

TOWN OF ORANGE PARK
PENSION PLAN FOR GENERAL EMPLOYEES

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2016

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

March 14, 2017

Mr. Jim Hanson
Town Manager
Town of Orange Park
2042 Park Avenue
Orange Park, FL 32073

Re: Town of Orange Park
Pension Plan for General Employees

Dear Jim:

We are pleased to present to the Board this report of the annual actuarial valuation of the Town of Orange Park Pension Plan for General Employees. 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, 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 Town of Orange Park and 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 Town of Orange Park, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Town of Orange Park Pension Plan for General Employees. 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: 
Drew D. Ballard, EA, MAAA
Enrolled Actuary #14-8193

DDB/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the Town of Orange Park Pension Plan for General Employees, performed as of October 1, 2016, has been completed, and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended September 30, 2017.

The contribution requirements developed in this valuation, compared with amounts developed in the June 1, 2016 Actuarial Impact Statement (determined as of October 1, 2015 by Gabriel Roeder Smith & Company), are as follows:

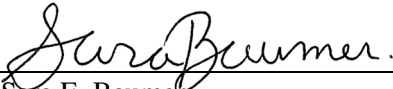
Valuation Date	10/1/2016	10/1/2015
Applicable Plan/Fiscal Yr. End	<u>9/30/2017</u>	<u>9/30/2016</u>
Total Required Contribution	\$320,426	\$457,579
% of Total Annual Payroll	17.4%	23.8%
Member Contributions (Est.)	\$62,784	\$62,079
% of Total Annual Payroll	3.3%	3.2%
Balance from Town	\$257,642	\$395,500
% of Total Annual Payroll	14.1%	20.6%

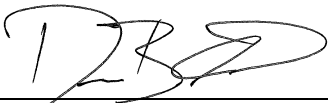
Experience during the prior twelve months has been more favorable than expected, relative to the Plan’s actuarial assumptions. The primary components of favorable experience included a 28.92% investment return (Market Value Basis) exceeding the 7.00% assumption, average increases in Pensionable Earnings that were below the assumed rate and favorable employee turnover. These gains were partially offset by no inactive mortality.

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 Town Council in order to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Sara E. Baumer

By: 
Drew D. Ballard, EA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes

Ordinance 11-16 was adopted by Town Council on June 7, 2016 which amended benefits for employees not represented by Local 630 or in dispatcher positions. The plan changes that were made in conjunction with that Ordinance are as follows:

- Average annual earnings are the average for the highest five years of service for the last ten years preceding retirement, termination or death. However, average annual earnings cannot be less than the average annual earnings as of June 7, 2016.
- The benefit multiplier is 2.00% for participants hired on or after June 7, 2016.
- The maximum pension benefit is 75% of average earnings but not less than the maximum pension benefit as of June 7, 2016.
- Employee contributions are 3.00% of gross earnings effective June 7, 2016.

The impact of the above changes are shown in the June 1, 2016 Actuarial Impact Statement as performed by Gabriel Roeder Smith & Company.

Actuarial Assumption/Method Changes

As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables for other than special risk employees used by the Florida Retirement System actuary in the July 1, 2015 actuarial valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
A. Participant Data			
Actives	46	46	43
Service Retirees	18	18	13
Beneficiaries	2	2	2
Terminated Vested	<u>50</u>	<u>50</u>	<u>51</u>
 Total	 116	 116	 109
 Total Annual Payroll	 \$2,189,775	 \$2,189,775	 \$1,922,781
Payroll Under Assumed Ret. Age	1,838,219	1,838,219	1,922,781
 Annual Rate of Payments to:			
Service Retirees	242,035	242,035	215,594
Beneficiaries	10,787	10,787	10,787
Terminated Vested	325,984	325,984	337,876
 B. Assets			
Actuarial Value (AVA)	9,134,338	9,134,338	6,907,381
Market Value (MVA)	9,134,338	9,134,338	6,907,381
 C. Liabilities			
 Present Value of Benefits			
Actives			
Retirement Benefits	6,947,145	6,900,244	6,000,395
Death Benefits	65,989	44,201	30,310
Vested Benefits	298,292	301,882	544,109
Service Retirees	2,515,094	2,464,647	2,226,321
Beneficiaries	83,325	84,220	76,058
Terminated Vested	<u>1,272,457</u>	<u>1,256,611</u>	<u>1,389,329</u>
 Total	 11,182,302	 11,051,805	 10,266,522

C. Liabilities - (Continued)	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
Present Value of Future Salaries	12,673,333	12,807,438	12,109,014
Normal Cost (Retirement)	185,393	185,263	N/A
Normal Cost (Death)	3,251	2,361	N/A
Normal Cost (Vesting)	<u>25,608</u>	<u>25,826</u>	<u>N/A</u>
Total Normal Cost	214,252	213,450	223,040
Present Value of Future Normal Costs	1,382,193	1,392,939	1,346,783
Accrued Liability (Retirement)	5,774,007	5,714,708	N/A
Accrued Liability (Death)	46,188	30,051	N/A
Accrued Liability (Vesting)	109,038	108,629	N/A
Accrued Liability (Inactives)	<u>3,870,876</u>	<u>3,805,478</u>	<u>N/A</u>
Total Actuarial Accrued Liability (AL)	9,800,109	9,658,866	8,919,739
Unfunded Actuarial Accrued Liability (UAAL)	665,771	524,528	2,012,358
Funded Ratio (AVA / AL)	93.2%	94.6%	77.4%

