

CITY OF PALATKA
GENERAL EMPLOYEES'
RETIREMENT PLAN

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2015

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

March 14, 2016

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

Re: General Employees' Retirement Plan

Dear Ruby:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Palatka General Employees' 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(s). Please note that this valuation may not be applicable for any other purposes.

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

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees and the City, 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 City of Palatka General Employees' 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, ASA, MAAA
Enrolled Actuary #14-6595

PTD/lke

Enclosures

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SUMMARY OF REPORT

The annual actuarial valuation of the City of Palatka General Employees' Retirement Plan, performed as of October 1, 2015, has been completed, and the results are presented in this Report. The contribution amounts developed in this valuation are applicable to the plan/fiscal year ended September 30, 2017.

The contribution requirements, compared with amounts set forth in the October 1, 2014 actuarial valuation report, are as follows:

Valuation Date	10/1/2015	10/1/2014
Applicable Plan/Fiscal Year End	<u>9/30/2017</u>	<u>9/30/2016</u>
Total Required Contribution % of Total Annual Payroll	28.4%	29.2%
Member Contributions (Est.) % of Total Annual Payroll	6.0%	6.0%
Balance from City % of Total Annual Payroll	22.4%	23.2%

Please note the City has a shortfall of \$17,981.85 for the fiscal year ending September 30, 2015. A monthly interest charge of \$120 for each complete month after September 30, 2015 is required until this deposit is made, based on the 8.00% valuation assumption for investment return.

The Total Required Contribution has decreased when expressed as a percentage of Total Annual Payroll. This decrease is the result of net favorable experience during the past year, on the basis of the actuarial assumptions. The primary sources of gain included a 8.93% investment return (Actuarial Asset Basis) that exceeded the 8.00% assumption and average increases in pensionable compensation that were less than the assumption by almost 3.0%. These gains were partially offset by unfavorable retirement experience.

For informational purposes, the City's funding requirement, when expressed as a percentage of payroll, including an estimate of the annual pay for DROP participants, is approximately 19.5% for the Fiscal Year ending September 30, 2017. It is important to note that this funding rate is for illustration purposes only. The City should budget based on the percentages shown above.

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: 
Patrick T. Donlan, ASA, MAAA, EA

By: 
Sara E. Baumer

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2014	23.2%
(2) Summary of Contribution Impact by component:	
Investment Return (Actuarial Asset Basis)	-0.5%
Salary Increases	-0.5%
Payroll Change	0.2%
Active Decrements	-0.2%
Inactive Mortality	0.1%
Assumption Change	0.0%
Other	<u>0.1%</u>
Total Change in Contribution	-0.8%
(3) Contribution Determined as of October 1, 2015	22.4%

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

Mortality rates are based on the RP 2000 Combined Healthy Table, projected to 2015 using Schedule AA. The prior valuation projected mortality improvements to 2014 using Schedule AA.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	79	83
Service Retirees	79	73
DROP Retirees	12	14
Beneficiaries	19	17
Disability Retirees	0	0
Terminated Vested	<u>12</u>	<u>13</u>
Total	201	200
Total Annual Payroll		
	\$2,935,862	\$2,979,382
Payroll Under Assumed Ret. Age		
	2,935,862	2,966,693
Annual Rate of Payments to:		
Service Retirees	1,236,816	1,179,223
DROP Retirees	172,035	180,764
Beneficiaries	235,834	217,925
Disability Retirees	0	0
Terminated Vested	19,645	39,812
B. Assets		
Actuarial Value ¹	17,997,756	17,442,764
Market Value ¹	16,780,927	18,151,027
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	6,018,412	6,110,250
Disability Benefits	720,459	730,291
Death Benefits	211,344	214,322
Vested Benefits	793,454	805,830
Refund of Contributions	84,761	85,222
Service Retirees	12,057,417	11,567,823
DROP Retirees ¹	2,423,715	2,573,217
Beneficiaries	1,745,531	1,613,585
Disability Retirees	0	0
Terminated Vested	<u>164,788</u>	<u>406,168</u>
Total	24,219,881	24,106,708

C. Liabilities - (Continued)	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	20,540,964	20,914,277
Present Value of Future Member Contributions	1,232,458	1,254,857
Normal Cost (Retirement)	217,790	222,374
Normal Cost (Disability)	31,797	31,850
Normal Cost (Death)	8,881	9,500
Normal Cost (Vesting)	27,841	26,817
Normal Cost (Refunds)	<u>21,120</u>	<u>19,947</u>
Total Normal Cost	307,429	310,488
Present Value of Future Normal Costs	2,018,796	2,066,167
Accrued Liability (Retirement)	4,485,346	4,538,903
Accrued Liability (Vesting)	637,462	648,592
Accrued Liability (Refunds)	26,894	28,520
Accrued Liability (Inactives) ¹	<u>16,391,451</u>	<u>16,160,793</u>
Total Actuarial Accrued Liability	22,201,085	22,040,541
Unfunded Actuarial Accrued Liability (UAAL)	4,203,329	4,597,777
Funded Ratio (AVA / AL)	81.1%	79.1%
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	16,391,451	16,160,793
Actives	2,044,143	2,006,247
Member Contributions	<u>1,224,968</u>	<u>1,253,335</u>
Total	19,660,562	19,420,375
Non-vested Accrued Benefits	<u>191,507</u>	<u>218,487</u>
Total Present Value Accrued Benefits	19,852,069	19,638,862
Funded Ratio (MVA / PVAB)	84.5%	92.4%
 Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	501,707	
Benefits Paid	(1,788,086)	
Interest	1,499,586	
Other	<u>0</u>	
Total	213,207	

Valuation Date	10/1/2015	10/1/2014
Applicable to Fiscal Year Ending	<u>9/30/2017</u>	<u>9/30/2016</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll ²	10.9	10.9
Administrative Expenses (with interest) % of Total Annual Payroll ²	1.0	1.1
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 28 years (as of 10/1/2015, with interest) % of Total Annual Payroll ²	16.5	17.2
Total Required Contribution % of Total Annual Payroll ²	28.4	29.2
Expected Member Contributions % of Total Annual Payroll ²	6.0	6.0
Expected City Contribution % of Total Annual Payroll ²	22.4	23.2

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
Total Required Contribution	856,044
City Requirement	686,530
Actual Contributions Made:	
Members (excluding buyback)	169,514
City	<u>686,530</u>
Total	856,044

G. Net Actuarial (Gain)/Loss (223,830)

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 \$2,935,862.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	4,203,329
2016	4,035,206
2017	3,853,633
2024	2,103,884
2029	114,334
2043	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	2.57%	5.50%
Year Ended	9/30/2014	6.24%	5.50%
Year Ended	9/30/2013	3.33%	5.50%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	8.93%	8.00%
Year Ended	9/30/2014	9.65%	8.00%
Year Ended	9/30/2013	9.58%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$2,935,862
	10/1/2005	3,340,332
(b) Total Increase		-12.11%
(c) Number of Years		10.00
(d) Average Annual Rate		-1.28%

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 a copy of the report to the following office to comply with Chapter 112 Florida Statutes:

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2014	\$4,597,777
(2) Sponsor Normal Cost developed as of October 1, 2014	132,486
(3) Expected administrative expenses for the year ended September 30, 2015	30,698
(4) Expected interest on (1), (2) and (3)	379,649
(5) Sponsor contributions to the System during the year ended September 30, 2015	686,530
(6) Expected interest on (5)	26,921
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	4,427,159
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	(223,830)
(10) Unfunded Accrued Liability as of October 1, 2015	4,203,329

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2015 Amount</u>	<u>Amortization Amount</u>
"A"	10/1/2003	18	\$576,191	56,927
DROP Floor	10/1/2007	22	45,900	4,166
Method Change	10/1/2008	13	(141,699)	(16,600)
Method Change	10/1/2009	14	2,285,141	256,649
Actuarial Loss	10/1/2010	15	977,123	105,701
Actuarial Loss	10/1/2011	16	1,185,772	124,041
Assum Change	10/1/2011	16	(128,479)	(13,440)
Actuarial Loss	10/1/2012	17	202,315	20,537
Assum Change	10/1/2012	17	274,286	27,842
Benefit Changes	10/1/2012	27	(405,746)	(34,356)
Actuarial Gain	10/1/2013	18	(233,431)	(23,063)
Actuarial Gain	10/1/2014	19	(210,214)	(20,268)
Actuarial Gain	10/1/2015	20	<u>(223,830)</u>	<u>(21,109)</u>
			4,203,329	467,027

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$4,597,777
(2) Expected UAAL as of October 1, 2015	4,427,159
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(157,969)
Salary Increases	(135,380)
Active Decrements	(54,922)
Inactive Mortality	41,518
New Entrants	10,483
Other	<u>72,440</u>
Increase in UAAL due to (Gain)/Loss	(223,830)
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2015	\$4,203,329

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disabled lives set forward 5 years. We feel this assumption accommodates expected mortality improvements.
<u>Interest Rate</u>	8.0% 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>Retirement Age</u>	See rates on page 16.
<u>Disability Rate</u>	See table below (1207). It is assumed that 25% of disablements and active Member deaths are service related. We believe this assumption is in line with the experience incurred by other plans containing Florida municipal General Employees.
<u>Termination Rate</u>	See table below (200% of 1305). We believe this assumption is in line with the experience incurred by other plans containing Florida municipal General Employees.
<u>Salary Increases</u>	5.5% per year until the assumed retirement age; see table below. We believe this assumption is in line with the experience incurred by other plans containing Florida municipal General Employees.
<u>Payroll Growth</u>	None, for purpose of amortizing the Unfunded Actuarial Accrued Liability. This assumption is in accordance with Part VII of Chapter 112, Florida Statutes
<u>Marital Status</u>	80% of active Members are assumed to be married at the time of retirement. Females are assumed to be 3 years younger than males.
<u>Administrative Expenses</u>	\$27,956 annually, based on prior year's actual expenses.
<u>Funding Method</u>	Entry Age Normal Method
<u>Actuarial Asset Method</u>	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-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.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as a % of Salary at Age 50</u>
20	0.07%	34.4%	17.4%
30	0.11%	30.0%	31.2%
40	0.19%	16.4%	55.8%
50	0.51%	3.4%	100.0%

Rates of Retirement

The following table indicates the probability of retirement of members eligible for retirement during each future year. We feel these rates are reasonable based on long-term expectations and based upon plan provisions.

<u>Member Age</u>	<u>Percent of Eligible Members Retiring</u>
50	5%
51	5
52	5
53	5
54	5
55	5
56	5
57	5
58	5
59	5
60	10
61	10
62	30
63	20
64	20
65	70
66	30
67	40
68	50
69	90
70	100

VALUATION NOTES

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

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

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

Unfunded Accrued Liability is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service.

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

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.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	72,781.59	72,781.59
Total Cash and Equivalents	72,781.59	72,781.59
Receivables:		
Member Contributions in Transit	13,318.51	13,318.51
City Contributions in Transit	52,163.81	52,163.81
Additional City Contributions	17,981.85	17,981.85
Total Receivable	83,464.17	83,464.17
Investments:		
Mutual Funds:		
Fixed Income	7,742,473.32	7,745,487.92
Equity	6,728,221.94	7,590,028.41
Pooled/Common/Commingled Funds:		
Equity	674,169.50	1,291,356.57
Total Investments	15,144,864.76	16,626,872.90
Total Assets	15,301,110.52	16,783,118.66
 <u>LIABILITIES</u>		
Payables:		
Administrative Expenses	2,191.66	2,191.66
Total Liabilities	2,191.66	2,191.66
NET POSITION RESTRICTED FOR PENSIONS	15,298,918.86	16,780,927.00

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

ADDITIONS

Contributions:

Member	169,513.68	
City	686,530.40	

Total Contributions		856,044.08
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Investment Income:

Net Realized Gain (Loss)	508,061.25	
Unrealized Gain (Loss)	(1,570,746.35)	
Net Increase in Fair Value of Investments	(1,062,685.10)	
Interest & Dividends	702,072.88	
Less Investment Expense ¹	(49,490.07)	

Net Investment Income		(410,102.29)
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Total Additions		445,941.79
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DEDUCTIONS

Distributions to Members:

Benefit Payments	1,438,924.41	
Lump Sum DROP Distributions	241,068.89	
Refunds of Member Contributions	108,092.28	

Total Distributions		1,788,085.58
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Administrative Expense		27,955.94
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Total Deductions		1,816,041.52
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Net Increase in Net Position		(1,370,099.73)
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		18,151,026.73
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End of the Year		16,780,927.00
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¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

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

REVENUES

Contributions:		
Member	169,513.68	
City	686,530.40	
Total Contributions		856,044.08
Earnings from Investments:		
Interest & Dividends	702,072.88	
Net Realized Gain (Loss)	508,061.25	
Change in Actuarial Value	354,345.92	
Total Earnings and Investment Gains		1,564,480.05

EXPENDITURES

Distributions to Members:		
Benefit Payments	1,438,924.41	
Lump Sum DROP Distributions	241,068.89	
Refunds of Member Contributions	108,092.28	
Total Distributions		1,788,085.58
Expenses:		
Investment related ¹	49,490.07	
Administrative	27,955.94	
Total Expenses		77,446.01
Change in Net Assets for the Year		554,992.54
Net Assets Beginning of the Year		17,442,763.78
Net Assets End of the Year²		17,997,756.32

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

²Net Assets may be limited for actuarial consideration.

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*	
09/30/2012	18.67%	
09/30/2013	10.92%	
09/30/2014	9.51%	
09/30/2015	-2.32%	
Annualized Rate of Return for prior four (4) years:		8.93%
(A) 10/01/2014 Actuarial Assets:		\$17,442,763.78
(I) Net Investment Income:		
1. Interest and Dividends	702,072.88	
2. Realized Gains (Losses)	508,061.25	
3. Change in Actuarial Value	354,345.92	
4. Investment Related Expenses	(49,490.07)	
Total		1,514,989.98
(B) 10/01/2015 Actuarial Assets:		\$17,997,756.32
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		8.93%
10/01/2015 Limited Actuarial Assets:		\$17,997,756.32
10/01/2015 Market Value of Assets:		\$16,780,927.00
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$157,968.78

*Market Value Basis, net of investment related expenses.

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

Beginning of the Year Balance	501,289.59
Plus Additions	177,835.98
Investment Return Earned	46,113.54
Less Distributions	(241,068.89)
End of the Year Balance	484,170.22

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2015

(1) Total Required Contribution Rate	30.3%
(2) Pensionable Payroll Derived from Member Contributions	\$2,825,228.00
(3) Total Required Contribution (1) x (2)	856,044.08
(4) Less Actual Member Contributions	<u>(169,513.68)</u>
(5) Equals Required City Contribution for Fiscal 2015	686,530.40
(6) Less 2014 Prepaid Contribution	(4,471.16)
(7) Less Actual City Contributions	<u>(664,077.39)</u>
(8) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2015	\$17,981.85

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	91	88	83	79
Average Current Age	48.0	47.8	46.4	45.3
Average Age at Employment	38.0	39.8	38.6	37.3
Average Past Service	10.0	8.0	7.8	8.0
Average Annual Salary	\$31,017	\$33,623	\$35,896	\$37,163
<u>Service Retirees</u>				
Number	64	70	73	79
Average Current Age	68.0	67.8	68.3	68.3
Average Annual Benefit	\$16,006	\$16,804	\$16,154	\$15,656
<u>DROP Retirees</u>				
Number	10	10	14	12
Average Current Age	57.9	56.6	57.7	57.4
Average Annual Benefit	\$12,790	\$12,790	\$12,912	\$14,336
<u>Beneficiaries</u>				
Number	16	17	17	19
Average Current Age	75.8	76.4	77.2	76.9
Average Annual Benefit	\$12,249	\$12,236	\$12,819	\$12,412
<u>Disability Retirees</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Terminated Vested ²</u>				
Number	3	3	4	3
Average Current Age	44.5	45.5	46.0	45.7
Average Annual Benefit	\$11,971	\$12,045	\$9,953	\$6,548

¹ Prior to 10/1/2013, averages were salary weighted.

² Excludes non-vested terminated Members 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	2	1	1	0	0	0	0	0	0	0	0	4
25 - 29	3	0	1	0	1	0	0	0	0	0	0	5
30 - 34	3	0	0	0	0	4	2	0	0	0	0	9
35 - 39	0	2	0	2	0	1	0	0	0	0	0	5
40 - 44	3	0	2	0	1	0	1	3	0	0	0	10
45 - 49	1	1	0	2	0	3	3	3	3	0	0	16
50 - 54	1	0	0	1	1	1	2	0	0	1	0	7
55 - 59	0	2	3	0	1	4	2	3	0	1	1	17
60 - 64	1	0	0	0	1	2	1	1	0	0	0	6
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	14	6	7	5	5	15	11	10	3	2	1	79

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	83
b. Terminations	
i. Vested (partial or full) with deferred benefits	(1)
ii. Non-vested or full lump sum distribution received	(12)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(3)
f. DROP	<u>(3)</u>
g. Continuing participants	64
h. New entrants	<u>15</u>
i. Total active life participants in valuation	79

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

	Service Retirees, Vested Receiving	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested Deferred	Total
	<u>Benefits</u>	<u>Benefits</u>	<u>Benefits</u>	<u>Benefits</u>	<u>Benefits</u>	<u>Benefits</u>
a. Number prior valuation	73	14	17	0	13	117
Retired	3	(5)	0	0	(1)	(3)
DROP	5	3	0	0	0	8
Vested Deferred	1	0	0	0	2	3
Death, With Survivor	(2)	0	2	0	0	0
Death, No Survivor	(1)	0	0	0	0	(1)
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	(2)	(2)
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	79	12	19	0	12	122

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 13-42)

CREDITED SERVICE	Years and nearest month of service with the City as a General Employee.
COMPENSATION	Salary or wages paid for services rendered to the City as a General Employee, 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 allowances for clothing, equipment, cleaning, meals and travel, reimbursement for expenses, bonuses, termination pay, severance pay, unused sick and vacation pay and the value of any fringe benefits.
FINAL AVERAGE COMPENSATION	Average Compensation paid during the three (3) highest consecutive years of the last five (5).
NORMAL RETIREMENT	
Eligibility	Earlier of: 1) age 55 and 7 years of Credited Service, or 2) 30 years of Credited Service, regardless of age. Members who will attain age 50 on or before September 30, 2014 shall be allowed to retire at age 50 with 7 years of service.
Benefit Amount	2.50% of Final Average Compensation times Credited Service.
Form of Benefit	Life annuity; provided, however, the surviving spouse receives 75% of the retiree's benefit for life if the Member was eligible for Normal Retirement on October 10, 2013.
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	Accrued benefit, but not less than 45% of Final Average Compensation (service incurred).
DEATH	
Pre-Retirement	Covered for service incurred from date of hire, after 7 years for non-service incurred (as determined by the Board). Benefit amount is equal to 75% of accrued benefit paid to spouse at the Member's Normal Retirement Date (minimum benefit for service incurred death is 35% of Final Average Compensation).
Post-Retirement	According to benefit election made at time of retirement.

VESTING (TERMINATION)

Less Than 7 Years	Refund of Member Contributions.
7 or More Years	Accrued benefit payable at age 55.

CONTRIBUTIONS

Employee	6.0% of Compensation (effective 10/1/2001).
City	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years.

BOARD OF TRUSTEES

City Manager, two City Commission appointees, one Member of the Plan elected by a majority of the other covered General Employees, and, One citizen having financial experience appointed by the City Commission.

DEFERRED RETIREMENT OPTION PLAN

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 5 years
Rate of Return	Choice of actual net rate of investment return as reported by the Fund's monitor each September 30 or fixed 6.5% per annum compounded monthly. Effective 10/1/07 through 9/30/08 the rate of return was limited to 0% for members in the DROP.
Form of Distribution	Cash 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	72,782
Total Cash and Equivalents	72,782
Receivables:	
Member Contributions in Transit	13,318
City Contributions in Transit	52,164
Additional City Contributions	17,982
Total Receivable	83,464
Investments:	
Mutual Funds:	
Fixed Income	7,745,488
Equity	7,590,028
Equity	1,291,357
Total Investments	16,626,873
Total Assets	16,783,119
<u>LIABILITIES</u>	
Payables:	
Administrative Expenses	2,192
Total Liabilities	2,192
NET POSITION RESTRICTED FOR PENSIONS	16,780,927

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

ADDITIONS

Contributions:

Member	169,514	
City	686,530	
Total Contributions		856,044
Investment Income:		
Net Increase in Fair Value of Investments	(1,062,685)	
Interest & Dividends	702,073	
Less Investment Expense ¹	(49,490)	
Net Investment Income		(410,102)
Total Additions		445,942

DEDUCTIONS

Distributions to Members:

Benefit Payments	1,438,925	
Lump Sum DROP Distributions	241,069	
Refunds of Member Contributions	108,092	
Total Distributions		1,788,086
Administrative Expense		27,956
Total Deductions		1,816,042
Net Increase in Net Position		(1,370,100)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		18,151,027
End of the Year		16,780,927

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: City Manager, two City Commission appointees, one Member of the Plan elected by a majority of the other covered General Employees, and, One citizen having financial experience appointed by the City Commission.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	104
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	13
Active Plan Members	83
	200

Benefits Provided

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

Normal Retirement:

Eligibility: Earlier of: 1) age 55 and 7 years of Credited Service, or 2) 30 years of Credited Service, regardless of age. Members who will attain age 50 on or before September 30, 2014 shall be allowed to retire at age 50 with 7 years of service.

Benefit: 2.50% of Final Average Compensation times Credited Service.

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: Accrued benefit, but not less than 45% of Final Average Compensation (service incurred).

Pre-Retirement Death Benefits:

Pre-Retirement: Covered for service incurred from date of hire, after 7 years for non-service incurred (as determined by the Board). Benefit amount is equal to 75% of accrued benefit paid to spouse at the Member's Normal Retirement Date (minimum benefit for service incurred death is 35% of Final Average Compensation).

Vesting (Termination):

Less Than 7 Years: Refund of Member Contributions.

7 or More Years: Accrued benefit payable at age 55.

Contributions

Employee: 6.0% of Compensation (effective 10/01/2001).

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years.

Investments

Investment Policy:

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

Asset Class	Target Allocation
Domestic Equity	27%
International Equity	15%
Bonds	34%
High Yield Bonds	5%
Convertibles	8%
REITS	5%
MLPs	5%
Cash	1%
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 -2.32 percent.

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

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: Choice of actual net rate of investment return as reported by the Fund's monitor each September 30 or fixed 6.5% per annum compounded monthly.

Effective 10/1/07 through 9/30/08 the rate of return was limited to 0% for Members in the DROP.

The DROP balance as September 30, 2015 is \$484,170.

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	\$ 21,878,225
Plan Fiduciary Net Position	<u>\$ (16,780,927)</u>
Sponsor's Net Pension Liability	<u>\$ 5,097,298</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	76.70%

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), projected to valuation date using scale AA. Disabled lives set forward 5 years. We feel this assumption accommodates expected 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	8.00%
International Equity	3.00%
Bonds	4.40%
High Yield Bonds	6.00%
Convertibles	6.40%
REITS	7.00%
MLPs	10.40%
Cash	1.10%

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
Sponsor's Net Pension Liability	\$ 7,372,955	\$ 5,097,298	\$ 3,171,549

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	347,539	352,477	326,368
Interest	1,684,998	1,657,695	1,638,624
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	24,797	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,788,086)	(1,539,820)	(1,965,592)
Net Change in Total Pension Liability	269,248	470,352	(600)
Total Pension Liability - Beginning	21,608,977	21,138,625	21,139,225
Total Pension Liability - Ending (a)	<u>\$ 21,878,225</u>	<u>\$ 21,608,977</u>	<u>\$ 21,138,625</u>
Plan Fiduciary Net Position			
Contributions - Employer	686,530	777,517	788,781
Contributions - Employee	169,514	172,782	177,921
Net Investment Income	(410,102)	1,600,605	1,741,396
Benefit Payments, including Refunds of Employee Contributions	(1,788,086)	(1,539,820)	(1,965,592)
Administrative Expense	(27,956)	(30,698)	(21,905)
Net Change in Plan Fiduciary Net Position	(1,370,100)	980,386	720,601
Plan Fiduciary Net Position - Beginning	18,151,027	17,170,641	16,450,040
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,780,927</u>	<u>\$ 18,151,027</u>	<u>\$ 17,170,641</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,097,298</u>	<u>\$ 3,457,950</u>	<u>\$ 3,967,984</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	76.70%	84.00%	81.23%
Covered Employee Payroll*	\$ 2,979,727	\$ 2,879,693	\$ 2,965,343
Net Pension Liability as a percentage of Covered Employee Payroll	171.07%	120.08%	133.81%

Notes to Schedule:

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	686,530	777,517	788,781
Contributions in relation to the Actuarially Determined Contributions	686,530	777,517	788,781
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll*	\$ 2,979,727	\$ 2,879,693	\$ 2,965,343
Contributions as a percentage of Covered Employee Payroll	23.04%	27.00%	26.60%

*For the Fiscal years 2013 and 2014, the Covered Employee Payroll was 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 Method.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 29 Years (as of 10/01/2013 valuation).
 Mortality Rate: RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disabled lives set forward 5 years.
 Interest Rate: 8% per year compounded annually, net of investment related expenses.
 Inflation: 3.0% per year.
 Retirement Age: See Rates of Retirement on next page.
 Disability Rate: See table below (1207). It is assumed that 25% of disablements and active Member deaths are service related.
 Termination Rate: See table below (200% of 1305).
 Salary Increases: 5.5% per year until the assumed retirement age.
 Payroll Growth: None, for purpose of amortizing the Unfunded Actuarial Accrued Liability.
 Marital Status: 80% of active Members are assumed to be married at the time of retirement. Females are assumed to be 3 years younger than males.
 Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-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.

Termination and Disability Rate Tables:

Age	% Becoming Disabled During the Year	% Terminating During the Year
20	0.07%	34.40%
30	0.11%	30.00%
40	0.19%	16.40%
50	0.51%	3.40%

GASB 67

Rates of Retirement:

The following table indicates the probability of retirement of Members eligible for retirement during each future year:

Member Age	Percent of Eligible Members	
	Retiring	
50	5%	
51	5%	
52	5%	
53	5%	
54	5%	
55	5%	
56	5%	
57	5%	
58	5%	
59	5%	
60	10%	
61	10%	
62	30%	
63	20%	
64	20%	
65	70%	
66	30%	
67	40%	
68	50%	
69	90%	
70	100%	

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	-2.32%	9.51%	10.92%

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: City Manager, two City Commission appointees, one Member of the Plan elected by a majority of the other covered General Employees, and, One citizen having financial experience appointed by the City Commission.

An individual who is employed by the City in a position normal requiring 1,500 or more hours of work in a year shall be a member of the retirement plan unless employed in an excluded position.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	104
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	13
Active Plan Members	83
	200
	200

Benefits Provided

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

Normal Retirement:

Eligibility: Earlier of: 1) age 55 and 7 years of Credited Service, or 2) 30 years of Credited Service, regardless of age. Members Benefit: 2.50% of Final Average Compensation times Credited Service.

Disability:

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

Benefit Amount: Accrued benefit, but not less than 45% of Final Average Compensation (service incurred).

Pre-Retirement Death Benefits:

Pre-Retirement: Covered for service incurred from date of hire, after 7 years for non-service incurred (as determined by the Board). Benefit amount is equal to 75% of accrued benefit paid to spouse at the Member's Normal Retirement Date (minimum benefit for service incurred death is 35% of Final Average Compensation).

Vesting (Termination):

Less Than 7 Years: Refund of Member Contributions.

7 or More Years: Accrued benefit payable at age 55.

Contributions

Employee: 6.0% of Compensation (effective 10/01/2001).

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years.

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), projected to valuation date using scale AA. Disabled lives set forward 5 years. We feel this assumption accommodates expected 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	27%	8.00%
International Equity	15%	3.00%
Bonds	34%	4.40%
High Yield Bonds	5%	6.00%
Convertibles	8%	6.40%
REITS	5%	7.00%
MLPs	5%	10.40%
Cash	1%	1.10%
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	\$ 21,608,977	\$ 18,151,027	\$ 3,457,950
Changes for a Year:			
Service Cost	347,539	-	347,539
Interest	1,684,998	-	1,684,998
Differences between Expected and Actual Experience	24,797	-	24,797
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	686,530	(686,530)
Contributions - State	-	-	-
Contributions - Employee	-	169,514	(169,514)
Net Investment Income	-	(410,102)	410,102
Benefit Payments, including Refunds of Employee Contributions	(1,788,086)	(1,788,086)	-
Administrative Expense	-	(27,956)	27,956
Net Changes	269,248	(1,370,100)	1,639,348
Reporting Period Ending September 30, 2016	\$ 21,878,225	\$ 16,780,927	\$ 5,097,298

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	\$ 7,372,955	\$ 5,097,298	\$ 3,171,549

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 \$799,965.

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	16,532	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	1,307,972	-
Employer contributions subsequent to the measurement date	TBD	-
Total	\$ 1,324,504	\$ -

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, 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	\$	322,671	
2018	\$	322,671	
2019	\$	314,405	
2020	\$	364,757	
2021	\$	-	
Thereafter	\$	-	

Payable to the Pension Plan

On September 30, 2015, the Sponsor reported a payable of \$17,982 for the outstanding amount of contributions of the Pension Plan required for the year ended September 30, 2015.

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	347,539	352,477	326,368
Interest	1,684,998	1,657,695	1,638,624
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	24,797	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,788,086)	(1,539,820)	(1,965,592)
Net Change in Total Pension Liability	269,248	470,352	(600)
Total Pension Liability - Beginning	21,608,977	21,138,625	21,139,225
Total Pension Liability - Ending (a)	<u>\$ 21,878,225</u>	<u>\$ 21,608,977</u>	<u>\$ 21,138,625</u>
Plan Fiduciary Net Position			
Contributions - Employer	686,530	777,517	788,781
Contributions - Employee	169,514	172,782	177,921
Net Investment Income	(410,102)	1,600,605	1,741,396
Benefit Payments, including Refunds of Employee Contributions	(1,788,086)	(1,539,820)	(1,965,592)
Administrative Expense	(27,956)	(30,698)	(21,905)
Net Change in Plan Fiduciary Net Position	(1,370,100)	980,386	720,601
Plan Fiduciary Net Position - Beginning	18,151,027	17,170,641	16,450,040
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,780,927</u>	<u>\$ 18,151,027</u>	<u>\$ 17,170,641</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,097,298</u>	<u>\$ 3,457,950</u>	<u>\$ 3,967,984</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	76.70%	84.00%	81.23%
Covered Employee Payroll*	\$ 2,979,727	\$ 2,879,693	\$ 2,965,343
Net Pension Liability as a percentage of Covered Employee Payroll	171.07%	120.08%	133.81%

Notes to Schedule:

*For the Reporting Period Ending years 2014 and 2015, the Covered Employee Payroll was 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	686,530	777,517	788,781
Contributions in relation to the Actuarially Determined Contributions	686,530	777,517	788,781
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll*	\$ 2,979,727	\$ 2,879,693	\$ 2,965,343
Contributions as a percentage of Covered Employee Payroll	23.04%	27.00%	26.60%

*For the Fiscal years 2013 and 2014, the Covered Employee Payroll was 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 Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	29 Years (as of 10/01/2013 valuation).
Mortality Rate:	RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disabled lives set forward 5 years.
Interest Rate:	8% per year compounded annually, net of investment related expenses.
Inflation:	3.0% per year.
Retirement Age:	See Rates of Retirement on next page.
Disability Rate:	See table below (1207). It is assumed that 25% of disablements and active Member deaths are service related.
Termination Rate:	See table below (200% of 1305).
Salary Increases:	5.5% per year until the assumed retirement age.
Payroll Growth:	None, for purpose of amortizing the Unfunded Actuarial Accrued Liability.
Marital Status:	80% of active Members are assumed to be married at the time of retirement. Females are assumed to be 3 years younger than males.
Actuarial Asset Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-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.

Termination and Disability Rate Tables:	% Becoming Disabled During the Year	% Terminating During the Year
Age	the Year	Year
20	0.07%	34.40%
30	0.11%	30.00%
40	0.19%	16.40%
50	0.51%	3.40%

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Rates of Retirement:

The following table indicates the probability of retirement of Members eligible for retirement during each future year:

Member Age	Percent of Eligible Members Retiring
50	5%
51	5%
52	5%
53	5%
54	5%
55	5%
56	5%
57	5%
58	5%
59	5%
60	10%
61	10%
62	30%
63	20%
64	20%
65	70%
66	30%
67	40%
68	50%
69	90%
70	100%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 3,967,984	\$ -	\$ 777,517	\$ -
Employer Contributions made after September 30, 2014	-	-	686,530	-
Total Pension Liability Factors:				
Service Cost	352,477	-	-	352,477
Interest	1,657,695	-	-	1,657,695
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	(1,539,820)	-	-	(1,539,820)
Net change	<u>470,352</u>	<u>-</u>	<u>686,530</u>	<u>470,352</u>
Plan Fiduciary Net Position:				
Contributions - Employer	777,517	-	(777,517)	-
Contributions - Employee	172,782	-	-	(172,782)
Net Investment Income	1,348,843	-	-	(1,348,843)
Difference between projected and actual earnings on Pension Plan investments	251,762	251,762	-	-
Current year amortization	-	(50,353)	-	(50,353)
Benefit Payments	(1,539,820)	-	-	1,539,820
Administrative Expenses	(30,698)	-	-	30,698
Net change	<u>980,386</u>	<u>201,409</u>	<u>(777,517)</u>	<u>(1,460)</u>
Ending Balance	<u><u>\$ 3,457,950</u></u>	<u><u>\$ 201,409</u></u>	<u><u>\$ 686,530</u></u>	<u><u>\$ 468,892</u></u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 3,457,950	\$ 201,409	\$ 686,530	\$ -
Employer Contributions made after September 30, 2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	347,539	-	-	347,539
Interest	1,684,998	-	-	1,684,998
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	24,797	-	24,797	-
Current year amortization of experience difference	-	-	(8,265)	8,265
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(1,788,086)	-	-	(1,788,086)
Net change	<u>269,248</u>	<u>-</u>	<u>16,532</u>	<u>252,716</u>
Plan Fiduciary Net Position:				
Contributions - Employer	686,530	-	(686,530)	-
Contributions - Employee	169,514	-	-	(169,514)
Net Investment Income	1,413,682	-	-	(1,413,682)
Difference between projected and actual earnings on Pension Plan investments	(1,823,784)	-	1,823,784	-
Current year amortization	-	(50,353)	(364,756)	314,403
Benefit Payments	(1,788,086)	-	-	1,788,086
Administrative Expenses	(27,956)	-	-	27,956
Net change	<u>(1,370,100)</u>	<u>(50,353)</u>	<u>772,498</u>	<u>547,249</u>
Ending Balance	<u>\$ 5,097,298</u>	<u>\$ 151,056</u>	<u>TBD</u>	<u>\$ 799,965</u>

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