



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS

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June 7, 2017

Ms. Kathy Austin, Administrative Assistant  
City of Crestview  
General Employees' Retirement Board  
P. O. Drawer 1209  
Crestview, FL 32536

RE: Updated GASB Statement No.67 and No.68 – City of Crestview General Employees' Retirement Plan

Dear Board:

We are pleased to present to the Board an updated GASB Statement No.67 and No.68 measured as of September 30, 2016 for the City of Crestview General Employees' Retirement Plan.

The calculation of the liability associated with the benefits referenced in this report was performed for the purpose of satisfying the requirements of GASB No.67 and No.68 is not applicable for other purposes, such as determining the plan's funding requirements. A calculation of the plan's liability for other purposes may produce significantly different results.

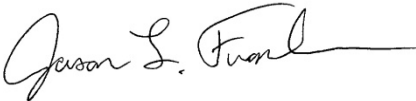
The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2015. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30<sup>th</sup>, 2016 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purposes are internally consistent, reasonable, and comply with the requirements under GASB No.67 and No.68.

Certain schedules should include a 10-year history of information. As provided for in GASB No. 67 and No.68, this historical information is only presented for the years in which the information was measured in conformity with the requirements of GASB No.67 and No.68.

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:   
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Jason L. Franken, FSA, EA, MAAA  
Enrolled Actuary #17-06888  
JLF/lke

Enclosures

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	188,991
Total Cash and Equivalents	188,991
Receivables:	
Member Contributions in Transit	5,017
City Contributions in Transit	5,801
Total Receivable	10,818
Investments:	
Fixed Income	5,056,755
Equities	9,757,872
Real Estate	1,611,508
Total Investments	16,426,135
Total Assets	16,625,944
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	16,625,944

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

ADDITIONS

## Contributions:

Member	263,011	
City	298,505	
Total Contributions		561,516
Investment Income:		
Net Increase in Fair Value of Investments	910,613	
Interest & Dividends	343,302	
Less Investment Expense <sup>1</sup>	(81,658)	
Net Investment Income		1,172,257
Total Additions		1,733,773

DEDUCTIONS

## Distributions to Members:

Benefit Payments	570,764	
Lump Sum DROP Distributions	0	
Lump Sum PLOP Distributions	39,051	
Refunds of Member Contributions	58,911	
Total Distributions		668,726
Administrative Expense		45,495
Total Deductions		714,221
Net Increase in Net Position		1,019,552
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		15,606,392
End of the Year		16,625,944

<sup>1</sup>Investment 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 Council appointees,
- b) Two Plan Members elected by the membership, and
- c) A fifth Member elected by other 4 and appointed by Council.

*Plan Membership as of October 1, 2015:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	41
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	17
Active Plan Members	107
	165
	165

*Benefits Provided*

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

Normal Retirement:

Date: Age 55 and 10 years of Credited Service.

Benefit: 2.64% of Average Final Compensation times Credited Service. In addition, Normal Retirees receive \$215 per month for life.

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit (without \$215 supplement), actuarially reduced.

Vesting:

Less than 10 years: Refund of Member Contributions, plus 4.5% interest on contributions made before 1/1/84 and 6.0% interest on contributions made after 12/31/83.

10 or More Years: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Early (reduced) or Normal Retirement Date, or a refund of Member Contributions, with interest.

Disability:

Eligibility: Total and permanent disability (as determined by the Board) after the completion of 10 or more years of Credited Service.

Benefit: Benefit accrued to date of disability, actuarially reduced as for Early Retirement and paid for life or until recovery (as determined by the Board).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years at otherwise Early (reduced) or Normal (unreduced) Retirement Date.

Non-Vested: Refund of accumulated contributions, with interest.

*Contributions*

Member: 6.4% of Salary.

City: 5.0% of Members' salaries plus any remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII in Chapter 112, Florida Statutes.