D. Actuarial Present Value of Accrued Benefits	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
Vested Accrued Benefits			
Inactives	3,870,876	3,805,478	N/A
Actives	4,578,507	4,517,165	N/A
Member Contributions	<u>78,596</u>	<u>78,596</u>	<u>N/A</u>
Total	8,527,979	8,401,239	7,728,369
Non-vested Accrued Benefits	<u>227,067</u>	<u>225,088</u>	<u>170,579</u>
Total Present Value Accrued Benefits (PVAB)	8,755,046	8,626,327	7,898,948
Funded Ratio (MVA / PVAB)	104.3%	105.9%	87.4%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	128,719	0	
New Accrued Benefits	0	432,057	
Benefits Paid	0	(248,893)	
Interest	0	544,215	
Other	<u>0</u>	<u>0</u>	
Total	128,719	727,379	

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

E. Pension Cost

Normal Cost ¹	\$221,751	\$220,921	\$232,280
% of Total Annual Payroll ¹	12.1	12.0	12.1
Administrative Expenses ¹	2,665	2,665	27,256
% of Total Annual Payroll ¹	0.1	0.1	1.4
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2016) ¹	96,010	84,999	198,043
% of Total Annual Payroll ¹	5.2	4.6	10.3
Total Required Contribution	320,426	308,585	457,579
% of Total Annual Payroll ¹	17.4	16.7	23.8
Expected Member Contributions ¹	62,784	62,784	62,079
% of Total Annual Payroll ¹	3.3	3.3	3.2
Expected Town Contribution	257,642	245,801	395,500
% of Total Annual Payroll ¹	14.1	13.4	20.6

F. Past Contributions

Plan Years Ending:	<u>9/30/2016</u>
Town Requirement	395,500
Actual Contributions Made:	
Members (excluding buyback)	48,259
Town	<u>419,653</u>
Total	467,912

G. Net Actuarial (Gain)/Loss

(1,393,670)

¹ Contributions developed as of 10/1/2016 displayed above have been adjusted to account for an assumed interest component.

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2016	665,771
2017	613,117
2018	556,781
2025	49,111
2046	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	4.14%	4.75%
Year Ended	9/30/2015	3.05%	4.75%
Year Ended	9/30/2014	3.36%	4.75%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	28.92%	7.00%
Year Ended	9/30/2015	5.30%	7.00%
Year Ended	9/30/2014	3.50%	7.00%

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.



Drew D. Ballard, EA, MAAA
Enrolled Actuary #14-8193

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, 2015	\$2,012,358
(2) Sponsor Normal Cost developed as of October 1, 2015	160,961
(3) Expected administrative expenses for the year ended September 30, 2016	26,172
(4) Expected interest on (1), (2) and (3)	153,048
(5) Sponsor contributions to the System during the year ended September 30, 2016	419,653
(6) Expected interest on (5)	14,688
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	1,918,198
(8) Change to UAAL due to Assumption Change	141,243
(9) Change to UAAL due to Actuarial (Gain)/Loss	(1,393,670)
(10) Unfunded Actuarial Accrued Liability as of October 1, 2016	665,771

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2016 <u>Amount</u>	Amortization <u>Amount</u>
UAAL	10/1/1995	8	83,693	\$13,099
Assumption/Method Change	10/1/1997	11	14,678	1,829
Plan Amendment	10/1/2000	14	605,604	64,718
Assumption/Method Change	10/1/2007	21	1,026,265	88,517
Actuarial Loss	10/1/2008	22	155,127	13,107
Actuarial Loss	10/1/2009	23	333,946	27,688
Assumption Change	10/1/2009	23	234,566	19,448
Census Data Adjustment	10/1/2010	24	153,342	12,495
Actuarial Loss	10/1/2010	24	78,773	6,419
Actuarial Gain	10/1/2011	25	(58,257)	(4,672)
Actuarial Gain	10/1/2012	26	(258,282)	(20,412)
Actuarial Gain	10/1/2013	27	(357,582)	(27,880)
Assump. and Plan Change	10/1/2013	27	(93,978)	(7,327)
Plan Amendment	10/1/2013	27	(78,148)	(6,093)
Actuarial Loss	10/1/2014	28	204,646	15,758
Actuarial Gain	10/1/2015	29	(116,791)	(8,890)
Plan Amendment	10/1/2015	29	(9,404)	(716)
Actuarial Gain	10/1/2016	30	(1,393,670)	(104,963)
Assumption Change	10/1/2016	30	<u>141,243</u>	<u>10,638</u>
			665,771	92,763

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2015	\$2,012,358
(2) Expected UAAL as of October 1, 2016	1,918,198
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(1,523,874)
Salary Increases	(45,800)
Active Decrements	(42,850)
Inactive Mortality	28,090
Other ¹	<u>190,764</u>
Increase in UAAL due to (Gain)/Loss	(1,393,670)
Assumption Changes	<u>141,243</u>
(4) Actual UAAL as of October 1, 2016	\$665,771

¹ Includes amount due to transition of actuarial firms.

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Lives:

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

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB

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

Prior assumption: RP2000 Generational Combined Healthy (sex distinct), scale AA.

Termination Rates

Sample rates below. The assumed rates of termination were utilized by the prior actuary.

<u>Age</u>	<u>Males</u>	<u>Females</u>
25	14.8%	16.5%
35	9.1	11.9
45	7.9	10.0
55	6.1	7.9

Retirement Age

Earlier of age 65 and 10 years of service or age 62 and 20 years of service. This assumption was utilized by the prior actuary.

Early Retirement

Commencing with the earliest Early Retirement Age (10 years before Normal Retirement Age), Members are assumed to retire with an immediate subsidized benefit at a rate equal to the assumed rate of termination. This assumption was utilized by the prior actuary.

Interest Rate

7.00% per year, compounded annually, net of investment related assumptions. We believe this assumption is reasonable given the investment policy and long term expected returns by asset class.

Salary Increases

4.75% per year up to the assumed retirement age. This assumption was utilized by the prior actuary.

Payroll Growth Assumption

None

Administrative Expenses

Equal to prior year's actual expenses.

Cost Method

Entry Age Normal Actuarial Cost Method.

Marriage Assumption

100% of participants are assumed to be married, with husbands 3 years older than wives.

Asset Valuation Method

Fair Market Value.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay as of the valuation date for 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.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Receivables:	
Member Contributions in Transit	2,521.89
Total Receivable	2,521.89
Investments:	
FL Municipal Pension Trust Fund	9,131,816.58
Total Investments	9,131,816.58
Total Assets	9,134,338.47
<u>LIABILITIES</u>	
Total Liabilities	0.00
NET POSITION RESTRICTED FOR PENSIONS	9,134,338.47

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

ADDITIONS

Contributions:

Member	48,259.49	
Town	419,652.84	

Total Contributions		467,912.33
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Investment Income:

Earnings/(Losses) as disclosed in FMPTF statement	1,838,881.97	
Interest & Dividends	194,937.50	
Less Investment Expense ¹	(23,306.48)	

Net Investment Income		2,010,512.99
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Total Additions		2,478,425.32
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DEDUCTIONS

Distributions to Members:

Benefit Payments	246,551.07	
Refunds of Member Contributions	2,342.21	

Total Distributions		248,893.28
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Administrative Expense		2,575.00
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Total Deductions		251,468.28
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Net Increase in Net Position		2,226,957.04
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		6,907,381.43
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End of the Year		9,134,338.47
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Actuarial Asset Rate of Return		28.9%
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Actuarial Gain/(Loss) due to Investment Return		1,523,874.30
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¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

STATISTICAL DATA

	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>
<u>Actives</u>			
Number	43	43	46
Average Current Age	49.6	49.5	50.7
Average Age at Employment	36.7	36.4	38.2
Average Past Service	12.9	13.1	12.5
Average Annual Salary	\$43,842	\$44,716	\$47,604
<u>Service Retirees</u>			
Number			18
Average Current Age			66.5
Average Annual Benefit			\$13,446
<u>Beneficiaries</u>			
Number			2
Average Current Age			60.9
Average Annual Benefit			\$5,394
<u>Terminated Vested</u>			
Number			50
Average Current Age			48.7
Average Annual Benefit ¹			\$6,653

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

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	3	0	0	0	1	0	0	1	0	0	0	5
35 - 39	0	1	1	0	0	2	0	0	0	0	0	4
40 - 44	1	0	0	0	0	1	0	1	0	0	0	3
45 - 49	0	1	0	0	1	2	1	1	0	1	0	7
50 - 54	1	0	0	1	0	0	1	1	0	2	1	7
55 - 59	2	0	1	1	0	1	3	0	0	1	0	9
60 - 64	0	0	0	0	0	1	3	1	0	1	3	9
65+	0	0	0	0	0	0	2	0	0	0	0	2
Total	7	2	2	2	2	7	10	5	0	5	4	46

VALUATION PARTICIPANT RECONCILIATION

1. Active lives	
a. Number in prior valuation 10/1/2015	43
b. Terminations	
i. Vested (partial or full) with deferred benefits	(2)
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	<u>0</u>
f. Continuing participants	38
g. New entrants	<u>8</u>
h. Total active life participants in valuation	46

SUMMARY OF PLAN PROVISIONS

Effective Date

Original Plan January 7, 1975

Latest Amendment June 7, 2016

Eligibility

General employee of the Town.

Group Classification

Group A: Not represented by Local 630 or in a dispatcher position.

Group B: Represented by Local 630

Group C: Dispatcher

Credited Service

Years and completed months of service with the Town.

Earnings

Base pay excluding overtime pay, commissions, bonuses and any other extra compensation.

Average Monthly Earnings

Group A: One-twelfth of the arithmetic average of earnings for the five (5) highest years of service of the ten (10) years immediately preceding retirement or termination, but not less than the highest 3-year average as of June 7, 2016.

Group B: One-twelfth of the arithmetic average of earnings for the last five (5) years immediately preceding retirement or termination.

Group C: One-twelfth of the arithmetic average of earnings for the five (5) highest years of service of the ten (10) years immediately preceding retirement or termination.

Accrued Benefit

The accrued benefit is a percentage of Average Monthly Earnings, based on the following accrual rates:

Group A (Hired prior to 6/7/2016): 2.50% per year

Group A (Hired on or after 6/7/2016): 2.00% per year

Group B: 2.50% per year prior to 10/1/2013, 2.00% thereafter

Group C (Hired prior to 6/3/2014): 2.50% per year prior to 6/3/2014, 2.25% thereafter

Group C (Hired on or after 6/3/2014): 2.00% per year

Maximum Benefit Accrual

Group A: 75% of Average Monthly Earnings, but not less than the percentage accrued as of June 7, 2016.

Group B: 75% of Average Monthly Earnings, but not less than the percentage accrued as of September 30, 2013.

Group C (Hired prior to 6/3/2014): 90% of Average Monthly Earnings.

Group C (Hired on or after 6/3/2014): 75% of Average Monthly Earnings.

Normal Retirement

Date	Earlier of age 65 and 10 years of Credited Service or age 62 and 20 years of Credited Service.
Benefit	Unreduced accrued benefit.
Supplement	\$5 per year of service
Form of Benefit	Life Annuity (options available).

Early Retirement

Eligibility	10 years preceding Normal Retirement Date.
Benefit	Accrued benefit, reduced 1/15th each year for the first five years that Early Retirement precedes Normal Retirement and 1/30th each year for the next five years.

Member Contribution Rate

Group A: 3.00% of earnings, effective June 7, 2016.

Group B: 3.00% of earnings.

Group C: 5.00% of earnings.

Town Contributions

Amount required after Member contributions in order to pay current costs and amortize unfunded past service cost, if any, over a period not exceeding 30 years.

Vesting (Termination of Employment)

Less than 5 Years	Refund of Member Contributions.
5 Years or More	Accrued pension payable at Normal Retirement Date.

Pre-Retirement Death

Benefit

Married

If eligible for Early Retirement, 50% of member's accrued benefit had he or she elected the joint and survivorship annuity and retired the day before death, payable to spouse for life.

Not married

If eligible for Early Retirement, member's accrued benefit had he or she elected the 10-year certain and life annuity and retired the day before death.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Total Cash and Equivalents	0
Receivables:	
Member Contributions in Transit	2,522
Additional Town Contributions	0
Total Receivable	2,522
Investments:	
FL Municipal Pension Trust Fund	9,131,816
Mutual Funds:	
Total Investments	9,131,816
Total Assets	9,134,338
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	9,134,338

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

ADDITIONS

Contributions:

Member	48,259	
Town	419,653	
Total Contributions		467,912
Investment Income:		
Earnings/(Losses) as disclosed in FMPTF statement	1,838,882	
Interest & Dividends	194,937	
Less Investment Expense ¹	(23,306)	
Net Investment Income		2,010,513
Total Additions		2,478,425

DEDUCTIONS

Distributions to Members:

Benefit Payments	246,551	
Refunds of Member Contributions	2,342	
Total Distributions		248,893
Administrative Expense		2,575
Total Deductions		251,468
Net Increase in Net Position		2,226,957

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		6,907,381
End of the Year		9,134,338

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

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

Plan Description

Plan Administration

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

- a. Two Town residents appointed by the Town Council,
- b. Two members elected by the Membership, and
- c. A fifth Member elected by other 4 and appointed (as a ministerial duty) by the Town Council.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	14
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	52
Active Plan Members	43
	109

Benefits Provided

The Plan provides retirement, termination, and death benefits.

Average Monthly Earnings:

Group A :

One-twelfth of the arithmetic average of earnings for the five (5) highest years of service of the ten (10) years immediately preceding retirement or termination, but not less than the highest 3-year average as of June 7, 2016.

Group B:

One-twelfth of the arithmetic average of earnings for the last five (5) years immediately preceding retirement or termination.

Group C:

One-twelfth of the arithmetic average of earnings for the five (5) highest years of service of the ten (10) years immediately preceding retirement or termination.

Accrued Benefit

The accrued benefit is a percentage of Average Monthly Earnings, based on the following accrual rates:

<i>Group A (Hired prior to 6/7/2016):</i> □	2.50% per year
<i>Group A (Hired on or after 6/7/2016):</i>	2.00% per year
<i>Group B:</i>	2.50% per year prior to 10/1/2013, 2.00% thereafter
<i>Group C (Hired prior to 6/3/2014):</i>	2.50% per year prior to 6/3/2014, 2.25% thereafter
<i>Group C (Hired on or after 6/3/2014):</i>	2.00% per year

Maximum Benefit Accrual:

Group A :

75% of Average Monthly Earnings, but not less than the percentage accrued as of June 7, 2016.

Group B:

75% of Average Monthly Earnings, but not less than the percentage accrued as of September 30, 2013.

Group C (Hired prior to 6/3/2014):

90% of Average Monthly Earnings.

Group C (Hired on or after 6/3/2014):

75% of Average Monthly Earnings.

Normal Retirement:

Date: Earlier of age 65 and 10 years of Credited Service or age 62 and 20 years of Credited Service.

Benefit: Unreduced accrued benefit.

Supplement: \$5 per year of service.

Early Retirement:

Eligibility: 10 years preceding Normal Retirement Date.

Benefit: Accrued benefit, reduced 1/15th each year for the first five years that Early Retirement precedes Normal Retirement and 1/30th each year for the next five years.

Vesting (Termination of Employment):

Less than 5 Years: Refund of Member Contributions.

5 Years or More: Accrued pension payable at Normal Retirement Date.

Pre-Retirement Death Benefits:

Benefit Married: If eligible for Early Retirement, 50% of member’s accrued benefit had he or she elected the joint and survivorship annuity and retired the day before death, payable to spouse for life.

Benefit Not Married: If eligible for Early Retirement, member’s accrued benefit had he or she elected the 10-year certain and life annuity and retired the day before death.

Contributions

Member Contribution Rate:

Group A : 3.00% of earnings, effective June 7, 2016.

Group B: 3.00% of earnings.

Group C: 5.00% of earnings.

Town Contributions: Amount required after Member contributions in order to pay current costs and amortize unfunded past service cost, if any, over a period not exceeding 30 years.

Investments

Investment Policy:

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

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. Large Cap Equity	39%
U.S. Small Cap Equity	11%
Non - U.S. Equity	10%
Core Bonds	16%
Core Plus	24%
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, 2016, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 28.92 percent.

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

NET PENSION LIABILITY OF THE SPONSOR

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

Total Pension Liability	\$ 9,829,943
Plan Fiduciary Net Position	\$ (9,134,338)
Sponsor's Net Pension Liability	<u>\$ 695,605</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	92.92%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	4.75%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

Mortality Table - RP2000 Fully Generational with Scale BB, with collar and annuitant adjustments as follows:

Males – 50% Annuitant White Collar, 50% Annuitant Blue Collar.

Females – 100% Annuitant White Collar.

Mortality Rate Disabled Lives:

Mortality Table - RP2000 without projection, with the following adjustments:

Males – 100% Disabled Male with four year setback

Females – 100% Disabled Female with two year set forward.

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

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

For 2016 the inflation rate assumption of the investment advisor was 3.00%.

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

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

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	6.00%
U.S. Small Cap Equity	6.75%
Non - U.S. Equity	6.75%
Core Bonds	0.50%
Core Plus	1.00%

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Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.00 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
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability	\$ 1,982,241	\$ 695,605	\$ (366,237)

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

	09/30/2016	9/30/2015 ¹	09/30/2014
Total Pension Liability			
Service Cost	184,303	217,717	181,957
Interest	642,052	604,681	569,116
Changes of benefit terms	(32,351)	(86,307)	(285,187)
Differences between Expected and Actual Experience	19,887	2,980	(571,357)
Changes of assumptions	120,280	-	186,132
Benefit Payments, including Refunds of Employee Contributions	(248,893)	(196,624)	(194,264)
Net Change in Total Pension Liability	685,278	542,447	(113,603)
Total Pension Liability - Beginning	9,144,665	8,602,218	8,715,821
Total Pension Liability - Ending (a)	<u>\$ 9,829,943</u>	<u>\$ 9,144,665</u>	<u>\$ 8,602,218</u>
Plan Fiduciary Net Position			
Contributions - Employer	419,653	439,208	408,449
Contributions - Employee	48,259	25,606	9,876
Net Investment Income	2,010,513	342,918	208,290
Benefit Payments, including Refunds of Employee Contributions	(248,893)	(196,624)	(194,264)
Administrative Expense	(2,575)	(26,172)	(25,993)
Net Change in Plan Fiduciary Net Position	2,226,957	584,936	406,358
Plan Fiduciary Net Position - Beginning	6,907,381	6,322,445	5,916,087
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,134,338</u>	<u>\$ 6,907,381</u>	<u>\$ 6,322,445</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 695,605</u>	<u>\$ 2,237,284</u>	<u>\$ 2,279,773</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	92.92%	75.53%	73.50%
Covered Employee Payroll	\$ 2,131,622	\$ 1,957,935	\$ 1,971,521
Net Pension Liability as a percentage of Covered Employee Payroll	32.63%	114.27%	115.64%

Notes to Schedule:

¹ For measurement date 09/30/2015 and older, the GASB Statements were prepared by Gabriel Roeder Smith & Company.

Changes of benefit terms:

For measurement date 09/30/2016, Ordinance 11-16 was adopted by Town Council on June 7, 2016 which amended benefits for employees not represented by Local 630 or in dispatcher positions. The plan changes that were made in conjunction with that Ordinance are as follows:

- Average annual earnings are the average for the highest five years of service for the last ten years preceding retirement, termination or death. However, average annual earnings cannot be less than the average annual earnings as of June 7, 2016.
- The benefit multiplier is 2.00% for participants hired on or after June 7, 2016.
- The maximum pension benefit is 75% of average earnings but not less than the maximum pension benefit as of June 7, 2016.
- Employee contributions are 3.00% of gross earnings effective June 7, 2016.

The impact of the benefit changes for measurement date 09/30/2016 are shown in the June 1, 2016 Actuarial Impact Statement as performed by Gabriel Roeder Smith & Company.

Changes of assumptions:

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	9/30/2015 ¹	09/30/2014
Actuarially Determined Contribution	395,500	439,208	408,449
Contributions in relation to the Actuarially Determined Contributions	419,653	439,208	408,449
Contribution Deficiency (Excess)	\$ (24,153)	\$ -	\$ -
Covered Employee Payroll	\$ 2,131,622	\$ 1,957,935	\$ 1,971,521
Contributions as a percentage of Covered Employee Payroll	19.69%	22.43%	20.72%

¹ For measurement date 09/30/2015 and older, the GASB Statements were prepared by Gabriel Roeder Smith & Company.

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Cost Method: Normal Retirement, Termination and Death Benefits: Entry-Age-Normal Cost Method.

Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his entry age to his assumed retirement age to fund his estimated benefits, assuming the Plan had always been in effect. The normal cost for the Plan is the sum of such amounts for all employees. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the Plan is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the assets of the Plan.

Amortization Method: Level Dollar, Closed.
Remaining Amortization Period: 30 years.
Mortality Rate: RP 2000 Combined Healthy Mortality Table, separate rates for males and females, projected with generational improvements with Scale AA.
Investment Return: 7.0%, compounded annually, net of investment expenses.
Allowances for Expenses or Contingencies: Previous year's actual administrative expenses.
Employee Withdrawal Rates: Withdrawal rates for males and for females were used in accordance with the following illustrative example:

Age	Withdrawal Rates Per 100 Employees	
	Males	Females
25	14.8	16.5
35	9.1	11.9
45	7.9	10.0
55	6.1	7.9

Salary Increase Factors: Current salary is assumed to increase at a rate of 4.75% per year.
Assumed Retirement Age: The earlier of (a) age 65 with 10 years of service and (b) age 62 with 20 years of service.
Disability Rates: None.
Asset Valuation Method: Book Value of New York Life contract.

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2016</u>	<u>9/30/2015¹</u>	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return			
Net of Investment Expense	28.92%	N/A	N/A

¹ For measurement date 09/30/2015 and older, the GASB Statements were prepared by Gabriel Roeder Smith & Company.

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2017)

General Information about the Pension Plan

Plan Description

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

- a. Two Town residents appointed by the Town Council,
- b. Two members elected by the Membership, and
- c. A fifth Member elected by other 4 and appointed (as a ministerial duty) by the Town Council.

Eligible are general employees of the Town and completion of one year of service.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	14
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	52
Active Plan Members	43
	109
	109

Benefits Provided

The Plan provides retirement, termination, and death benefits.

Average Monthly Earnings:

Group A:

One-twelfth of the arithmetic average of earnings for the five (5) highest years of service of the ten (10) years immediately preceding retirement or termination, but not less than the highest 3-year average as of June 7, 2016.

Group B:

One-twelfth of the arithmetic average of earnings for the last five (5) years immediately preceding retirement or termination.

Group C:

One-twelfth of the arithmetic average of earnings for the five (5) highest years of service of the ten (10) years immediately preceding retirement or termination.

Accrued Benefit

The accrued benefit is a percentage of Average Monthly Earnings, based on the following accrual rates:

Group A (Hired prior to 6/7/2016):	2.50% per year
Group A (Hired on or after 6/7/2016):	2.00% per year
Group B:	2.50% per year prior to 10/1/2013, 2.00% thereafter
Group C (Hired prior to 6/3/2014):	2.50% per year prior to 6/3/2014, 2.25% thereafter
Group C (Hired on or after 6/3/2014):	2.00% per year

Maximum Benefit Accrual:

Group A:

75% of Average Monthly Earnings, but not less than the percentage accrued as of June 7, 2016.

Group B:

75% of Average Monthly Earnings, but not less than the percentage accrued as of September 30, 2013.

Group C (Hired prior to 6/3/2014):

90% of Average Monthly Earnings.

Group C (Hired on or after 6/3/2014):

75% of Average Monthly Earnings.

Normal Retirement:

Date: Earlier of age 65 and 10 years of Credited Service or age 62 and 20 years of Credited Service.

Benefit: Unreduced accrued benefit.

Supplement: \$5 per year of service.

Early Retirement:

Eligibility: 10 years preceding Normal Retirement Date.

Benefit: Accrued benefit, reduced 1/15th each year for the first five years that Early Retirement precedes Normal Retirement and 1/30th each year for the next five years.

Vesting (Termination of Employment):

Less than 5 Years: Refund of Member Contributions.

5 Years or More: Accrued pension payable at Normal Retirement Date.

Pre-Retirement Death Benefits:

Benefit Married: If eligible for Early Retirement, 50% of member’s accrued benefit had he or she elected the joint and survivorship annuity and retired the day before death, payable to spouse for life.

Benefit Not Married: If eligible for Early Retirement, member’s accrued benefit had he or she elected the 10-year certain and life annuity and retired the day before death.

Contributions

Member Contribution Rate:

Group A: 3.00% of earnings, effective June 7, 2016.

Group B: 3.00% of earnings.

Group C: 5.00% of earnings.

Town Contributions: Amount required after Member contributions in order to pay current costs and amortize unfunded past service cost, if any, over a period not exceeding 30 years.

Net Pension Liability

The measurement date is September 30, 2016.

The measurement period for the pension expense was October 1, 2015 to September 30, 2016.

The reporting period is October 1, 2016 through September 30, 2017.

The Sponsor's Net Pension Liability was measured as of September 30, 2016.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	4.75%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

Mortality Table - RP2000 Fully Generational with Scale BB, with collar and annuitant adjustments as follows:

Males – 50% Annuitant White Collar, 50% Annuitant Blue Collar.

Females – 100% Annuitant White Collar.

Mortality Rate Disabled Lives:

Mortality Table - RP2000 without projection, with the following adjustments:

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

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

For 2016 the inflation rate assumption of the investment advisor was 3.00%.

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.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	39%	6.00%
U.S. Small Cap Equity	11%	6.75%
Non - U.S. Equity	10%	6.75%
Core Bonds	16%	0.50%
Core Plus	24%	1.00%
<u>Total</u>	<u>100%</u>	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.00 percent.

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2016	\$ 9,144,665	\$ 6,907,381	\$ 2,237,284
Changes for a Year:			
Service Cost	184,303	-	184,303
Interest	642,052	-	642,052
Differences between Expected and Actual Experience	19,887	-	19,887
Changes of assumptions	120,280	-	120,280
Changes of benefit terms	(32,351)	-	(32,351)
Contributions - Employer	-	419,653	(419,653)
Contributions - State	-	-	-
Contributions - Employee	-	48,259	(48,259)
Contributions - Buy Back	-	-	-
Net Investment Income	-	2,010,513	(2,010,513)
Benefit Payments, including Refunds of Employee Contributions	(248,893)	(248,893)	-
Administrative Expense	-	(2,575)	2,575
Net Changes	685,278	2,226,957	(1,541,679)
Reporting Period Ending September 30, 2017	\$ 9,829,943	\$ 9,134,338	\$ 695,605

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability	\$ 1,982,241	\$ 695,605	\$ (366,237)

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
FISCAL YEAR SEPTEMBER 30, 2016**

For the year ended September 30, 2016, the Sponsor recognized a Pension Expense of \$226,489.

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	2,019	202,739
Changes of assumptions	66,046	-
Net difference between Projected and Actual Earnings on Pension Plan investments	214,159	-
Employer contributions subsequent to the measurement date	419,653	-
Total	\$ 701,877	\$ 202,739

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	\$ (59,126)
2018	\$ 52,713
2019	\$ 64,274
2020	\$ 21,624
2021	\$ -
Thereafter	\$ -

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

For the year ended September 30, 2017, the Sponsor will recognize a Pension Expense of -\$59,060.

On September 30, 2017, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	14,316	18,430
Changes of assumptions	86,189	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	1,065,556
Employer contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ 1,083,986

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

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

Year ended September 30:		
2018	\$	(204,449)
2019	\$	(192,888)
2020	\$	(282,260)
2021	\$	(303,884)
2022	\$	-
Thereafter	\$	-

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

Reporting Period Ending Measurement Date	09/30/2017 09/30/2016	09/30/2016 9/30/2015 ¹	09/30/2015 09/30/2014
Total Pension Liability			
Service Cost	184,303	217,717	181,957
Interest	642,052	604,681	569,116
Changes of benefit terms	(32,351)	(86,307)	(285,187)
Differences between Expected and Actual Experience	19,887	2,980	(571,357)
Changes of assumptions	120,280	-	186,132
Contributions - Buy Back	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(248,893)	(196,624)	(194,264)
Net Change in Total Pension Liability	685,278	542,447	(113,603)
Total Pension Liability - Beginning	9,144,665	8,602,218	8,715,821
Total Pension Liability - Ending (a)	\$ 9,829,943	\$ 9,144,665	\$ 8,602,218
Plan Fiduciary Net Position			
Contributions - Employer	419,653	439,208	408,449
Contributions - Employee	48,259	25,606	9,876
Net Investment Income	2,010,513	342,918	208,290
Benefit Payments, including Refunds of Employee Contributions	(248,893)	(196,624)	(194,264)
Administrative Expense	(2,575)	(26,172)	(25,993)
Net Change in Plan Fiduciary Net Position	2,226,957	584,936	406,358
Plan Fiduciary Net Position - Beginning	6,907,381	6,322,445	5,916,087
Plan Fiduciary Net Position - Ending (b)	\$ 9,134,338	\$ 6,907,381	\$ 6,322,445
Net Pension Liability - Ending (a) - (b)	\$ 695,605	\$ 2,237,284	\$ 2,279,773
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	92.92%	75.53%	73.50%
Covered Employee Payroll	\$ 2,131,622	\$ 1,957,935	\$ 1,971,521
Net Pension Liability as a percentage of Covered Employee Payroll	32.63%	114.27%	115.64%

Notes to Schedule:

¹ For measurement date 09/30/2015 and older, the GASB Statements were prepared by Gabriel Roeder Smith & Company.

Changes of benefit terms:

For measurement date 09/30/2016, Ordinance 11-16 was adopted by Town Council on June 7, 2016 which amended benefits for employees not represented by Local 630 or in dispatcher positions. The plan changes that were made in conjunction with

- Average annual earnings are the average for the highest five years of service for the last ten years preceding retirement, termination or death. However, average annual earnings cannot be less than the average annual earnings as of June 7, 2016.
- The benefit multiplier is 2.00% for participants hired on or after June 7, 2016.

- The maximum pension benefit is 75% of average earnings but not less than the maximum pension benefit as of June 7, 2016.
- Employee contributions are 3.00% of gross earnings effective June 7, 2016.

The impact of the benefit changes for measurement date 09/30/2016 are shown in the June 1, 2016 Actuarial Impact Statement as performed by Gabriel Roeder Smith & Company.

Changes of assumptions:

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

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2016	9/30/2015 ¹	09/30/2014
Actuarially Determined Contribution	395,500	439,208	408,449
Contributions in relation to the Actuarially Determined Contributions	419,653	439,208	408,449
Contribution Deficiency (Excess)	\$ (24,153)	\$ -	\$ -
Covered Employee Payroll	\$ 2,131,622	\$ 1,957,935	\$ 1,971,521
Contributions as a percentage of Covered Employee Payroll	19.69%	22.43%	20.72%

¹ For measurement date 09/30/2015 and and older, the GASB Statements were prepared by Gabriel Roeder Smith & Company.

Notes to Schedule

Valuation Date: 10/01/2015

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

Methods and assumptions used to determine contribution rates:

Cost Method: Normal Retirement, Termination and Death Benefits: Entry-Age-Normal Cost Method. Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his entry age to his assumed retirement age to fund his estimated benefits, assuming the Plan had always been in effect. The normal cost for the Plan is the sum of such amounts for all employees. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the Plan is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the assets of the Plan.

Amortization Method: Level Dollar, Closed.

Remaining Amortization Period: 30 years.

Mortality Rate: RP 2000 Combined Healthy Mortality Table, separate rates for males and females, projected with generational improvements with Scale AA.

Investment Return: 7.0%, compounded annually, net of investment expenses.

Allowances for Expenses or Contingencies: Previous year's actual administrative expenses.

Employee Withdrawal Rates: Withdrawal rates for males and for females were used in accordance with the following illustrative example:

Age	Withdrawal Rates Per 100 Employees	
	Males	Females
25	14.8	16.5
35	9.1	11.9
45	7.9	10
55	6.1	7.9

Salary Increase Factors: Current salary is assumed to increase at a rate of 4.75% per year.

Assumed Retirement Age: The earlier of (a) age 65 with 10 years of service and (b) age 62 with 20 years of service.

Disability Rates: None.

Asset Valuation Method: Book Value of New York Life contract.

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,279,773	\$ 387,048	\$ 735,511	\$ -
Employer Contributions made after September, 30, 2015	-	-	419,653	-
Total Pension Liability Factors:				
Service Cost	217,717	-	-	217,717
Interest	604,681	-	-	604,681
Changes in benefit terms	(86,307)	-	-	(86,307)
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	2,980	-	2,980	-
Current year amortization of experience difference	-	(184,309)	(961)	(183,348)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(60,043)	60,043
Benefit Payments	(196,624)	-	-	(196,624)
Net change	<u>542,447</u>	<u>(184,309)</u>	<u>361,629</u>	<u>416,162</u>
Plan Fiduciary Net Position:				
Contributions - Employer	439,208	-	(439,208)	-
Contributions - Employee	25,606	-	-	(25,606)
Net Investment Income	451,042	-	-	(451,042)
Difference between projected and actual earnings on Pension Plan investments	(108,124)	-	108,124	-
Current year amortization	-	-	(64,179)	64,179
Benefit Payments	(196,624)	-	-	196,624
Administrative Expenses	(26,172)	-	-	26,172
Net change	<u>584,936</u>	<u>-</u>	<u>(395,263)</u>	<u>(189,673)</u>
Ending Balance	<u>\$ 2,237,284</u>	<u>\$ 202,739</u>	<u>\$ 701,877</u>	<u>\$ 226,489</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,237,284	\$ 202,739	\$ 701,877	\$ -
Employer Contributions made after September, 30, 2016	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	184,303	-	-	184,303
Interest	642,052	-	-	642,052
Changes in benefit terms	(32,351)	-	-	(32,351)
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	19,887	-	19,887	-
Current year amortization of experience difference	-	(184,309)	(7,590)	(176,719)
Change in assumptions about future economic or demographic factors or other inputs	120,280	-	120,280	-
Current year amortization of change in assumptions	-	-	(100,137)	100,137
Benefit Payments	(248,893)	-	-	(248,893)
Net change	<u>685,278</u>	<u>(184,309)</u>	<u>32,440</u>	<u>468,529</u>
Plan Fiduciary Net Position:				
Contributions - Employer	419,653	-	(419,653)	-
Contributions - Employee	48,259	-	-	(48,259)
Net Investment Income	491,092	-	-	(491,092)
Difference between projected and actual earnings on Pension Plan investments	1,519,421	1,519,421	-	-
Current year amortization	-	(303,885)	(64,179)	(239,706)
Benefit Payments	(248,893)	-	-	248,893
Administrative Expenses	(2,575)	-	-	2,575
Net change	<u>2,226,957</u>	<u>1,215,536</u>	<u>(483,832)</u>	<u>(527,589)</u>
Ending Balance	<u>\$ 695,605</u>	<u>\$ 1,233,966</u>	<u>TBD</u>	<u>\$ (59,060)</u>

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

AMORTIZATION SCHEDULE - INVESTMENTS

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

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 212,768	5	\$ 42,554	\$ 42,554	\$ 42,554	\$ 42,554	\$ 42,552	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 108,124	5	\$ -	\$ 21,625	\$ 21,625	\$ 21,625	\$ 21,625	\$ 21,624	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (1,519,421)	5	\$ -	\$ -	\$ (303,885)	\$ (303,884)	\$ (303,884)	\$ (303,884)	\$ (303,884)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 42,554	\$ 64,179	\$ (239,706)	\$ (239,705)	\$ (239,707)	\$ (282,260)	\$ (303,884)	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

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

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 186,132	3.1	\$ 60,043	\$ 60,043	\$ 60,043	\$ 6,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ -	3.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 120,280	3	\$ -	\$ -	\$ 40,094	\$ 40,093	\$ 40,093	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 60,043	\$ 60,043	\$ 100,137	\$ 46,096	\$ 40,093	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ (571,357)	3.1	\$ (184,309)	\$ (184,309)	\$ (184,309)	\$ (18,430)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 2,980	3.1	\$ -	\$ 961	\$ 961	\$ 961	\$ 97	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 19,887	3	\$ -	\$ -	\$ 6,629	\$ 6,629	\$ 6,629	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (184,309)	\$ (183,348)	\$ (176,719)	\$ (10,840)	\$ 6,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -