beyond attaining 35 years of Credited Service, if earlier.

Rate of Return: At Member's election:

- (1) Rate of investment return reported by the Fund's monitor each September 30th, or
- (2) 6.50% per annum compounded monthly.

The DROP balance as September 30, 2015 is \$65,100.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 10,760,045
Plan Fiduciary Net Position	\$ (9,629,158)
Sponsor's Net Pension Liability	<u>\$ 1,130,887</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	89.49%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	5.50%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Mortality Rate: RP 2000 Combined Healthy – Sex Distinct. Disabled lives set forward 5 years. We feel this assumption sufficiently accommodates mortality improvements.

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.

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, 2015 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	8.0%
International Equity	3.0%
Bonds	4.4%
High Yields Bonds	6.0%
Convertibles	6.4%
REITS	7.0%
MLPs	10.4%
Cash	1.1%

Discount Rate:

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

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

	1% Decrease	Current Discount Rate	1% Increase
	<u>7.00%</u>	<u>8.00%</u>	<u>9.00%</u>
Sponsor's Net Pension Liability	\$ 2,385,610	\$ 1,130,887	\$ 81,777

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	278,204	285,022	263,909
Interest	812,851	776,568	733,062
Changes of benefit terms	(93,414)	-	-
Differences between Expected and Actual Experience	50,553	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(528,005)	(487,612)	(460,915)
Net Change in Total Pension Liability	520,189	573,978	536,056
Total Pension Liability - Beginning	10,239,856	9,665,878	9,129,822
Total Pension Liability - Ending (a)	<u>\$ 10,760,045</u>	<u>\$ 10,239,856</u>	<u>\$ 9,665,878</u>
Plan Fiduciary Net Position			
Contributions - Employer	210,889	225,225	243,047
Contributions - State	64,825	66,189	59,256
Contributions - Employee	85,064	90,128	88,479
Net Investment Income	(394,717)	901,280	1,042,891
Benefit Payments, including Refunds of Employee Contributions	(528,005)	(487,612)	(460,915)
Administrative Expense	(26,755)	(19,558)	(18,312)
Net Change in Plan Fiduciary Net Position	(588,699)	775,652	954,446
Plan Fiduciary Net Position - Beginning	10,217,857	9,442,205	8,487,759
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,629,158</u>	<u>\$ 10,217,857</u>	<u>\$ 9,442,205</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,130,887</u>	<u>\$ 21,999</u>	<u>\$ 223,673</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	89.49%	99.79%	97.69%
Covered Employee Payroll*	\$ 1,433,319	\$ 1,502,132	\$ 1,474,649
Net Pension Liability as a percentage of Covered Employee Payroll	78.90%	1.46%	15.17%

Notes to Schedule:*Changes of benefit terms:*

For the 2015 Fiscal year, amounts reported as changes of benefit terms were in accordance with the City's Code, the total benefit multiplier was decreased from 3.16% to 3.13%

**For Fiscal years 2013 and 2014, the Covered Employee Payroll figures were based on Pensionable Salary.*

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	260,864	291,414	302,303
Contributions in relation to the Actuarially Determined Contributions	275,714	291,414	302,303
Contribution Deficiency (Excess)	\$ (14,850)	\$ -	\$ -
Covered Employee Payroll*	\$ 1,433,319	\$ 1,502,132	\$ 1,474,649
Contributions as a percentage of Covered Employee Payroll	19.24%	19.40%	20.50%

*For Fiscal years 2013 and 2014, the Covered Employee Payroll figures were based on Pensionable Salary.

Notes to Schedule

Valuation Date: 10/01/2013
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 Cost Method.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 29 Years (as of 10/01/2013).
 Mortality: RP-2000 Table - Sex Distinct. Disableds set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
 Termination Rates: See table below (1305).
 Disability Rates: See table below (1207).
 Retirement Age: Earlier of: 1) age 50 with 7 years of credited service, 2) age 55 with 10 years of credited service, 3) age 52 with 25 years of service, or 4) 30 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
 Interest Rate: 8% per year, compounded annually, net of investment-related expenses.
 Inflation: 3.0% per year.
 Salary Increases: 5.5% per year until the assumed retirement age.
 Payroll Growth: Up to 3.0% annually (2.6% for 10/1/13 valuation).
 Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-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 of Assets.

Termination and Disability Rate Table:	<u>% Terminating</u>	<u>% Becoming</u>
	<u>During the</u>	<u>Disabled During</u>
<u>Age</u>	<u>Year</u>	<u>the Year</u>
20	17.2%	0.07%
30	15.0%	0.11%
40	8.2%	0.19%
50	1.7%	0.51%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return			
Net of Investment Expense	-3.91%	9.66%	12.34%

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

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 City Commission appointees,
- b. Two Members of the Plan elected by a majority of the other covered Police Officers, and
- c. A fifth Member elected by other 4 and appointed by the City Commission.

The police officer benefit group is designated for the purpose of determining benefit eligibility conditions, benefit amounts, and member contribution rates. The benefit group shall consist of all members employed full-time in the police department who are state certified police officers in positions normally requiring 2,080 or more hours of work in a year. The benefit group shall not include any member who is temporarily employed as a police officer during an emergency.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	21
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	7
Active Plan Members	34
	62
	62

Benefits Provided

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

Normal Retirement:

Eligibility: Earlier of: 1) age 50 and 7 years of Credited Service, 2) age 55 and 10 years of Credited Service, 3) age 52 and 25 years of Credited Service, or 4) 30 years of Credited Service, regardless of age.

Benefit Amount: 2.50% of Final Average Compensation times Credited Service, plus a supplement funded with Chapter 185, F.S.

Premium Tax monies equal to 0.66% of Final Average Compensation times Credited Service (0.63% effective 10/1/2016).

Form of Benefit: Life annuity, with 120 payments guaranteed; provided, however, the surviving spouse receives 75% of the retiree's benefit for life.

Disability:

Eligibility: a) 10 years of contributing service for non-service related; coverage from date of hire for service-incurred.

b) Total and permanent disability prior to Normal Retirement Date.

Benefit Amount: Non-Service Incurred Accrued benefit, but not less than 25% of Final Average Compensation.

Service Incurred Accrued Benefit, but not less than 45% of average salary paid during the last 5 years.

Death Benefits Pre-Retirement:

Eligibility: Covered for service incurred from date of hire; after 7 years for non-service incurred (as determined by the Board).

Benefit Line of duty death: 75% of accrued benefit paid to spouse (minimum benefit is 35% of Final Average Compensation).

Not in line of duty death: 75% of accrued benefit paid to spouse (with at least 120 payments guaranteed) at the Member's Normal Retirement Date. If no spouse, the accrued benefit will be paid for 10 years to the beneficiary.

Vesting (Termination):

Less than 7 years: Refund of Member Contributions.

7 years or more: Accrued benefit payable at the otherwise Normal Retirement Date if Member Contributions left in Fund or a refund of Member Contributions.

Contributions

Employee: 6.00% of Compensation.

Premium Tax: 0.85% tax on applicable insurance policies.

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided for in Part VII in Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2015.

The measurement period for the pension expense was October 1, 2014 to September 30, 2015.

The reporting period is October 1, 2015 through September 30, 2016.

The Sponsor's Net Pension Liability was measured as of September 30, 2015.

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, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	5.50%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Mortality Rate: RP 2000 Combined Healthy – Sex Distinct. Disabled lives set forward 5 years. We feel this assumption sufficiently accommodates mortality improvements.

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.

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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	32%	8.0%
International Equity	15%	3.0%
Bonds	25%	4.4%
High Yields Bonds	5%	6.0%
Convertibles	8%	6.4%
REITS	5%	7.0%
MLPs	5%	10.4%
Cash	5%	1.1%
Total	100%	

Discount Rate:

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2015	\$ 10,239,856	\$ 10,217,857	\$ 21,999
Changes for a Year:			
Service Cost	278,204	-	278,204
Interest	812,851	-	812,851
Differences between Expected and Actual Experience	50,553	-	50,553
Changes of assumptions	-	-	-
Changes of benefit terms	(93,414)	-	(93,414)
Contributions - Employer	-	210,889	(210,889)
Contributions - State	-	64,825	(64,825)
Contributions - Employee	-	85,064	(85,064)
Net Investment Income	-	(394,717)	394,717
Benefit Payments, including Refunds of Employee Contributions	(528,005)	(528,005)	-
Administrative Expense	-	(26,755)	26,755
Net Changes	520,189	(588,699)	1,108,888
Reporting Period Ending September 30, 2016	\$ 10,760,045	\$ 9,629,158	\$ 1,130,887

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	7.00%	8.00%	9.00%
Sponsor's Net Pension Liability	\$ 2,385,610	\$ 1,130,887	\$ 81,777

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, 2016, the Sponsor will recognize a Pension Expense of \$357,206.

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	33,702	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	872,950	-
Employer and State contributions subsequent to the measurement date	TBD	-
Total	\$ 906,652	\$ -

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, 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		\$	227,542
2018		\$	227,542
2019		\$	210,691
2020		\$	240,877
2021		\$	-
Thereafter		\$	-

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

Reporting Period Ending	09/30/2016	09/30/2015	09/30/2014
Measurement Date	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	278,204	285,022	263,909
Interest	812,851	776,568	733,062
Changes of benefit terms	(93,414)	-	-
Differences between Expected and Actual Experience	50,553	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(528,005)	(487,612)	(460,915)
Net Change in Total Pension Liability	520,189	573,978	536,056
Total Pension Liability - Beginning	10,239,856	9,665,878	9,129,822
Total Pension Liability - Ending (a)	<u>\$ 10,760,045</u>	<u>\$ 10,239,856</u>	<u>\$ 9,665,878</u>
Plan Fiduciary Net Position			
Contributions - Employer	210,889	225,225	243,047
Contributions - State	64,825	66,189	59,256
Contributions - Employee	85,064	90,128	88,479
Net Investment Income	(394,717)	901,280	1,042,891
Benefit Payments, including Refunds of Employee Contributions	(528,005)	(487,612)	(460,915)
Administrative Expense	(26,755)	(19,558)	(18,312)
Net Change in Plan Fiduciary Net Position	(588,699)	775,652	954,446
Plan Fiduciary Net Position - Beginning	10,217,857	9,442,205	8,487,759
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,629,158</u>	<u>\$ 10,217,857</u>	<u>\$ 9,442,205</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,130,887</u>	<u>\$ 21,999</u>	<u>\$ 223,673</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	89.49%	99.79%	97.69%
Covered Employee Payroll*	\$ 1,433,319	\$ 1,502,132	\$ 1,474,649
Net Pension Liability as a percentage of Covered Employee Payroll	78.90%	1.46%	15.17%

Notes to Schedule:*Changes of benefit terms:*

For the 2015 Fiscal year, amounts reported as changes of benefit terms were in accordance with the City's Code, the total benefit multiplier was decreased from 3.16% to 3.13%

**For Reporting Period Ending years 2014 and 2015, the Covered Employee Payroll figures were based on Pensionable Salary.*

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

Reporting Period Ending	09/30/2016	09/30/2015	09/30/2014
Measurement Date	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	260,864	291,414	302,303
Contributions in relation to the			
Actuarially Determined Contributions	275,714	291,414	302,303
Contribution Deficiency (Excess)	\$ (14,850)	\$ -	\$ -
Covered Employee Payroll*	\$ 1,433,319	\$ 1,502,132	\$ 1,474,649
Contributions as a percentage of			
Covered Employee Payroll	19.24%	19.40%	20.50%

*For Reporting Period Ending years 2014 and 2015, the Covered Employee Payroll figures were based on Pensionable Salary.

Notes to Schedule

Valuation Date: 10/01/2013

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 Cost Method.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 29 Years (as of 10/01/2013).
 Mortality: RP-2000 Table - Sex Distinct. Disableds set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
 Termination Rates: See table below (1305).
 Disability Rates: See table below (1207).
 Retirement Age: Earlier of: 1) age 50 with 7 years of credited service, 2) age 55 with 10 years of credited service, 3) age 52 with 25 years of service, or 4) 30 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
 Interest Rate: 8% per year, compounded annually, net of investment-related expenses.
 Inflation: 3.0% per year.
 Salary Increases: 5.5% per year until the assumed retirement age.
 Payroll Growth: Up to 3.0% annually (2.6% for 10/1/13 valuation).
 Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-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 of Assets.

Termination and Disability Rate Table:	% Terminating	% Becoming
	During the	Disabled During
Age	Year	the Year
20	17.20%	0.07%
30	15.00%	0.11%
40	8.20%	0.19%
50	1.70%	0.51%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ 223,673	\$ -	\$ 291,414	\$ -
Employer and State contributions made after 09/30/2014	-	-	275,714	-
Total Pension Liability Factors:				
Service Cost	285,022	-	-	285,022
Interest	776,568	-	-	776,568
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	-	-	-
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(487,612)	-	-	(487,612)
Net change	<u>573,978</u>	<u>-</u>	<u>275,714</u>	<u>573,978</u>
Plan Fiduciary Net Position:				
Contributions - Employer	225,225	-	(225,225)	-
Contributions - State	66,189	-	(66,189)	-
Contributions - Employee	90,128	-	-	(90,128)
Net Investment Income	750,351	-	-	(750,351)
Difference between projected and actual earnings on Pension Plan investments	150,929	150,929	-	-
Current year amortization	-	(30,186)	-	(30,186)
Benefit Payments	(487,612)	-	-	487,612
Administrative Expenses	(19,558)	-	-	19,558
Net change	<u>775,652</u>	<u>120,743</u>	<u>(291,414)</u>	<u>(363,495)</u>
Ending Balance	<u>\$ 21,999</u>	<u>\$ 120,743</u>	<u>\$ 275,714</u>	<u>\$ 210,483</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 21,999	\$ 120,743	\$ 275,714	\$ -
Employer and State Contributions made after 09/30/2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	278,204	-	-	278,204
Interest	812,851	-	-	812,851
Changes in benefit terms	(93,414)	-	-	(93,414)
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	50,553	-	50,553	-
Current year amortization of experience difference	-	-	(16,851)	16,851
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(528,005)	-	-	(528,005)
Net change	<u>520,189</u>	<u>-</u>	<u>33,702</u>	<u>486,487</u>
Plan Fiduciary Net Position:				
Contributions - Employer	210,889	-	(210,889)	-
Contributions - State	64,825	-	(64,825)	-
Contributions - Employee	85,064	-	-	(85,064)
Net Investment Income	809,669	-	-	(809,669)
Difference between projected and actual earnings on Pension Plan investments	(1,204,386)	-	1,204,386	-
Current year amortization	-	(30,186)	(240,878)	210,692
Benefit Payments	(528,005)	-	-	528,005
Administrative Expenses	(26,755)	-	-	26,755
Net change	<u>(588,699)</u>	<u>(30,186)</u>	<u>687,794</u>	<u>(129,281)</u>
Ending Balance	<u>\$ 1,130,887</u>	<u>\$ 90,557</u>	<u>TBD</u>	<u>\$ 357,206</u>

* Employer and State Contributions subsequent to the measurement date made after September 30, 2015 but made on or before September 30, 2016 needs to be added.