

TOWN OF HOWEY-IN-THE-HILLS
MUNICIPAL POLICE OFFICERS'
RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2016

DETERMINES THE CONTRIBUTION
FOR THE 2016/17 FISCAL YEAR



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March 26, 2017

Introduction

This report presents the results of the October 1, 2016 actuarial valuation for the Town of Howey-in-the-Hills Municipal Police Officers' Retirement Trust Fund. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2016 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2016/17 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table IV-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the normal cost rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2016/17 plan year. The minimum required contribution rate is 34.57% of covered payroll, which represents an increase of 3.94% of payroll from the prior valuation.

The normal cost rate is 33.38%, which is 2.88% greater than the normal cost rate that was developed in the prior valuation. Table I-C provides a breakdown of the sources of change in the normal cost rate. Significantly, the rate increased by 3.01% of payroll due to investment losses, decreased by 3.14% of payroll due to demographic experience, and increased by 3.01% of payroll due to the assumption change that is described below. The market



value of assets earned 0.37% during the 2014/15 plan year and 8.18% during the 2015/16 plan year, whereas a 7.00% annual investment return was required to maintain a stable contribution rate.

Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the Town must contribute an amount equal to the annual normal cost of the plan plus an adjustment as necessary to reflect interest on any delayed payment of the contribution beyond the valuation date. On this basis, the Town's 2016/17 minimum required contribution will be equal to 34.57% multiplied by the total pensionable earnings for the 2016/17 fiscal year for the active employees who are covered by the plan and reduced by the allowable Chapter 175/185 contribution.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is \$2,195,063. As illustrated in Table I-A, current assets are sufficient to cover \$1,284,136 of this amount, the employer's 2016/17 expected contribution will cover \$91,734 of this amount, and future employee contributions are expected to cover \$118,667 of this amount, leaving \$700,526 to be covered by future employer funding beyond the 2016/17 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Advance Employer Contribution

The Town has made contributions to the plan in excess of the minimum amount that was required to be contributed pursuant to Chapter 112. In this report, the excess contributions are referred to as an "advance employer contribution." As of October 1, 2016, the advance employer contribution is \$12,077, which reflects the advance employer contribution of zero as of October 1, 2014 plus the excess of the actual employer contributions over the minimum required contribution during the period October 1, 2014 through September 30, 2016 as shown in Table II-F.

The Town may apply all or any portion of the advance employer contribution towards the minimum required contribution for the 2016/17 plan year or for any later plan year. The minimum required contribution for that plan year will be reduced dollar-for-dollar by the amount of the advance employer contribution that is applied in this manner.

Alternatively, at any time, the Town may apply all or any portion of the advance employer contribution as an *extra* contribution in excess of the minimum required contribution. In this case, the immediate application of the entire balance of the advance employer contribution as of October 1, 2016 would reduce the minimum required contribution for the 2016/17 plan year to 34.04% of payroll.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-F provide information concerning the assets of the trust fund. Tables III-A through III-G provide statistical information concerning the plan's participant population. In particular, Table III-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of



participants. Finally, Tables IV-A through V-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of October 1, 2016, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Assumption Change

Pursuant to the requirements of State law, the mortality basis has been changed from a 2015 projection of the RP-2000 Mortality Table to a full generational projection using Scale BB of the RP-2000 Blue Collar Mortality Table. This change increased the minimum required contribution for the 2016/17 plan year by 3.12% of payroll.

Certification

This actuarial valuation was prepared 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 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 change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,



Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

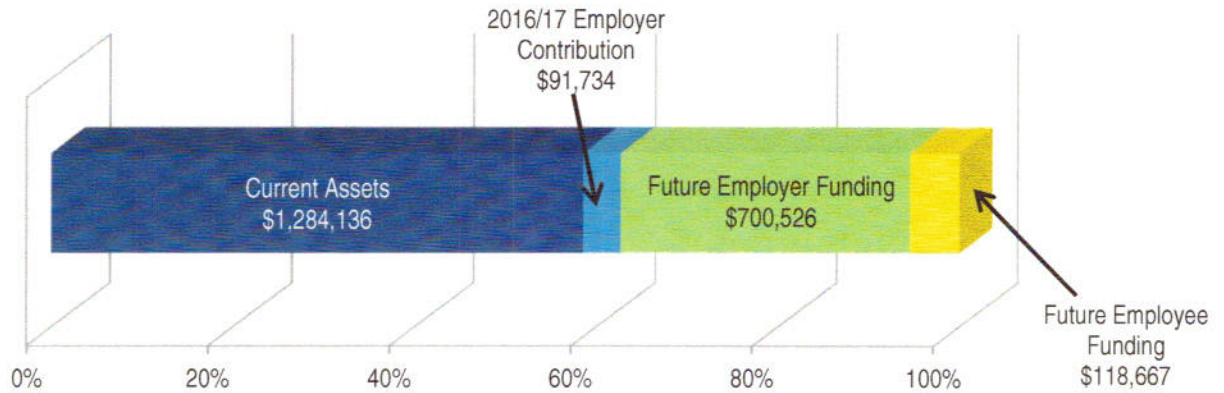
Enrolled Actuary No. 17-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Minimum Required Contribution

Table I-A



For the 2016/17 Plan Year

Present Value of Future Benefits	\$2,070,814
Present Value of Future Administrative Expenses	\$124,249
Actuarial Value of Assets	(\$1,284,136)
Present Value of Future Employee Contributions	(\$118,667)
Present Value of Future Normal Costs	\$792,260
Present Value of Future Payroll	÷ \$2,373,338
Normal Cost Rate	= 33.3817%
Expected Payroll	x \$265,367
Normal Cost	\$88,584
Adjustment to Reflect Bi-Weekly Employer Contributions	\$3,150
Preliminary Employer Contribution for the Plan Year	\$91,734
Expected Payroll for the 2016/17 Plan Year	÷ \$265,367

Minimum Required Contribution Rate **34.57%**

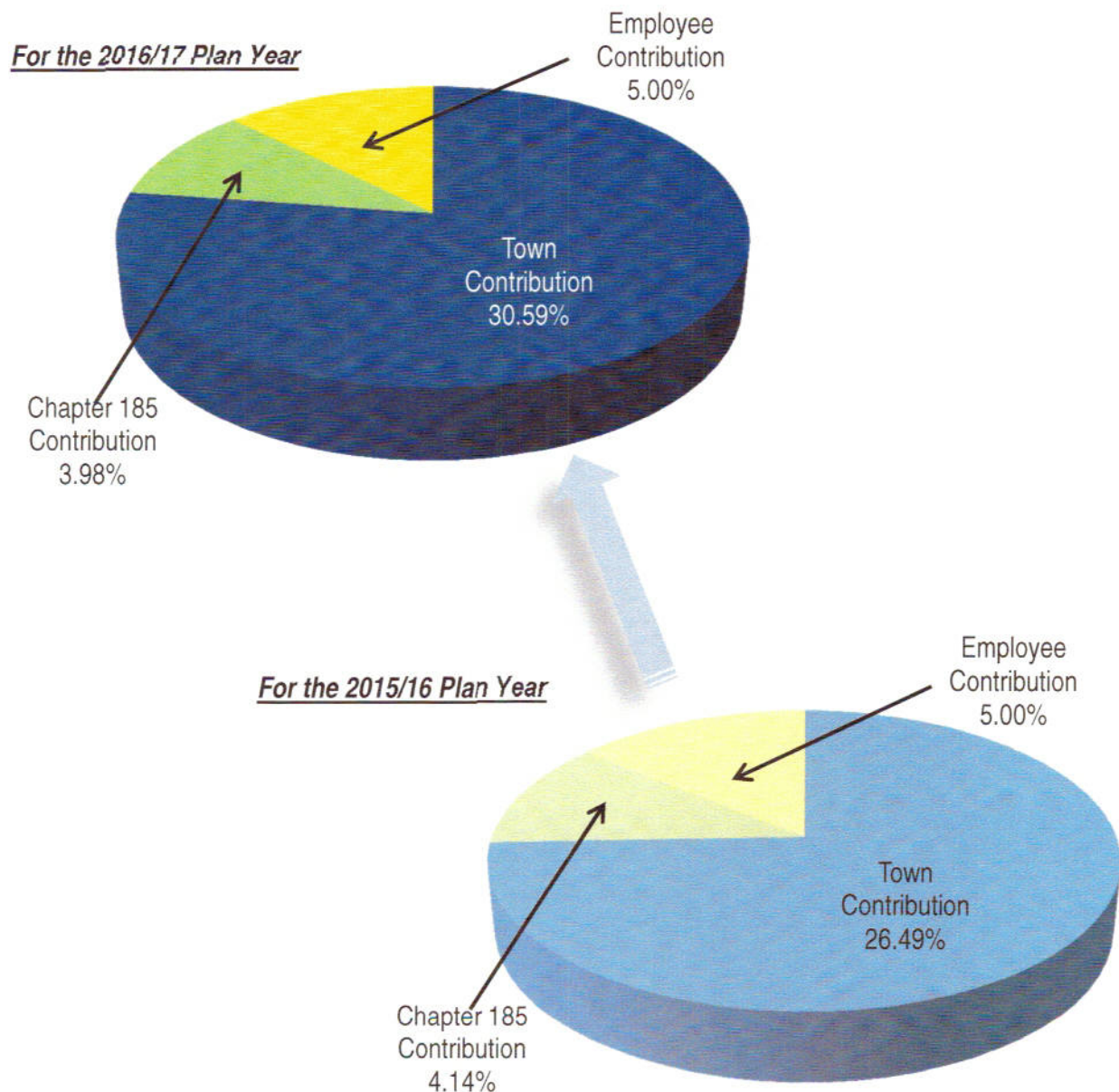
(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)



Minimum Required Contribution

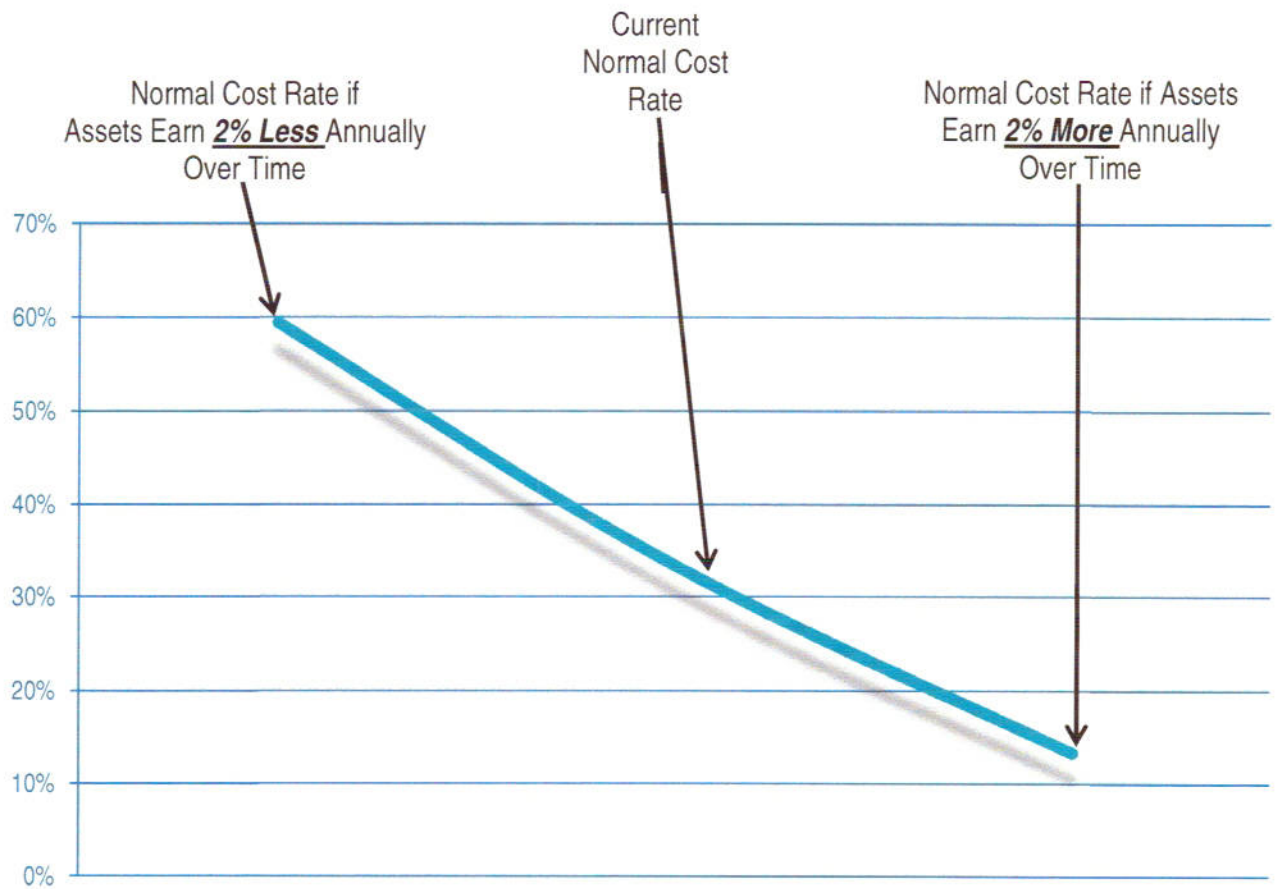
Table I-A
(continued)

The minimum required contribution rate of 34.57% includes both the Town contribution and the allowable Chapter 185 contribution. In addition, employees are required to contribute 5.00% of pensionable earnings. The actual Town contribution rate is expected to be approximately 30.59% based on the allowable Chapter 185 contribution for the previous year. The chart below shows the expected contribution rate by source for the 2016/17 plan year based on the expected payroll. A comparative chart shows the contribution rate by source for the previous plan year.



Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the normal cost rate to changes in the long-term investment return.



Gain and Loss Analysis

Table I-C

Previous normal cost rate	30.50%
Increase (decrease) due to investment gains and losses	3.01%
Increase (decrease) due to demographic experience	-3.14%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	3.01%
Increase (decrease) due to actuarial method changes	0.00%
Current normal cost rate	<u>33.38%</u>



Present Value of Future Benefits

Table I-D

	New Assumptions <u>10/1/2013</u>	New Assumptions <u>w/o Amendment</u>	New Assumptions <u>w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$1,199,813	\$1,199,813	\$1,248,645
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,199,813	\$1,199,813	\$1,248,645
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<i><u>Due a Refund of Contributions</u></i>	\$0	\$0	\$0
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$594,784	\$594,784	\$607,822
Disability retirements	\$208,849	\$208,849	\$214,347
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$803,633	\$803,633	\$822,169
<i><u>Grand Total</u></i>	<u>\$2,003,446</u>	<u>\$2,003,446</u>	<u>\$2,070,814</u>
Present Value of Future Payroll	\$2,373,338	\$2,373,338	\$2,373,338
Present Value of Future Employee Contribs.	\$118,667	\$118,667	\$118,667
Present Value of Future Employer Contribs.	\$2,797,246	\$2,797,246	\$2,868,656



Present Value of Accrued Benefits

Table I-E

	New Assumptions <u>10/1/2013</u>	New Assumptions <u>w/o Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$462,624	\$462,624	\$478,238
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$462,624	\$462,624	\$478,238
<u>Deferred Vested Participants</u>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$594,784	\$594,784	\$607,822
Disability retirements	\$208,849	\$208,849	\$214,347
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$803,633	\$803,633	\$822,169
<u>Grand Total</u>	<u>\$1,266,257</u>	<u>\$1,266,257</u>	<u>\$1,300,407</u>
<u>Funded Percentage</u>	102.37%	102.37%	99.68%



Present Value of Vested Benefits

Table I-F

	New Assumptions <u>10/1/2013</u>	New Assumptions <u>w/o Amendment</u>	New Assumptions <u>w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$365,623	\$365,623	\$377,223
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$365,623	\$365,623	\$377,223
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<i><u>Due a Refund of Contributions</u></i>	\$0	\$0	\$0
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$594,784	\$594,784	\$607,822
Disability retirements	\$208,849	\$208,849	\$214,347
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$803,633	\$803,633	\$822,169
<i><u>Grand Total</u></i>	<u>\$1,169,256</u>	<u>\$1,169,256</u>	<u>\$1,199,392</u>



Entry Age Normal Accrued Liability

Table I-G

	New Assumptions <u>10/1/2013</u>	New Assumptions <u>w/o Amendment</u>	New Assumptions <u>w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$677,053	\$677,053	\$701,006
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$677,053	\$677,053	\$701,006
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<i><u>Due a Refund of Contributions</u></i>	\$0	\$0	\$0
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$594,784	\$594,784	\$607,822
Disability retirements	\$208,849	\$208,849	\$214,347
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$803,633	\$803,633	\$822,169
<i><u>Grand Total</u></i>	<u>\$1,480,686</u>	<u>\$1,480,686</u>	<u>\$1,523,175</u>



Actuarial Value of Assets

Table II-A

Market Value of Assets as of October 1, 2016	\$1,296,213
Minus advance employer contributions	(\$12,077)
Minus excess Chapter 175/185 contributions	\$0
Actuarial Value of Assets as of October 1, 2016	<u>\$1,284,136</u>

Historical Actuarial Value of Assets

October 1, 2007	N/A
October 1, 2008	N/A
October 1, 2009	N/A
October 1, 2010	N/A
October 1, 2011	N/A
October 1, 2012	\$1,013,795
October 1, 2013	\$1,167,034
October 1, 2014	\$1,259,231
October 1, 2015	\$1,181,785
October 1, 2016	\$1,284,136

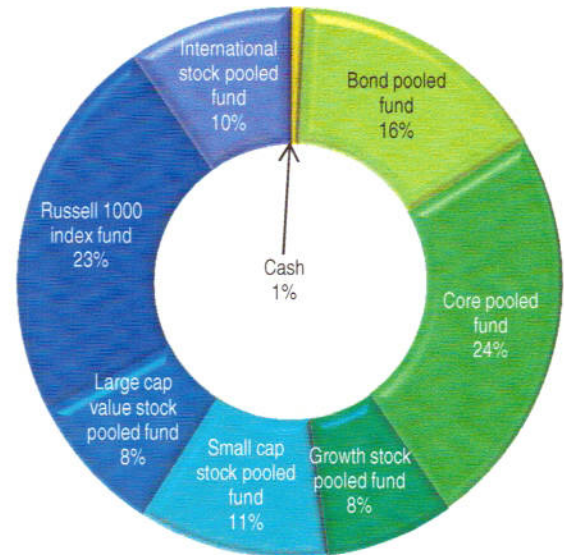


Market Value of Assets

Table II-B

As of October 1, 2016

Market Value of Assets	<u>\$1,296,213</u>
Cash	\$10,370
Bond pooled fund	\$202,209
Core pooled fund	\$308,499
Growth stock pooled fund	\$98,512
Small cap stock pooled fund	\$146,472
Large cap value stock pooled fund	\$106,289
Russell 1000 index fund	\$296,833
International stock pooled fund	\$127,029

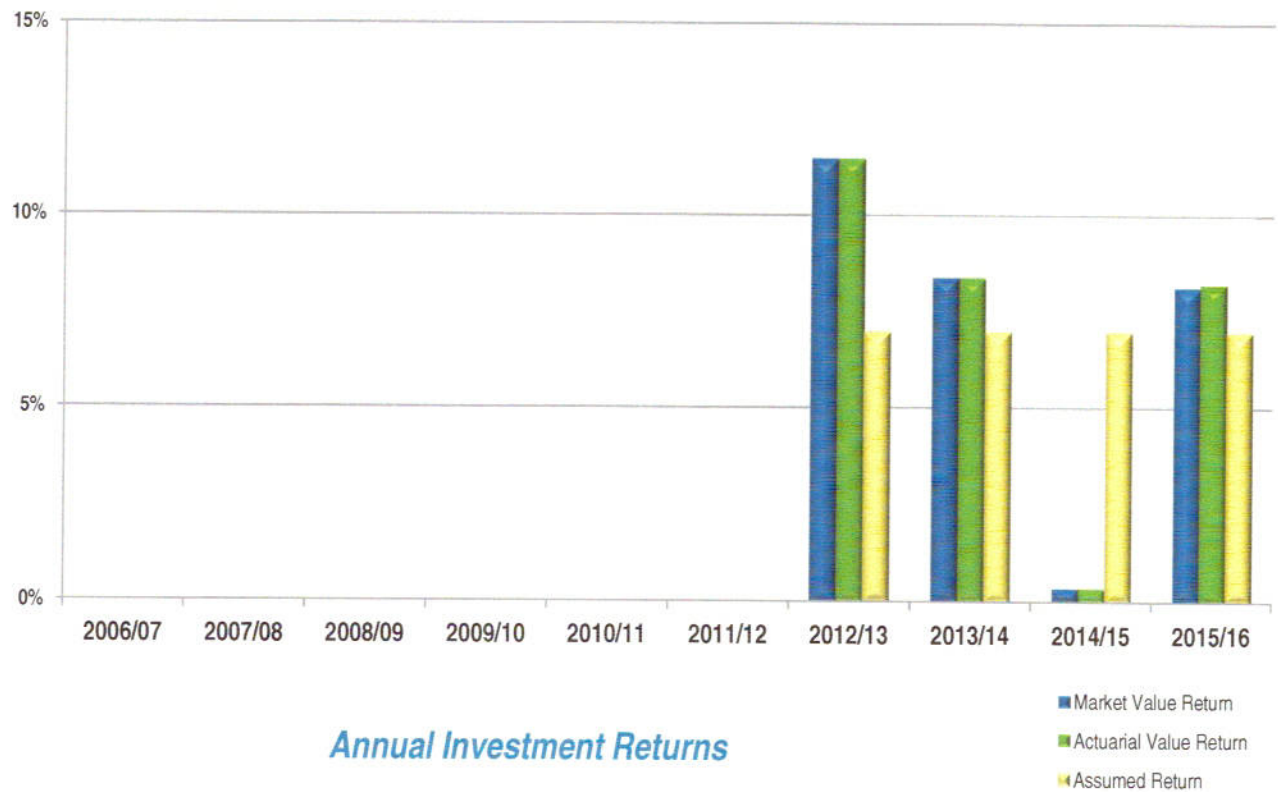
**Historical Market Value of Assets**

October 1, 2007	N/A
October 1, 2008	N/A
October 1, 2009	N/A
October 1, 2010	N/A
October 1, 2011	N/A
October 1, 2012	\$1,013,795
October 1, 2013	\$1,167,034
October 1, 2014	\$1,259,231
October 1, 2015	\$1,188,956
October 1, 2016	\$1,296,213



Investment Return

Table II-C

*Annual Investment Returns*

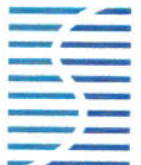
Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2006/07	N/A	N/A	N/A
2007/08	N/A	N/A	N/A
2008/09	N/A	N/A	N/A
2009/10	N/A	N/A	N/A
2010/11	N/A	N/A	N/A
2011/12	N/A	N/A	N/A
2012/13	11.46%	11.46%	7.00%
2013/14	8.42%	8.42%	7.00%
2014/15	0.37%	0.37%	7.00%
2015/16	8.18%	8.25%	7.00%
4yr. Avg.	7.03%	7.04%	7.00%



Asset Reconciliation

Table II-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2014	\$1,259,231	\$1,259,231
<i>Increases Due To:</i>		
Employer Contributions	\$126,225	\$126,225
Chapter 175/185 Contributions	\$20,899	\$20,899
Employee Contributions	\$23,006	\$23,006
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$170,130</u>	<u>\$170,130</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	<u>\$102,208</u>	
Total Investment Income	\$102,208	\$102,208
Other Income	\$0	
Total Income	<u>\$272,338</u>	<u>\$272,338</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	(\$142,589)	(\$142,589)
Refund of Employee Contributions	(\$72,694)	(\$72,694)
Total Benefit Payments	<u>(\$215,283)</u>	<u>(\$215,283)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$20,073)	(\$20,073)
Advance Employer Contribution		(\$12,077)
Excess Chapter 175/185 Contribution		\$0
Total Expenses	<u>(\$235,356)</u>	<u>(\$247,433)</u>
As of October 1, 2016	<u>\$1,296,213</u>	<u>\$1,284,136</u>



Historical Trust Fund Detail

Table II-E

Income

Plan	Employer	Chapter	Employee	Service		Realized	Unrealized	
<u>Year</u>	<u>Contribs.</u>	<u>Contribs.</u>	<u>Contribs.</u>	<u>Purchase</u>	<u>Interest /</u>	<u>Gains /</u>	<u>Gains /</u>	<u>Other</u>
				<u>Contribs.</u>	<u>Dividends</u>	<u>Losses</u>	<u>Losses</u>	<u>Income</u>
2006/07	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2007/08	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2008/09	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2009/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010/11	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2011/12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2012/13	\$64,772	\$10,265	\$11,543	\$0	\$0	\$0	\$118,233	\$0
2013/14	\$61,535	\$10,022	\$11,104	\$0	\$0	\$0	\$98,020	\$0
2014/15	\$55,086	\$9,916	\$10,401	\$0	\$0	\$0	\$4,532	\$0
2015/16	\$71,139	\$10,983	\$12,605	\$0	\$0	\$0	\$97,676	\$0

Expenses

Plan	Monthly				<u>Other Actuarial Adjustments</u>	
<u>Year</u>	<u>Benefit</u>	<u>Contrib.</u>	<u>Admin.</u>	<u>Invest.</u>	<u>Advance</u>	<u>Excess</u>
	<u>Payments</u>	<u>Refunds</u>	<u>Expenses</u>	<u>Expenses</u>	<u>Employer</u>	<u>Chapter</u>
					<u>Contribs.</u>	<u>Contribs.</u>
2006/07	N/A	N/A	N/A	N/A	N/A	N/A
2007/08	N/A	N/A	N/A	N/A	N/A	N/A
2008/09	N/A	N/A	N/A	N/A	N/A	N/A
2009/10	N/A	N/A	N/A	N/A	N/A	N/A
2010/11	N/A	N/A	N/A	N/A	N/A	N/A
2011/12	N/A	N/A	N/A	N/A	N/A	N/A
2012/13	\$38,380	\$0	\$13,194	\$0	\$0	\$0
2013/14	\$53,558	\$18,901	\$16,025	\$0	\$0	\$0
2014/15	\$65,440	\$72,694	\$12,076	\$0	\$7,171	\$0
2015/16	\$77,149	\$0	\$7,997	\$0	\$4,906	\$0

Note: Information was not available to separate the investment expenses from the investment income nor was information available to separate the investment income by source.



Other Reconciliations

Table II-F

Advance Employer Contribution

Advance Employer Contribution as of October 1, 2014	\$0
Additional Employer Contribution	\$65,002
Minimum Required Contribution	(\$57,831)
Net Increase in Advance Employer Contribution	\$7,171
Advance Employer Contribution as of October 1, 2015	\$7,171
Additional Employer Contribution	\$82,122
Minimum Required Contribution	(\$77,216)
Net Increase in Advance Employer Contribution	\$4,906
Advance Employer Contribution as of October 1, 2016	<u>\$12,077</u>

Excess Chapter 175/185 Contribution

Excess Chapter 175/185 Contribution as of October 1, 2014	\$0
Additional Chapter 175/185 Contribution	\$9,916
Allowable Chapter 175/185 Contribution	(\$9,916)
Net Increase in Excess Chapter 175/185 Contribution	\$0
Excess Chapter 175/185 Contribution as of October 1, 2015	\$0
Additional Chapter 175/185 Contribution	\$10,983
Allowable Chapter 175/185 Contribution	(\$10,983)
Net Increase in Excess Chapter 175/185 Contribution	\$0
Excess Chapter 175/185 Contribution as of October 1, 2016	<u>\$0</u>



Historical Chapter 175/185 Contributions

Table II-G

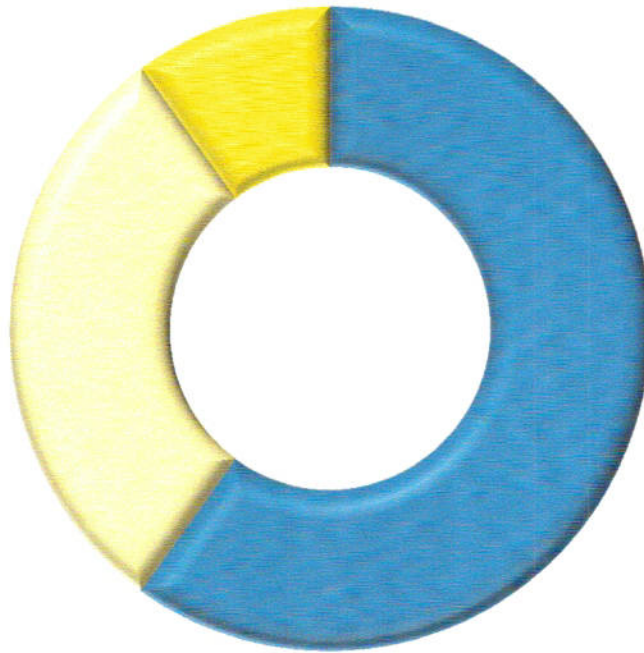
	<i>Total Accumulated Excess Chapter 175/185 Contribution</i>				\$0
	Chapter 175 Regular <u>Distribution</u>	Chapter 175 Supplemental <u>Distribution</u>	Chapter 185 <u>Distribution</u>	Allowable <u>Amount</u>	
1998 Distribution	\$0	\$0	\$5,907	(\$5,907)	
1999 Distribution	\$0	\$0	\$5,470	(\$5,470)	
2000 Distribution	\$0	\$0	\$6,082	(\$6,082)	
2001 Distribution	\$0	\$0	\$8,235	(\$8,235)	
2002 Distribution	\$0	\$0	\$8,299	(\$8,299)	
2003 Distribution	\$0	\$0	\$9,271	(\$9,271)	
2004 Distribution	\$0	\$0	\$8,657	(\$8,657)	
2005 Distribution	\$0	\$0	\$9,244	(\$9,244)	
2006 Distribution	\$0	\$0	\$9,193	(\$9,193)	
2007 Distribution	\$0	\$0	\$8,809	(\$8,809)	
2008 Distribution	\$0	\$0	\$9,607	(\$9,607)	
2009 Distribution	\$0	\$0	\$10,019	(\$10,019)	
2010 Distribution	\$0	\$0	\$9,394	(\$9,394)	
2011 Distribution	\$0	\$0	\$10,053	(\$10,053)	
2012 Distribution	\$0	\$0	\$10,265	(\$10,265)	
2013 Distribution	\$0	\$0	\$10,022	(\$10,022)	
2014 Distribution	\$0	\$0	\$9,916	(\$9,916)	
2015 Distribution	\$0	\$0	\$10,983	(\$10,983)	



Summary of Participant Data

Table III-A

As of October 1, 2016

*Participant Distribution by Status*Actively Employed Participants

Active Participants	6
DROP Participants	0

Inactive Participants

Deferred Vested Participants	0
Due a Refund of Contributions	0
Deferred Beneficiaries	0

Participants Receiving a Benefit

Service Retirements	3
Disability Retirements	1
Beneficiaries Receiving	0

Total Participants 10Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2007	6	0	1	1	8
October 1, 2008	N/A	N/A	N/A	N/A	N/A
October 1, 2009	N/A	N/A	N/A	N/A	N/A
October 1, 2010	6	0	0	2	8
October 1, 2011	N/A	N/A	N/A	N/A	N/A
October 1, 2012	N/A	N/A	N/A	N/A	N/A
October 1, 2013	6	0	0	2	8
October 1, 2014	5	0	0	3	8
October 1, 2015	N/A	N/A	N/A	N/A	N/A
October 1, 2016	6	0	0	4	10



Data Reconciliation

Table III-B

	<u>Active</u>	<u>DROP</u>	<u>Deferred Vested</u>	<u>Due a Refund</u>	<u>Def. Benef.</u>	<u>Service Retiree</u>	<u>Disabled Retiree</u>	<u>Benef. Rec'v.</u>	<u>Total</u>
<u>October 1, 2014</u>	5	0	0	0	0	2	1	0	8
<u>Change in Status</u>									
Re-employed									
Terminated									
Retired	(1)					1			
<u>Participation Ended</u>									
Transferred Out									
Cashed Out									
Died									
<u>Participation Began</u>									
Newly Hired	2								2
Transferred In									
New Beneficiary									
<u>Other Adjustment</u>									
<u>October 1, 2016</u>	6	0	0	0	0	3	1	0	10

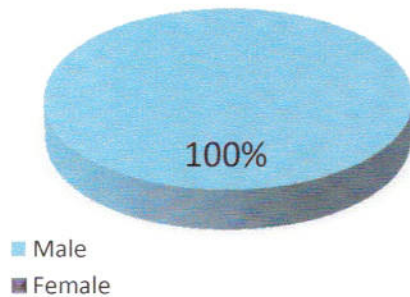


Active Participant Data

Table III-C

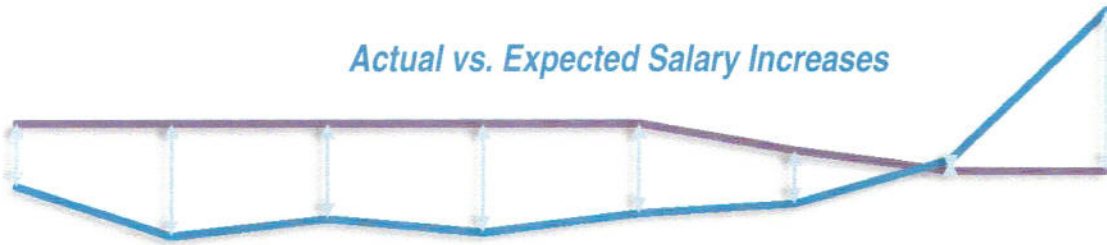
As of October 1, 2016

Gender Mix



Average Age	45.0 years
Average Service	7.2 years
Total Annualized Compensation for the Prior Year	\$255,161
Total Expected Compensation for the Current Year	\$265,367
Average Increase in Compensation for the Prior Year	15.87%
Expected Increase in Compensation for the Current Year	4.00%

Actual vs. Expected Salary Increases



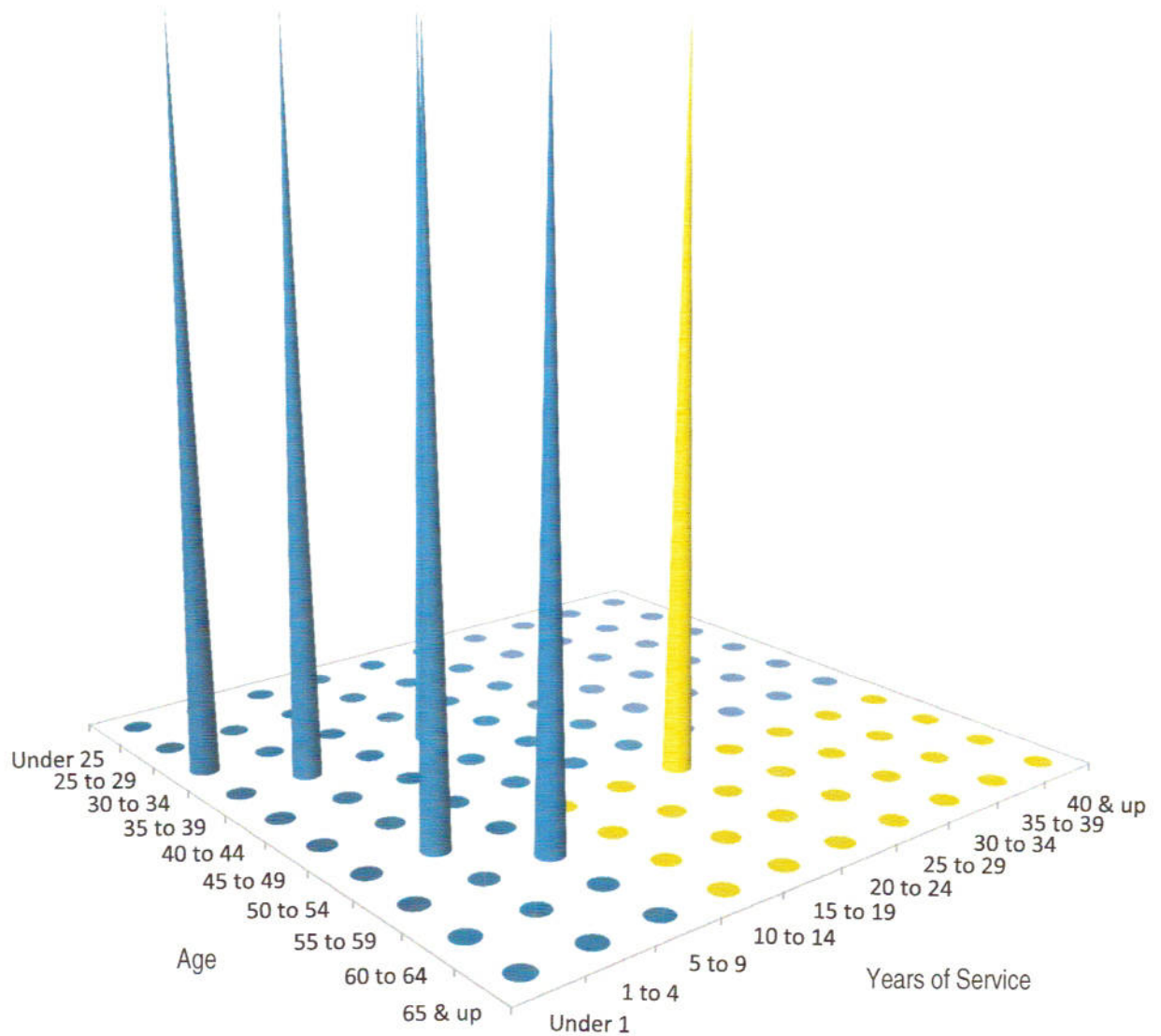
Active Participant Statistics From Prior Valuations

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2007	40.9	6.2	\$41,304	7.50%	5.00%
October 1, 2008	N/A	N/A	N/A	7.50%	4.00%
October 1, 2009	N/A	N/A	N/A	7.50%	2.80%
October 1, 2010	46.8	8.9	\$44,023	7.50%	-0.90%
October 1, 2011	N/A	N/A	N/A	7.50%	0.40%
October 1, 2012	N/A	N/A	N/A	7.50%	-0.60%
October 1, 2013	49.8	11.9	\$46,828	7.50%	0.80%
October 1, 2014	50.6	9.8	\$42,450	5.50%	1.53%
October 1, 2015	N/A	N/A	N/A	4.00%	4.81%
October 1, 2016	45.0	7.2	\$42,527	4.00%	15.87%



Active Age-Service Distribution

Table III-D



- ▲ Eligible to retire
- ▲ May be eligible to retire
- ▲ Not eligible to retire



Active Age-Service-Salary Table

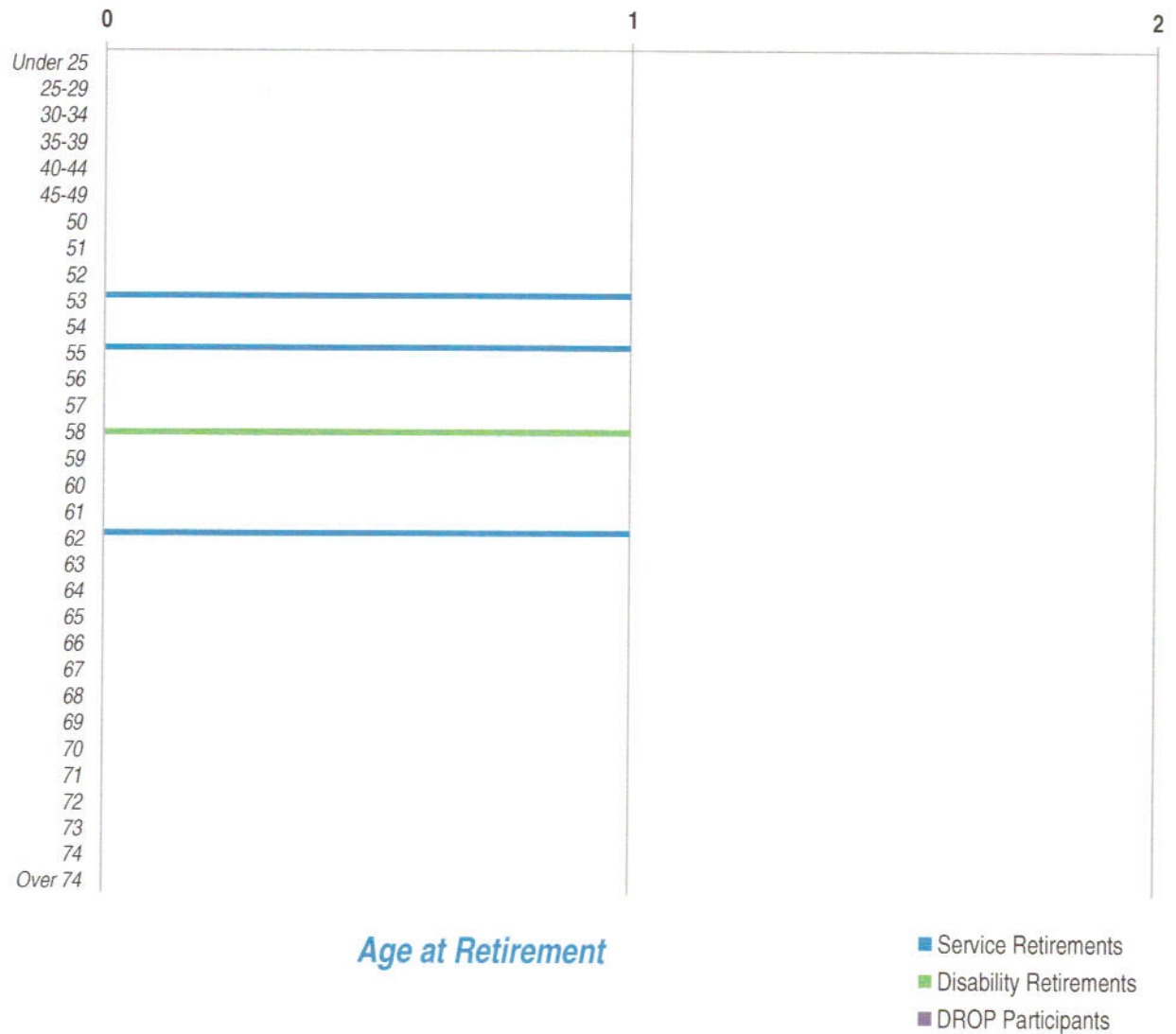
Table III-E

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
30 to 34	1	0	0	0	0	0	0	0	0	0	1
Avg.Pay	32,959	0	0	0	0	0	0	0	0	0	32,959
35 to 39	0	1	0	1	0	0	0	0	0	0	2
Avg.Pay	0	33,916	0	40,748	0	0	0	0	0	0	37,332
40 to 44	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
45 to 49	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
50 to 54	0	1	0	0	0	1	0	0	0	0	2
Avg.Pay	0	39,324	0	0	0	59,535	0	0	0	0	49,430
55 to 59	0	0	1	0	0	0	0	0	0	0	1
Avg.Pay	0	0	48,679	0	0	0	0	0	0	0	48,679
60 to 64	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
65 & up	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	1	2	1	1	0	1	0	0	0	0	6
Avg.Pay	32,959	36,620	48,679	40,748	0	59,535	0	0	0	0	42,527



Inactive Participant Data

Table III-F

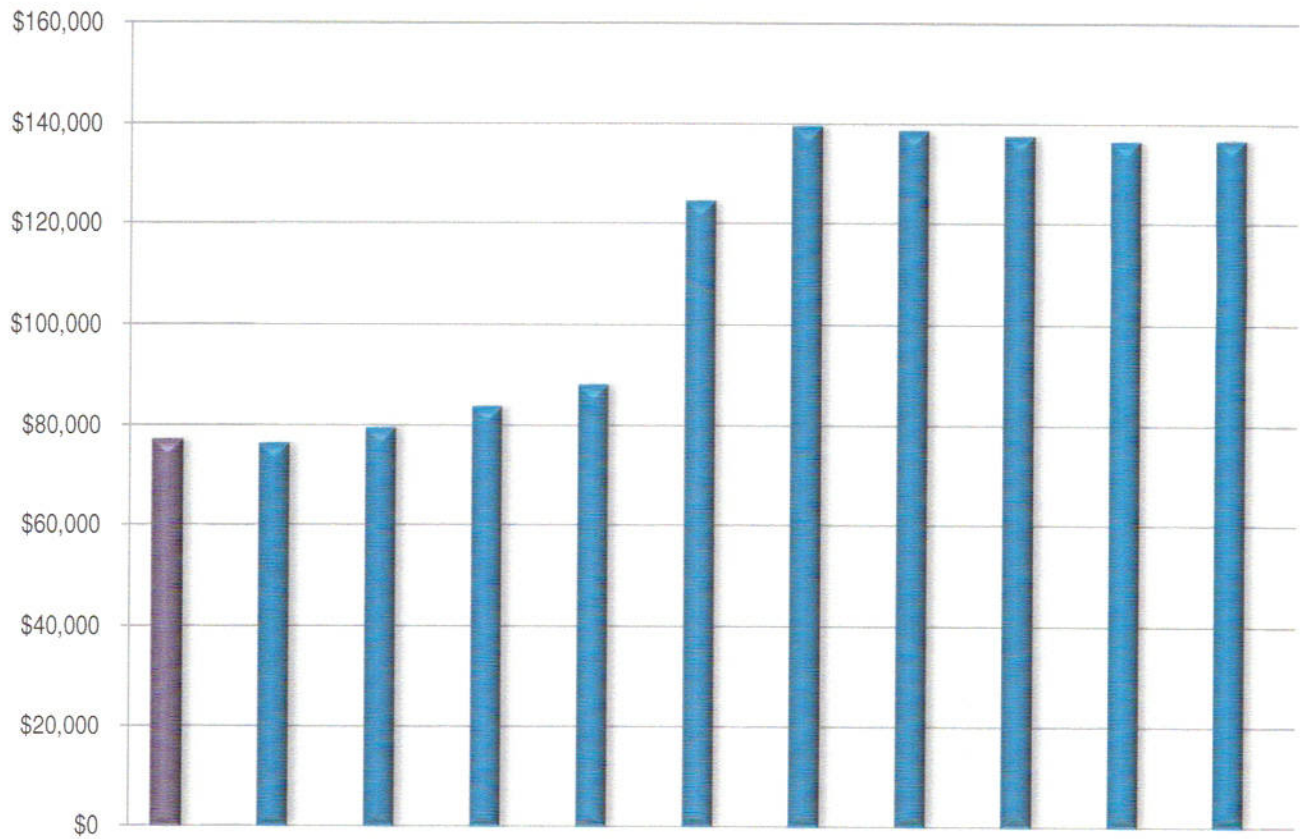
Average Monthly Benefit

Service Retirements	\$1,623.68
Disability Retirements	\$1,558.01
Beneficiaries Receiving	Not applicable
DROP Participants	Not applicable
Deferred Vested Participants	Not applicable
Deferred Beneficiaries	Not applicable



Projected Benefit Payments

Table III-G

Actual

For the period October 1, 2015 through September 30, 2016

\$77,149

Projected

For the period October 1, 2016 through September 30, 2017

\$76,549

For the period October 1, 2017 through September 30, 2018

\$79,618

For the period October 1, 2018 through September 30, 2019

\$83,967

For the period October 1, 2019 through September 30, 2020

\$88,306

For the period October 1, 2020 through September 30, 2021

\$124,603

For the period October 1, 2021 through September 30, 2022

\$139,615

For the period October 1, 2022 through September 30, 2023

\$138,679

For the period October 1, 2023 through September 30, 2024

\$137,675

For the period October 1, 2024 through September 30, 2025

\$136,688

For the period October 1, 2025 through September 30, 2026

\$136,919



Summary of Actuarial Methods and Assumptions

Table IV-A

NOTE: The following assumptions and methods have been selected and approved by the Board of Trustees based in part on the advice of the plan's enrolled actuary in accordance with the authority granted to the Board under the pension ordinances and State law.

1. Actuarial Cost Method

Aggregate cost method. Under this actuarial cost method, a funding cost is developed for the plan as a level percentage of payroll. The level funding percentage is calculated as the excess of the total future benefit liability over accumulated assets and future employee contributions, with this excess spread over the expected future payroll for current active participants. The normal cost is equal to the level funding percentage multiplied by the expected payroll for the year immediately following the valuation date. The actuarial accrued liability is equal to the accumulated assets. Therefore, under the aggregate cost method, no unfunded accrued liability is developed.

2. Asset Method

The actuarial value of assets is equal to the market value of assets.

3. Interest (or Discount) Rate

7.00% per annum

4. Salary Increases

Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual plan compensation is known for a prior plan year.

5. Decrements

- Pre-retirement mortality: None is assumed.
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Blue Collar Mortality Table, with full generational improvements in mortality using Scale BB
- Disability: None is assumed.
- Termination: None is assumed.



Summary of Actuarial Methods and Assumptions

Table IV-A

(continued)

- Retirement: Retirement is assumed to occur at the rate of 5% at each of ages 50 through 54 if the participant is eligible for early retirement or at the rate of 10% at each age after age 54 if the participant is eligible for normal retirement; alternatively, 100% retirement is assumed at age 58 with at least 13 years of service or at age 55 with at least 28 years of service; no retirement decrement is assumed during the first year after the valuation date.

6. Form of Payment

Future retirees have been assumed to select the 10-year certain and life annuity.

7. Expenses

The total projected benefit liability has been loaded by 6.00% to account for anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.



Changes in Actuarial Methods and Assumptions

Table IV-B

Since the completion of the previous valuation, the mortality basis was changed from a 2015 projection of the RP-2000 Mortality Table to a full generational projection using Scale BB of the RP-2000 Blue Collar Mortality Table as required by State law.



Summary of Plan Provisions

Table V-A

1. Benefit Formula

3.00% of Average Monthly Earnings multiplied by Credited Service

2. Service Retirement

Normal retirement: Age 55 with at least 10 years of credited service; or

Age 52 with at least 25 years of credited service

Early retirement: Age 50 with at least 10 years of credited service

Note: The early retirement benefit is reduced by 3% for each year (prorated for portions of a year) by which the participant's early retirement date precedes his normal retirement date.

3. Disability Retirement

The disability benefit is a monthly 10-year certain and life annuity equal to the accrued normal retirement benefit, but no less than 42% of average monthly earnings in the case of a service-connected disability. A participant must have earned at least 10 years of Credited Service unless his disability is service-connected. The participant may convert his disability benefit into any of the optional forms of payment that are otherwise available under the plan.

4. Deferred Vested Retirement

A vested participant who terminates employment before becoming eligible for retirement receives a deferred vested retirement pension equal to the accrued monthly benefit payable at the participant's normal retirement age (unreduced) or early retirement age (reduced by 3% for each year or portions thereof by which the early retirement date precedes the normal retirement date).

A non-vested participant who terminates employment receives his accumulated contributions.

5. Vesting

An employee becomes 100% vested upon the attainment of 10 years of Credited Service



Summary of Plan Provisions

Table V-A

(continued)

6. Pre-Retirement Death Benefit

If a vested participant dies prior to retirement, the participant's beneficiary receives a 10-year certain annuity equal to the participant's accrued normal retirement benefit, reduced for early retirement if applicable, and payable at the participant's early or normal retirement date; alternatively, an actuarially equivalent 10-year certain annuity is payable immediately upon the death of the participant; if the beneficiary is not the participant's spouse, the early retirement reduction is replaced by an actuarial reduction if the participant was not eligible for early or normal retirement at the time of his death.

If a non-vested participant dies prior to retirement, the participant's beneficiary receives the participant's accumulated contributions.

7. Form of Payment

Actuarially increased single life annuity *(optional)*;

10-year certain and life annuity *(normal form of payment)*;

Actuarially reduced 50% joint and contingent annuity *(optional)*;

Actuarially reduced 66⅔% joint and contingent annuity *(optional)*;

Actuarially reduced 75% joint and contingent annuity *(optional)*;

Actuarially reduced 100% joint and contingent annuity *(optional)*;

Actuarially equivalent social security level income annuity *(optional)*;

Single lump sum payment equal to 10%, 15%, 20%, or 25% of the actuarially equivalent value of the normal form of payment plus a monthly annuity equal to the remaining value payable in any of the forms of annuity available under the plan *(optional)*;

Actuarially equivalent single lump sum distribution *(optional at the discretion of the pension board and only available if the single sum value of the participant's benefit is less than or equal to \$1,000)*

(Note: All forms of payment guarantee at least the return of the participant's accumulated contributions. Furthermore, a participant may change his joint annuitant up to two times after retirement subject to an actuarially equivalent adjustment.)



Summary of Plan Provisions

Table V-A

(continued)

8. Average Monthly Earnings

Average monthly earnings during the highest five years of compensation out of the 10 years immediately preceding the determination date. Earnings includes total W-2 compensation, but excludes overtime in excess of 300 hours per year after July 1, 2011 and payments for unused sick and annual leave that accrues after July 1, 2011. Earnings cannot exceed the maximum amount allowed under Internal Revenue Code (IRC) section 401(a)(17).

9. Credited Service

The elapsed time from the participant's date of hire until his date of termination, retirement, or death; subject to certain limitations, a participant may purchase additional service credit for previous employment with the Town, for previous employment as a police officer in another jurisdiction, or for military service.

10. Employee Contribution

Employees must contribute 5.00% of pensionable earnings. Employee contributions are accumulated without interest.

11. Town Contribution

The Town is required to make periodic contributions at least on a quarterly basis as determined under Chapter 112, Florida Statutes.

12. Participant Requirement

All full-time police officers of the Town of Howie-in-the-Hills automatically become participants in the plan on their date of hire.

13. Actuarial Equivalence

Based on 8.00% interest per annum and the RP-2000 Combined Healthy Mortality Table (Unisex)



Summary of Plan Amendments

Table V-B

Since the completion of the previous valuation, Ordinance 2015-006 was adopted. This ordinance made several modifications and clarifications to the plan in order to preserve compliance with the requirements of the Internal Revenue Code and added a share plan. The ordinance had no actuarial impact on the plan.