## GASB 67

### Investments

#### *Investment Policy:*

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	45%
International Equity	15%
Domestic Fixed Income	25%
Global Fixed Income	5%
Real Estate	10%
<u>Total</u>	<u>100%</u>

#### *Concentrations:*

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

#### *Rate of Return:*

For the year ended September 30, 2016, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 7.54 percent.

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

#### Deferred Retirement Option Program

Eligibility: Satisfaction of requirements for Normal Retirement.

Participation: Not more than 60 months.

Rate of Return: At election of Member (may change once during DROP period) either: 1) actual net rate of investment return (total return net of brokerage commissions, transaction costs, and management fees), or 2) 6.5%. Earnings are credited each fiscal quarter.

The DROP balance as September 30, 2016 is \$390,556.

## 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	\$ 17,140,287
Plan Fiduciary Net Position	\$ (16,625,944)
Sponsor's Net Pension Liability	\$ 514,343
Plan Fiduciary Net Position as a percentage of Total Pension Liability	97.00%

*Actuarial Assumptions:*

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

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.75%
Investment Rate of Return	7.75%

*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 most recent actuarial experience study used to review the other significant assumptions was dated August 29, 2016.

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

For 2016, the inflation rate assumption of the investment advisor was 2.50%.

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

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

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.5%
International Equity	8.5%
Domestic Fixed Income	2.5%
Global Fixed Income	3.5%
Real Estate	4.5%

## GASB 67

### Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.75 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 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Sponsor's Net Pension Liability	\$ 2,587,828	\$ 514,343	\$ (1,209,229)

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

	<u>09/30/2016</u>	<u>09/30/2015</u>
Total Pension Liability		
Service Cost	565,716	536,574
Interest	1,310,682	1,240,902
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(372,488)	(196,887)
Changes of assumptions	152,935	-
Benefit Payments, including Refunds of Employee Contributions	<u>(668,726)</u>	<u>(806,243)</u>
Net Change in Total Pension Liability	988,119	774,346
Total Pension Liability - Beginning	<u>16,152,168</u>	<u>15,377,822</u>
Total Pension Liability - Ending (a)	<u>\$ 17,140,287</u>	<u>\$ 16,152,168</u>
Plan Fiduciary Net Position		
Contributions - Employer	298,505	556,922
Contributions - Employee	263,011	246,579
Net Investment Income	1,172,257	(319,164)
Benefit Payments, including Refunds of Employee Contributions	(668,726)	(806,243)
Administrative Expense	(45,495)	(43,915)
Other	-	-
Net Change in Plan Fiduciary Net Position	<u>1,019,552</u>	<u>(365,821)</u>
Plan Fiduciary Net Position - Beginning	<u>15,606,392</u>	<u>15,972,213</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,625,944</u>	<u>\$ 15,606,392</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 514,343</u>	<u>\$ 545,776</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	97.00%	96.62%
Covered Employee Payroll	\$ 4,109,545	\$ 3,852,802
Net Pension Liability as a percentage of Covered Employee Payroll	12.52%	14.17%

**Notes to Schedule:***Changes of Assumptions:*

For measurement date 09/30/2016, as a results of an actuarial experience study dated August 29, 2016, the Board approved a number of changes to the actuarial assumptions and methods. The following changes were made:

- The actuarial cost method was changed from the Frozen Entry Age to the Entry Age Normal actuarial cost method.
- The investment return assumption was lowered from 8.00% to 7.75% per year, net of investment related expenses.
- The salary increase assumption was changed from a flat salary scale to a service-based table.
- 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
- The assumed rate of early retirement was removed.
- The assumed rates of normal retirement were amended to an age-based table.
- The assumed rates of withdrawal were changed from an age-based table to a service-based table.
- The assumed rates of disablement were reduced in half at each age.

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



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

	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability		
Service Cost	538,171	498,306
Interest	1,163,671	1,085,340
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(663,463)</u>	<u>(625,281)</u>
Net Change in Total Pension Liability	1,038,379	958,365
Total Pension Liability - Beginning	<u>14,339,443</u>	<u>13,381,078</u>
Total Pension Liability - Ending (a)	<u>\$ 15,377,822</u>	<u>\$ 14,339,443</u>
Plan Fiduciary Net Position		
Contributions - Employer	756,791	779,531
Contributions - Employee	240,968	242,185
Net Investment Income	1,396,846	1,537,348
Benefit Payments, including Refunds of Employee Contributions	(663,463)	(625,281)
Administrative Expense	(35,530)	(31,453)
Other	44,105	-
Net Change in Plan Fiduciary Net Position	<u>1,739,717</u>	<u>1,902,330</u>
Plan Fiduciary Net Position - Beginning	<u>14,232,496</u>	<u>12,330,166</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,972,213</u>	<u>\$ 14,232,496</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (594,391)</u>	<u>\$ 106,947</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	103.87%	99.25%
Covered Employee Payroll	\$ 3,765,128	\$ 3,784,133
Net Pension Liability as a percentage of Covered Employee Payroll	-15.79%	2.83%

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	304,106	473,895	756,791	779,531
Contributions in relation to the Actuarially Determined Contributions	298,505	556,922	756,791	779,531
Contribution Deficiency (Excess)	\$ 5,601	\$ (83,027)	\$ -	\$ -
Covered Employee Payroll	\$ 4,109,545	\$ 3,852,802	\$ 3,765,128	\$ 3,784,133
Contributions as a percentage of Covered Employee Payroll	7.26%	14.45%	20.10%	20.60%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Funding Method: Frozen Entry Age Actuarial Cost Method.  
 Amortization Method: Level percentage of pay, closed.  
 Remaining Amortization Period: 19 Years (as of 10/01/2014).  
 Mortality: RP-2000 Mortality Table (Combined Healthy) projected to valuation date using scale AA. Disability mortality set forward five years.  
 Interest Rate: 8% per year compounded annually, net of investment related expenses.  
 Retirement Age: Age 55 and 10 years of service. Any Member who has reached Normal Retirement on the valuation date is assumed to continue employment for one additional year.  
 Early Retirement: Commencing with the earliest Early Retirement Age (50), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.  
 Disability Rates: See Table Below (1202).  
 Termination Rates: See Table Below.  
 Salary Increases: 6.0% per year until the assumed retirement age.  
 Sick Leave: Projected benefits at retirement are loaded by 0.5% to account for accrued sick leave's inclusion in credited service.  
 Payroll Growth: 3.0% per year.  
 Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:	% Becoming	
	Disabled During the Year	% Terminating During the Year
Age		
20	0.051%	46.3%
30	0.058%	23.3%
40	0.121%	8.8%
50	0.429%	3.2%

**SCHEDULE OF INVESTMENT RETURNS**  
Last 10 Fiscal Years

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return				
Net of Investment Expense	7.54%	-1.99%	9.70%	12.28%

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 Council appointees,
- b) Two Plan Members elected by the membership, and
- c) A fifth Member elected by other 4 and appointed by Council.

Full-time employees who are not classified as Police Officers or Firefighters participate as a condition of employment.

*Plan Membership as of October 1, 2015:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	41
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	17
Active Plan Members	107
	165
	165

*Benefits Provided*

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

Normal Retirement:

Date: Age 55 and 10 years of Credited Service.

Benefit: 2.64% of Average Final Compensation times Credited Service. In addition, Normal Retirees receive \$215 per month for life.

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit (without \$215 supplement), actuarially reduced.

Vesting:

Less than 10 years: Refund of Member Contributions, plus 4.5% interest on contributions made before 1/1/84 and 6.0% interest on contributions made after 12/31/83.

10 or More Years: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Early (reduced) or Normal Retirement Date, or a refund of Member Contributions, with interest.

Disability:

Eligibility: Total and permanent disability (as determined by the Board) after the completion of 10 or more years of Credited Service.

Benefit: Benefit accrued to date of disability, actuarially reduced as for Early Retirement and paid for life or until recovery (as determined by the Board).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years at otherwise Early (reduced) or Normal (unreduced) Retirement Date.

Non-Vested: Refund of accumulated contributions, with interest.

*Contributions*

Member: 6.4% of Salary.

City: 5.0% of Members' salaries plus any remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII in Chapter 112, Florida Statutes.

## GASB 68

### Net Pension Liability

The measurement date is September 30, 2016.

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

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

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

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

#### *Actuarial Assumptions:*

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

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.75%
Investment Rate of Return	7.75%

#### *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

The most recent actuarial experience study used to review the other significant assumptions was dated August 29, 2016.

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

For 2016, the inflation rate assumption of the investment advisor was 2.50%.

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>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	45%	7.5%
International Equity	15%	8.5%
Domestic Fixed Income	25%	2.5%
Global Fixed Income	5%	3.5%
Real Estate	10%	4.5%
Total	<u>100%</u>	

## GASB 68

### Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.75 percent.

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

## CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2016	\$ 16,152,168	\$ 15,606,392	\$ 545,776
Changes for a Year:			
Service Cost	565,716	-	565,716
Interest	1,310,682	-	1,310,682
Differences between Expected and Actual Experience	(372,488)	-	(372,488)
Changes of assumptions	152,935	-	152,935
Changes of benefit terms	-	-	-
Contributions - Employer	-	298,505	(298,505)
Contributions - Employee	-	263,011	(263,011)
Net Investment Income	-	1,172,257	(1,172,257)
Benefit Payments, including Refunds of Employee Contributions	(668,726)	(668,726)	-
Administrative Expense	-	(45,495)	45,495
Net Changes	988,119	1,019,552	(31,433)
Reporting Period Ending September 30, 2017	\$ 17,140,287	\$ 16,625,944	\$ 514,343

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 2,587,828	\$ 514,343	\$ (1,209,229)

*Pension Plan Fiduciary Net Position.*

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

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

For the year ended September 30, 2016, the Sponsor has recognized a Pension Expense of \$519,436.

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	-	147,666
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	1,128,283	-
Employer contributions subsequent to the measurement date	298,505	-
<b>Total</b>	<b>\$ 1,426,788</b>	<b>\$ 147,666</b>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year ended September 30, 2016.

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

Year ended September 30:		
2018	\$	220,534
2019	\$	220,534
2020	\$	220,534
2021	\$	319,015
2022	\$	-
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 \$607,133.

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	-	396,435
Changes of assumptions	122,348	-
Net difference between Projected and Actual Earnings on Pension Plan investments	914,643	-
Employer contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ 396,435

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	\$	190,653
2019	\$	190,652
2020	\$	289,133
2021	\$	(29,882)
2022	\$	-
Thereafter	\$	-

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

Reporting Period Ending	09/30/2017	09/30/2016
Measurement Date	<u>09/30/2016</u>	<u>09/30/2015</u>
Total Pension Liability		
Service Cost	565,716	536,574
Interest	1,310,682	1,240,902
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(372,488)	(196,887)
Changes of assumptions	152,935	-
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Contributions - Employer	298,505	556,922
Contributions - Employee	263,011	246,579
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Administrative Expense	(45,495)	(43,915)
Other	-	-
Net Change in Plan Fiduciary Net Position	<u>1,019,552</u>	<u>(365,821)</u>
Plan Fiduciary Net Position - Beginning	<u>15,606,392</u>	<u>15,972,213</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,625,944</u>	<u>\$ 15,606,392</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 514,343</u>	<u>\$ 545,776</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	97.00%	96.62%
Covered Employee Payroll	\$ 4,109,545	\$ 3,852,802
Net Pension Liability as a percentage of Covered Employee Payroll	12.52%	14.17%

**Notes to Schedule:***Changes of Assumptions:*

For measurement date 09/30/2016, as a results of an actuarial experience study dated August 29, 2016, the Board approved a number of changes to the actuarial assumptions and methods. The following changes were made:

- The actuarial cost method was changed from the Frozen Entry Age to the Entry Age Normal actuarial cost method.
- The investment return assumption was lowered from 8.00% to 7.75% per year, net of investment related expenses.
- The salary increase assumption was changed from a flat salary scale to a service-based table.
- 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
- The assumed rate of early retirement was removed.
- The assumed rates of normal retirement were amended to an age-based table.
- The assumed rates of withdrawal were changed from an age-based table to a service-based table.
- The assumed rates of disablement were reduced in half at each age.

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

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

Reporting Period Ending	09/30/2015	09/30/2014
Measurement Date	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability		
Service Cost	538,171	498,306
Interest	1,163,671	1,085,340
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(663,463)</u>	<u>(625,281)</u>
Net Change in Total Pension Liability	1,038,379	958,365
Total Pension Liability - Beginning	<u>14,339,443</u>	<u>13,381,078</u>
Total Pension Liability - Ending (a)	<u><u>\$ 15,377,822</u></u>	<u><u>\$ 14,339,443</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	756,791	779,531
Contributions - Employee	240,968	242,185
Net Investment Income	1,396,846	1,537,348
Benefit Payments, including Refunds of Employee Contributions	(663,463)	(625,281)
Administrative Expense	(35,530)	(31,453)
Other	<u>44,105</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	1,739,717	1,902,330
Plan Fiduciary Net Position - Beginning	<u>14,232,496</u>	<u>12,330,166</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 15,972,213</u></u>	<u><u>\$ 14,232,496</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ (594,391)</u></u>	<u><u>\$ 106,947</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	103.87%	99.25%
Covered Employee Payroll	\$ 3,765,128	\$ 3,784,133
Net Pension Liability as a percentage of Covered Employee Payroll	-15.79%	2.83%

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	304,106	473,895	756,791	779,531
Contributions in relation to the Actuarially Determined Contributions	298,505	556,922	756,791	779,531
Contribution Deficiency (Excess)	\$ 5,601	\$ (83,027)	\$ -	\$ -
Covered Employee Payroll	\$ 4,109,545	\$ 3,852,802	\$ 3,765,128	\$ 3,784,133
Contributions as a percentage of Covered Employee Payroll	7.26%	14.45%	20.10%	20.60%

Notes to Schedule

Valuation Date: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

Funding Method: Frozen Entry Age Actuarial Cost Method.  
 Amortization Method: Level percentage of pay, closed.  
 Remaining Amortization Period: 19 Years (as of 10/01/2014).  
 Mortality: RP-2000 Mortality Table (Combined Healthy) projected to valuation date using scale AA. Disability mortality set forward five years.  
 Interest Rate: 8% per year compounded annually, net of investment related expenses.  
 Retirement Age: Age 55 and 10 years of service. Any Member who has reached Normal Retirement on the valuation date is assumed to continue employment for one additional year.  
 Early Retirement: Commencing with the earliest Early Retirement Age (50), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.  
 Disability Rates: See Table Below (1202).  
 Termination Rates: See Table Below.  
 Salary Increases: 6.0% per year until the assumed retirement age.  
 Sick Leave: Projected benefits at retirement are loaded by 0.5% to account for accrued sick leave's inclusion in credited service.  
 Payroll Growth: 3.0% per year.  
 Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:

Age	% Becoming	
	Disabled During the Year	% Terminating During the Year
20	0.051%	46.3%
30	0.058%	23.3%
40	0.121%	8.8%
50	0.429%	3.2%

UPDATED FINAL COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ (594,391)	\$ 197,036	\$ 556,922	\$ -
Employer contributions made after 09/30/2015	-	-	298,505	-
Total Pension Liability Factors:				
Service Cost	536,574	-	-	536,574
Interest	1,240,902	-	-	1,240,902
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(196,887)	196,887	-	-
Current year amortization of experience difference	-	(49,221)	-	(49,221)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(806,243)	-	-	(806,243)
Net change	<u>774,346</u>	<u>147,666</u>	<u>298,505</u>	<u>922,012</u>
Plan Fiduciary Net Position:				
Contributions - Employer	556,922	-	(556,922)	-
Contributions - Employee	246,579	-	-	(246,579)
Projected Net Investment Income	1,275,911	-	-	(1,275,911)
Difference between projected and actual earnings on Pension Plan investments	(1,595,075)	-	1,595,075	-
Current year amortization	-	(49,259)	(319,015)	269,756
Benefit Payments	(806,243)	-	-	806,243
Administrative Expenses	(43,915)	-	-	43,915
Net change	<u>(365,821)</u>	<u>(49,259)</u>	<u>719,138</u>	<u>(402,576)</u>
Ending Balance	<u>\$ 545,776</u>	<u>\$ 295,443</u>	<u>\$ 1,574,565</u>	<u>\$ 519,436</u>

**PRELIMINARY COMPONENTS OF PENSION EXPENSE**  
**FISCAL YEAR SEPTEMBER 30, 2017**

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 545,776	\$ 295,443	\$ 1,574,565	\$ -
Employer Contributions made after 09/30/2016	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	565,716	-	-	565,716
Interest	1,310,682	-	-	1,310,682
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(372,488)	372,488	-	-
Current year amortization of experience difference	-	(123,719)	-	(123,719)
Change in assumptions about future economic or demographic factors or other inputs	152,935	-	152,935	-
Current year amortization of change in assumptions	-	-	(30,587)	30,587
Benefit Payments	(668,726)	-	-	(668,726)
Net change	<u>988,119</u>	<u>248,769</u>	<u>122,348</u>	<u>1,114,540</u>
Plan Fiduciary Net Position:				
Contributions - Employer	298,505	-	(298,505)	-
Contributions - Employee	263,011	-	-	(263,011)
Projected Net Investment Income	1,242,403	-	-	(1,242,403)
Difference between projected and actual earnings on Pension Plan investments	(70,146)	-	70,146	-
Current year amortization	-	(49,259)	(333,045)	283,786
Benefit Payments	(668,726)	-	-	668,726
Administrative Expenses	(45,495)	-	-	45,495
Net change	<u>1,019,552</u>	<u>(49,259)</u>	<u>(561,404)</u>	<u>(507,407)</u>
Ending Balance	<u>\$ 514,343</u>	<u>\$ 494,953</u>	<u>TBD</u>	<u>\$ 607,133</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)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2014	\$ (246,296)	5	\$ (49,259)	\$ (49,259)	\$ (49,259)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 1,595,075	5	\$ 319,015	\$ 319,015	\$ 319,015	\$ 319,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 70,146	5	\$ 14,030	\$ 14,029	\$ 14,029	\$ 14,029	\$ 14,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 283,786	\$ 283,785	\$ 283,785	\$ 333,044	\$ 14,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2016	\$ 152,935	5	\$ 30,587	\$ 30,587	\$ 30,587	\$ 30,587	\$ 30,587	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 30,587	\$ 30,587	\$ 30,587	\$ 30,587	\$ 30,587	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



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		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	Expected and Actual Experience	Recognition Period (Years)											
2015	\$ (196,887)	4	\$ (49,222)	\$ (49,222)	\$ (49,222)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (372,488)	5	\$ (74,497)	\$ (74,497)	\$ (74,498)	\$ (74,498)	\$ (74,498)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (123,719)	\$ (123,719)	\$ (123,720)	\$ (74,498)	\$ (74,498)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -