

CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2016



April 6, 2017

Board of Trustees
City of Fort Lauderdale
Police and Firefighters' Retirement System
888 South Andrews Ave., Suite 202
Fort Lauderdale, FL 33316

Re: City of Fort Lauderdale
Police and Firefighters' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Fort Lauderdale Police and Firefighters' Retirement System. 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, 175, and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, financial reports, and asset information supplied by the Board of Trustees, in addition to 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.

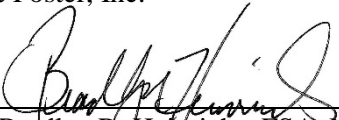
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinion.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Fort Lauderdale, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Fort Lauderdale Police and Firefighters' Retirement System. 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: 
Bradley R. Heinrichs, FSA, MAAA
Enrolled Actuary #17-6901

BRH/lke

Enclosures

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SUMMARY OF REPORT

The annual actuarial valuation of the City of Fort Lauderdale Police and Firefighters' Retirement System, performed as of October 1, 2016, has been completed, and the results are presented in this Report. The contribution amounts developed in this valuation are applicable to the pension fund plan year and City fiscal year ending September 30, 2018.

The contribution requirements, compared with amounts developed in the October 1, 2015 actuarial valuation, are as follows:

Valuation Date	10/1/2016	10/1/2015
Applicable Pension Fund Plan Year Ended	9/30/2018	9/30/2017
Applicable City Fiscal Year Ended	<u>9/30/2018</u>	<u>9/30/2017</u>
Assumed City Contribution Date	October 1, 2017	October 1, 2016
Total Required Contribution	\$29,769,073	\$27,333,630
Less Expected Member Contributions	6,255,102	6,068,423
Equals Expected City and State Required Contribution	23,513,971	21,265,207
Less Expected State Contribution ¹	4,185,403	4,185,403
Equals Expected Balance from City ²	\$19,328,568	\$17,079,804
As % of Covered Payroll ³	26.8%	24.4%
As % of Total Payroll (incl. DROP) ³	23.4%	21.7%

¹ Reflects updated per capita amounts based on recent premium tax distributions.

² The required Sponsor (City and State) contribution will be \$23,513,971 for the pension fund's plan year ended September 30, 2018. The precise City requirement will be this amount, less actual allowable State contributions. Similarly, the required Sponsor contribution will be \$21,265,207 for the pension fund's plan year ended September 30, 2017. It is important to keep in mind that a slight adjustment to the City's bottom line funding requirement may be necessary, based on actual allowable State Monies received.

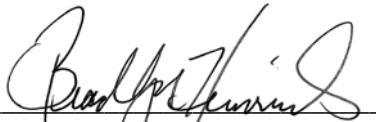
³ Please note the percentage-of-payroll rates included in the table shown above are for illustration purposes only. The City should budget based on the actual dollar contribution requirements.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Drew D. Ballard, EA, MAAA

By: 
Bradley R. Heinrichs, FSA, EA, MAAA

CHANGES SINCE PRIOR REPORT

1. Benefit Provisions

There have been no changes in benefits since the previous valuation.

2. Actuarial Assumptions/Methods

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 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			
Number Included			
Actives	779	779	776
Service Retirees	761	761	756
DROP Retirees	102	102	95
Beneficiaries	159	159	152
Disability Retirees	28	28	27
Terminated Vested	<u>20</u>	<u>20</u>	<u>15</u>
Total	1,849	1,849	1,821
Total Annual Payroll	\$72,145,101	\$72,145,101	\$70,305,739
Payroll Under Assumed Ret. Age	71,994,703	71,994,703	70,003,853
Annual Rate of Payments to:			
Service Retirees	35,955,354	35,955,354	35,264,033
DROP Retirees	7,637,496	7,637,496	6,861,909
Beneficiaries	3,736,164	3,736,164	3,820,430
Disability Retirees	1,192,734	1,192,734	1,136,439
Terminated Vested	507,960	507,960	429,670
B. Assets			
Actuarial Value	778,211,946	778,211,946	745,838,688
Market Value	783,398,728	783,398,728	745,838,688
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	415,870,550	418,864,990	407,357,095
Disability Benefits	8,464,252	8,014,939	7,970,653
Death Benefits	11,926,577	4,796,200	4,729,500
Vested Benefits	12,059,984	12,200,327	12,153,652
Refund of Contributions	720,696	722,733	755,846
Service Retirees	392,159,938	380,463,472	376,698,851
DROP Retirees	122,741,851	121,894,845	108,943,907
Beneficiaries	32,267,951	30,408,187	30,414,884
Disability Retirees	13,560,527	12,995,342	12,578,976
Terminated Vested	<u>4,369,098</u>	<u>4,358,800</u>	<u>4,006,400</u>
Total	1,014,141,424	994,719,835	965,609,764

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	607,716,373	614,363,332	606,922,313
Normal Cost (Retirement)	17,017,500	17,231,055	16,885,459
Normal Cost (Disability)	925,741	872,359	867,294
Normal Cost (Death)	1,079,956	397,109	389,795
Normal Cost (Vesting)	813,436	825,491	818,623
Normal Cost (Refunds)	<u>147,997</u>	<u>148,101</u>	<u>163,122</u>
Total Normal Cost	19,984,630	19,474,115	19,124,293
Present Value of Future Normal Costs	163,213,734	160,469,951	160,637,204
Accrued Liability (Retirement)	273,985,298	273,989,498	262,444,950
Accrued Liability (Disability)	2,288,543	2,142,581	2,070,146
Accrued Liability (Death)	3,006,999	1,417,975	1,351,805
Accrued Liability (Vesting)	6,441,536	6,473,244	6,345,605
Accrued Liability (Refunds)	105,949	105,940	117,036
Accrued Liability (Inactives)	<u>565,099,365</u>	<u>550,120,646</u>	<u>532,643,018</u>
Total Actuarial Accrued Liability	850,927,690	834,249,884	804,972,560
Unfunded Actuarial Accrued Liability (UAAL)	72,715,744	56,037,938	59,133,872
Funded Ratio (AVA / AL)	91.5%	93.3%	92.7%

D. Actuarial Present Value of Accrued Benefits

Vested Accrued Benefits			
Inactives	565,099,365	550,120,646	532,643,018
Actives	138,001,531	132,711,684	125,643,845
Member Contributions	<u>51,647,728</u>	<u>51,647,728</u>	<u>49,892,313</u>
Total	754,748,624	734,480,058	708,179,176
Non-vested Accrued Benefits	<u>41,627,067</u>	<u>41,742,198</u>	<u>41,724,028</u>
Total Present Value Accrued Benefits	796,375,691	776,222,256	749,903,204
Funded Ratio (MVA / PVAB)	98.4%	100.9%	99.5%

Increase (Decrease) in Present Value of Accrued Benefits Attributable to:

Plan Amendments	0	0	
Assumption Changes	20,153,435	0	
New Accrued Benefits	0	20,757,340	
Benefits Paid	0	(48,849,184)	
Interest	0	54,410,896	
Other	<u>0</u>	<u>0</u>	
Total	20,153,435	26,319,052	

	New Assump	Old Assump	
Valuation Date	10/1/2016	10/1/2016	10/1/2015
Applicable Pension Fund Plan Year Ending	9/30/2018	9/30/2018	9/30/2017
Applicable City Fiscal Year Ending	<u>9/30/2018</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Assumed City Contribution Date	October 1, 2016	October 1, 2016	October 1, 2015
Normal Cost ¹	\$20,923,908	\$20,389,398	\$20,004,010
Administrative Expenses ¹	637,623	637,623	681,992
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years ¹	8,207,542	6,833,498	6,647,628
Applicable Interest ¹	0	0	0
Total Required Contribution	29,769,073	27,860,519	27,333,630
Expected Member Contributions ¹	6,255,102	6,255,102	6,068,423
Expected City and State Contribution	23,513,971	21,605,417	21,265,207
Less Expected State Contributions ²	4,185,403	4,185,403	4,185,403
Equals Expected City Required Contribution	\$19,328,568	\$17,420,014	\$17,079,804

F. Past Contributions

Plan Years Ending:	<u>9/30/2016</u>
City and State Requirement	17,665,942
Actual Contributions Made:	
Members (excluding buyback)	5,732,925
City	13,867,934
State	<u>4,128,597</u>
Total	23,729,456

G. Net Actuarial (Gain)/Loss (3,492,745)

¹ Contribution requirements developed above have been adjusted to account for an applicable assumed salary increase component. Additionally, the above stated requirements reflect no interest as a result of the assumed beginning of year City contribution date. If the required contributions are deposited at a later date, additional interest at the assumed 7.5% annual rate must be added.

² Reflects updated per capita amounts based on recent premium tax distributions.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2016	72,715,744
2017	69,742,388
2018	66,377,488
2023	44,080,773
2027	30,463,039
2032	15,152,542
2036	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	4.95%	4.67%
Year Ended	9/30/2015	3.00%	4.65%
Year Ended	9/30/2014	2.40%	4.60%

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

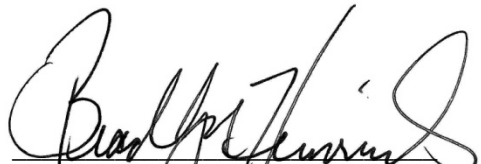
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	7.67%	7.50%
Year Ended	9/30/2015	6.33%	7.50%
Year Ended	9/30/2014	7.82%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	\$72,145,101
	10/1/2006	N/A
(b) Total Increase		N/A
(c) Number of Years		10.00
(d) Average Annual Rate		N/A

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.



Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #17-6901

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112 Florida Statutes:

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

Ms. Sarah Carr
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2015	\$59,133,872
(2)	Sponsor Normal Cost developed as of October 1, 2015	13,322,741
(3)	Expected administrative expenses for the year ended September 30, 2016	652,000
(4)	Expected interest on (1), (2) and (3)	5,458,696
(5)	Sponsor contributions to the System during the year ended September 30, 2016	17,996,531
(6)	Expected interest on (5)	1,040,095
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	59,530,683
(8)	Change to UAAL due to Assumption/Method Changes	16,677,806
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(3,492,745)
(10)	Unfunded Accrued Liability as of October 1, 2016	72,715,744

	Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2016 <u>Amount</u>	Amortization <u>Amount</u>
	Re-initialized Base	1/1/2003	6.25	\$9,938,365	\$1,817,225
	Actuarial Loss	1/1/2004	7.25	4,087,706	660,461
	Software Change	1/1/2005	8.25	(471,477)	(68,603)
	Actuarial Loss	1/1/2005	8.25	3,721,785	541,546
	Share Plan Gain	1/1/2006	9.25	(53,888)	(7,165)
	Actuarial Loss	1/1/2006	9.25	1,523,954	202,629
	Actuarial Loss	1/1/2007	10.25	569,863	70,041
	Actuarial Gain	1/1/2008	11.25	(32,945)	(3,778)
	Assum Change	1/1/2008	11.25	566,805	65,002
	Asset Smooth Change	1/1/2008	11.25	(4,280,237)	(490,862)
	Actuarial Loss	1/1/2009	12.25	13,467,876	1,452,264
	Plan Amendment	1/1/2010	13.25	846,366	86,371
	Actuarial Loss	1/1/2010	13.25	5,717,322	583,445
	Actuarial Gain	1/1/2011	14.25	(184,112)	(17,879)
	Actuarial Loss	1/1/2012	15.25	3,102,825	288,072
	Assum Change	1/1/2012	15.25	3,951,796	366,892
	Actuarial Gain	1/1/2013	16.25	(11,438,936)	(1,019,518)
	Assum Change	1/1/2013	16.25	(419,889)	(37,423)
	Actuarial Gain	10/1/2013	17	(1,650,643)	(143,018)
	Plan Amendment	10/1/2013	17	(27,126)	(2,350)
	Actuarial Gain	10/1/2014	18	(9,273,655)	(775,973)
	Plan Amendment	10/1/2014	18	1,221,289	102,191
	Actuarial Loss	10/1/2015	19	5,168,527	418,858
	Assum/Method Changes	10/1/2015	19	33,479,112	2,713,154
	Actuarial Gain	10/1/2016	20	(3,492,745)	(274,841)
	Assum Change	10/1/2016	20	<u>16,677,806</u>	<u>1,312,363</u>
				72,715,744	7,839,104

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2015	\$59,133,872
(2) Expected UAAL as of October 1, 2016	59,530,683
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(1,296,695)
Salary Increases	(216,330)
Active Decrements	(1,362,060)
Inactive Mortality	1,952,154
Data Corrections	(2,838,373)
Other	<u>268,559</u>
Increase in UAAL due to (Gain)/Loss	(3,492,745)
Assumption/Method Changes	<u>16,677,806</u>
(4) Actual UAAL as of October 1, 2016	\$72,715,744

DETERMINATION OF CUMULATIVE GAIN/(LOSS) EXPERIENCE POSITION

<u>Valuation Date</u>	<u>Year Ended</u>	<u>Gain/(Loss)</u>	<u>Balance</u>
1/1/1995	12/31/1994	(7,367,475)	(7,367,475)
1/1/1996	12/31/1995	5,757,825	(1,609,650)
1/1/1997	12/31/1996	8,249,398	6,639,748
1/1/1998	12/31/1997	14,303,191	20,942,939
1/1/1999	12/31/1998	26,177,594	47,120,533
1/1/2000	12/31/1999	26,361,263	73,481,796
1/1/2001	12/31/2000	18,708,226	92,190,022
1/1/2002	12/31/2001	(15,137,682)	77,052,340
1/1/2003	12/31/2002	(51,423,738)	25,628,602
1/1/2004	12/31/2003	(28,715,070)	(3,086,468)
1/1/2005	12/31/2004	(23,810,048)	(26,896,516)
1/1/2006	12/31/2005	(8,656,358)	(35,552,874)
1/1/2007	12/31/2006	(3,123,728)	(38,676,602)
1/1/2008	12/31/2007	169,648	(38,506,954)
1/1/2009	12/31/2008	(66,572,825)	(105,079,779)
1/1/2010	12/31/2009	(27,303,032)	(132,382,811)
1/1/2011	12/31/2010	854,077	(131,528,734)
1/1/2012	12/31/2011	(14,047,611)	(145,576,345)
1/1/2013	12/31/2012	12,807,830	(132,768,515)
10/1/2013	9/30/2013	1,811,169	(130,957,346)
10/1/2014	9/30/2014	9,867,338	(121,090,008)
10/1/2015	9/30/2015	(4,973,675)	(126,063,683)
10/1/2016	9/30/2016	3,492,745	(122,570,938)

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rates

Healthy Lives:

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

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB

Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale

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

Interest Rate

7.50% per year compounded annually, net of investment related expenses. We believe this is reasonable based on the target asset allocation of the trust and the expected long-term return by asset class.

Retirement Rates

Service	Probability of Retirement (Police)	Probability of Retirement (Fire)
10 – 19	5%	5%
20	30	25
21	30	35
22	30	45
23	50	50
24	80	50
25 – 34	10	20
35+	100	100

No Members are expected to take reduced Early Retirement. The assumed rates of retirement were approved in conjunction with an actuarial experience study dated July 10, 2015.

Salary Increases

Service	Annual % Increase*
1 – 6	3.0%
7 – 10	2.5
11 – 25	1.0
26+	0.5

Expected increase in annual salary in addition to 2.75% inflationary component. The assumed rates of salary received approval from the Division of Retirement based on historical data and long-term expectations.

Cost of Living Adjustments

None.

Funding Method

Entry Age Normal Actuarial Cost Method. Beginning with the pension fund's plan year ended September 30, 2015, a full year salary load based on the current 4.7% assumption is utilized under the projection funding method, as mandated by the Division of Retirement.

Payroll Increases

2.0% per year. We feel this is reasonable based on long-term expectations and historical increases in inflation.

Administrative Expenses

Equal to prior year's expense amount.

Termination Rates

Age	Years of Service	% Separating from Employment Within the Next Year	
		<u>Police</u>	<u>Fire</u>
All Ages	0	15.0%	15.0%
	1	5.0	5.0
	2	3.0	1.0
	3	3.0	1.0
	4	3.0	1.0
<50	5+	1.5	1.0
50+	5+	0.0	0.0

The assumed rates of termination were approved in conjunction with an actuarial experience study dated July 10, 2015.

Disability Rates

Age	% Become Disabled within Next Year	
	<u>Police</u>	<u>Fire</u>
20	0.07%	0.14%
25	0.08	0.15
30	0.09	0.18
35	0.12	0.23
40	0.15	0.30
45	0.26	0.51
50	0.50	1.00
55	0.78	1.55

It is assumed that 75% of disablements and active Member deaths are service related. The assumed rates of disablement were approved in conjunction with an actuarial experience study dated July 10, 2015.

Marital Status

All employed Members and all retired Members are assumed to be married. Females are assumed to be 3 years younger than males. This assumption was approved in conjunction with an actuarial experience study dated July 10, 2015.

Actuarial Value of Assets

All assets are valued at market value with an adjustment to uniformly spread investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay as of the valuation date of all covered Members.

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

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

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.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	16,380,057.00
Cash and Short Term Investments	3,257.00
Total Cash and Equivalents	16,383,314.00
Receivables:	
State Contributions	166,386.72
From Broker for Investments Sold	7,358,653.00
Investment Income	2,354,260.00
Total Receivable	9,879,299.72
Investments:	
U. S. Bonds and Bills	59,279,747.00
Federal Agency Guaranteed Securities	5,692,406.00
Corporate Bonds and Debentures	140,079,793.00
Real Estate	110,760,032.00
Fund of Funds	37,490,893.00
Stocks	116,508,169.00
Venture Capital and Partnerships	8,694,330.00
Mutual Funds	155,983,301.00
Pooled/Common/Commingled Funds	158,793,079.00
Total Investments	793,281,750.00
Total Assets	819,544,363.72
<u>LIABILITIES</u>	
Payables:	
To Broker for Investments Purchased	3,020,842.00
Accounts Payable and Accrued Liabilities	352,489.00
To City of Fort Lauderdale	1,910,489.00
Total Liabilities	5,283,820.00
Net Assets:	
Active and Retired Members' Equity	783,398,727.63
Share Plan Benefits	30,861,816.09
NET POSITION RESTRICTED FOR PENSIONS	814,260,543.72

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

ADDITIONS

Contributions:

Member	5,732,924.86
Buy-Back	73,762.50
City	13,867,934.00
State for Share Plan	1,732,185.08
State for Contribution	4,128,596.85

Total Contributions 25,535,403.29

Investment Income:

Miscellaneous Income	5,394,545.00	
Net Realized and Unrealized Gain (Loss)	47,348,769.07	
Net Increase in Fair Value of Investments		52,743,314.07
Interest & Dividends		13,374,054.00
Less Investment Expense ¹		(2,441,366.00)

Net Investment Income 63,676,002.07

Total Additions 89,211,405.36

DEDUCTIONS

Distributions to Members:

Benefit Payments	40,678,636.14
Lump Sum DROP Distributions	6,266,719.37
Lump Sum Share Distributions	1,774,304.49
Refunds of Member Contributions	129,524.00

Total Distributions 48,849,184.00

Administrative Expense 608,644.44

Administrative Expense for Share 42,501.56

Share Account Net Change 2,151,035.40

Total Deductions 51,651,365.40

Net Increase in Net Position 37,560,039.96

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 745,838,687.67

End of the Year 783,398,727.63

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

ACTUARIAL ASSET VALUATION
September 30, 2016

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/Loss	<u>Gains/(Losses) Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2016	2017	2018	2019	2020
09/30/2016	6,483,477	5,186,782	3,890,086	2,593,391	1,296,697	0
Total		5,186,782	3,890,086	2,593,391	1,296,697	0

<u>Development of Investment Gain/(Loss)</u>	
Market Value of Assets, including Share Account, 09/30/2015	774,549,468
Contributions Less Benefit Payments & Admin Expenses	(23,964,927)
Expected Investment Earnings*	57,192,525
Actual Net Investment Earnings	63,676,002
2016 Actuarial Investment Gain/(Loss)	<u>6,483,477</u>

*Expected Investment Earnings = $0.075 * [774,549,468 + 0.5 * (23,964,927)]$

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, net of Share, 09/30/2016	783,398,728
(2) Gains/(Losses) Not Yet Recognized	5,186,782
(3) Actuarial Value of Assets, net of Share, 09/30/2016, (1) - (2)	<u>778,211,946</u>
(A) 09/30/2015 Actuarial Assets, including Share:	774,549,468
(I) Net Investment Income:	
1. Interest, Dividends and Other Income	18,768,599
2. Change in Actuarial Value	42,161,987
3. Investment Expenses	(2,441,366)
Total	<u>58,489,220</u>
(B) 09/30/2016 Actuarial Assets, including Share:	809,073,762
Actuarial Asset Rate of Return = $2I/(A+B-I)$:	7.67%
Market Value of Assets Rate of Return:	8.35%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	1,296,695
10/01/2016 Limited Net Actuarial Assets:	778,211,946

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2016
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	5,732,924.86	
Buy-Back	73,762.50	
City	13,867,934.00	
State for Share Plan	1,732,185.08	
State for Contribution	4,128,596.85	
 Total Contributions		 25,535,403.29
Earnings from Investments:		
Interest & Dividends	13,374,054.00	
Miscellaneous Income	5,394,545.00	
Change in Actuarial Value	42,161,987.07	
 Total Earnings and Investment Gains		 60,930,586.07

EXPENDITURES

Distributions to Members:		
Benefit Payments	40,678,636.14	
Lump Sum DROP Distributions	6,266,719.37	
Lump Sum Share Distributions	1,774,304.49	
Refunds of Member Contributions	129,524.00	
 Total Distributions		 48,849,184.00
Expenses:		
Investment related ¹	2,441,366.00	
Administrative	608,644.44	
Administrative for Share	42,501.56	
 Total Expenses		 3,092,512.00
 Share Account Net Change		 2,151,035.40
 Change in Net Assets for the Year		 32,373,257.96
 Net Assets Beginning of the Year		 745,838,687.67
 Net Assets End of the Year ²		 778,211,945.63

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

²Net Assets may be limited for actuarial consideration.

STATISTICAL DATA

10/1/2016

Actives - Hired before 10/1/2014

Number	724
Average Current Age	40.1
Average Age at Employment	28.2
Average Past Service	11.9
Average Annual Salary	\$95,133

Actives - Hired on or after 10/1/2014

Number	55
Average Current Age	28.8
Average Age at Employment	28.0
Average Past Service	0.8
Average Annual Salary	\$59,437

Service Retirees

Number	761
Average Current Age	66.1
Average Annual Benefit	\$47,248

DROP Retirees

Number	102
Average Current Age	51.8
Average Annual Benefit	\$74,877

Beneficiaries

Number	159
Average Current Age	73.9
Average Annual Benefit	\$23,498

Disability Retirees

Number	28
Average Current Age	53.4
Average Annual Benefit	\$42,598

STATISTICAL DATA
(Police Only)

10/1/2016

Actives - Hired before 10/1/2014

Number	402
Average Current Age	39.4
Average Age at Employment	28.2
Average Past Service	11.2
Average Annual Salary	\$92,685

Actives - Hired on or after 10/1/2014

Number	40
Average Current Age	28.2
Average Age at Employment	27.4
Average Past Service	0.8
Average Annual Salary	\$58,729

STATISTICAL DATA
(Fire Only)

10/1/2016

Actives - Hired before 10/1/2014

Number	322
Average Current Age	41.0
Average Age at Employment	28.2
Average Past Service	12.8
Average Annual Salary	\$98,189

Actives - Hired on or after 10/1/2014

Number	15
Average Current Age	30.4
Average Age at Employment	29.6
Average Past Service	0.8
Average Annual Salary	\$61,325

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	12	3	3	0	0	0	0	0	0	0	0	18
25 - 29	14	7	20	4	9	25	0	0	0	0	0	79
30 - 34	11	2	15	10	11	79	30	0	0	0	0	158
35 - 39	2	1	5	1	4	50	61	15	0	0	0	139
40 - 44	0	0	0	2	4	23	53	67	5	0	0	154
45 - 49	3	0	2	3	0	11	32	67	27	0	0	145
50 - 54	0	0	0	0	0	12	7	21	14	0	0	54
55 - 59	0	0	0	0	0	3	5	13	4	0	0	25
60 - 64	0	0	0	0	0	1	1	4	0	0	1	7
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	42	13	45	20	28	204	189	187	50	0	1	779

AGE AND SERVICE DISTRIBUTION
(Police Only)

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	9	3	2	0	0	0	0	0	0	0	0	14
25 - 29	10	7	9	2	7	23	0	0	0	0	0	58
30 - 34	5	2	7	6	4	48	17	0	0	0	0	89
35 - 39	1	1	2	1	1	34	41	7	0	0	0	88
40 - 44	0	0	0	0	3	15	34	26	1	0	0	79
45 - 49	2	0	1	1	0	7	20	22	17	0	0	70
50 - 54	0	0	0	0	0	10	5	9	7	0	0	31
55 - 59	0	0	0	0	0	3	3	4	0	0	0	10
60 - 64	0	0	0	0	0	0	1	1	0	0	1	3
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	27	13	21	10	15	140	121	69	25	0	1	442

AGE AND SERVICE DISTRIBUTION
(Fire Only)

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	3	0	1	0	0	0	0	0	0	0	0	4
25 - 29	4	0	11	2	2	2	0	0	0	0	0	21
30 - 34	6	0	8	4	7	31	13	0	0	0	0	69
35 - 39	1	0	3	0	3	16	20	8	0	0	0	51
40 - 44	0	0	0	2	1	8	19	41	4	0	0	75
45 - 49	1	0	1	2	0	4	12	45	10	0	0	75
50 - 54	0	0	0	0	0	2	2	12	7	0	0	23
55 - 59	0	0	0	0	0	0	2	9	4	0	0	15
60 - 64	0	0	0	0	0	1	0	3	0	0	0	4
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	15	0	24	10	13	64	68	118	25	0	0	337

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2015	776
b. Terminations	
i. Vested (partial or full) with deferred benefits	(7)
ii. Non-vested or full lump sum distribution received	(5)
c. Deaths	
i. Beneficiary receiving benefits	(3)
ii. No future benefits payable	0
d. Disabled	(1)
e. Retired	(4)
f. DROP	<u>(20)</u>
g. Continuing participants	736
h. New entrants	<u>43</u>
i. Total active life participants in valuation	779

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

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	756	95	152	27	15	1,045
Retired	18	(13)	0	0	(1)	4
DROP	0	20	0	0	0	20
Vested Deferred	0	0	0	0	7	7
Death, With Survivor	(7)	0	11	0	0	4
Death, No Survivor	(6)	0	(3)	0	0	(9)
Disabled	0	0	0	1	0	1
Refund of Contributions	0	0	0	0	(1)	(1)
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	(1)	0	0	(1)
Data Corrections	0	0	0	0	0	0
b. Number current valuation	761	102	159	28	20	1,070

SUMMARY OF PLAN PROVISIONS

<u>Membership</u>	Police officers and firefighters.
<u>Credited Service</u>	Total years and fractional parts of years of years of service of any Member, from the date he first entered employment as a Police Officer or Firefighter until either the date of his DROP Retirement or the date his employment shall be terminated by death, retirement, or discharge.
<u>Compensation</u>	Base pay, assignment pay, and longevity bonuses, including pick-up contributions, and up to forty (40) hours of overtime for police officers.
<u>Average Final Compensation</u>	<i>Firefighters hired prior October 1, 2014:</i> Average Compensation during the highest 2 years of Credited Service. <i>Firefighters hired after September 30, 2014:</i> Average Compensation during the highest 5 years of Credited Service. <i>Police Officers hired prior to April 1, 2014:</i> Average Compensation during the highest 2 years of Credited Service. <i>Police Officers hired after March 31, 2014:</i> Average Compensation during the highest 5 years of Credited Service.
<u>Member Contributions</u>	8.25% of Compensation. 8.50% for Members hired after April 18, 2010.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of: 1) Age 55 with 10 years of Credited Service, or 2) attainment of 20 years of Credited Service, regardless of Age.
Plan 1 Benefit	
Firefighters	<i>Hired prior to October 1, 2014:</i> 3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Firefighters with 25 or more years of Credited Service

on October 1, 2002 are subject to a maximum of 91.26% of Average Final Compensation. Firefighters employed before December 11, 1993 receive an additional 2.0% of Average Final Compensation (excluded from the 81% maximum percentage).

Hired after September 30, 2014: 3.00% of Average Final Compensation times Credited Service, with a maximum of 75% of Average Final Compensation.

Police Officers

Hired prior to April 1, 2014: 3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Police Officers with 25 or more years of Credited Service on January 1, 2002 are subject to a maximum of 91.26%.

Hired after March 31, 2014: 3.00% of Average Final Compensation times Credited Service, with a maximum of 75% of Average Final Compensation.

Plan 2 Benefit

3.0% of Average Final Compensation for the first 20 years of Credited Service, plus 2.0% of Average Final Compensation for each year in excess of 20. Firefighters employed before December 11, 1993 receive an additional 2.0% of Average Final Compensation.

Form of Benefit

Firefighters hired prior to October 1, 2014: 60% Joint and Survivor, with an additional 40% death benefit during the first year of retirement (Optional forms available).

Firefighters hired after September 30, 2014: 10-Year Certain and Life (Optional forms available).

Police Officers hired prior to April 1, 2014: 60% Joint and Survivor, with an additional 40% death benefit during the first year of retirement (Optional forms available).

Police Officers hired after March 31, 2014: 10-Year Certain and Life (Optional forms available).

Early Retirement (Firefighters Only)

Eligibility

Age 50 with 10 years of Credited Service.

Benefit

Accrued benefit, reduced 3.0% per year that the benefit commencement date precedes the Normal Retirement date.

Vesting

Less than 10 Years of Credited Service

Refund of Member contributions. For Police Officers who separate employment with the City on or after December 3, 2013 and Firefighters who separate employment with the City on or after October 1, 2014, no interest will be credited when determining the refund amount.

10 years of Credited Service

Accrued benefit deferred to Normal Retirement date.

Disability

Eligibility

Covered from Date of Employment.

Exclusions

Disability resulting from use of drugs, illegal participation in riots, service in military, etc.

Benefit

Non-Service Connected

50% of Average Final Compensation offset by 100% of Social Security Disability benefits, Workers' Compensation benefits, and earned income.

Service Connected

65% of Average Final Compensation offset by Workers' Compensation benefits.

Duration

Payable for life or until recovery.

Death Benefits

Eligibility

Covered from Date of Employment.

Benefit

Non-Service Connected

50% of the Member's monthly Compensation for eight (8) years. For a Member with at least 10 years of Credited Service, not less than the benefits otherwise payable at early or normal retirement age. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.

Service Connected

50% of Member's monthly Compensation to spouse until death or remarriage. Children's benefits of 10% of Member's monthly benefits per child (50% maximum) until age 18, and a maximum of 80% to spouse and children. For Members who are not married and have no children, a 10-year benefit will be paid to the

designated beneficiary. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.

COLA

Adjustment Date

July 1st

Eligibility

Receipt of retirement benefits for one year. Additionally, must have entered Retirement status prior to July 1, 2008.

Amount

Lesser of 1) percentage not greater than CPI (all Urban Consumers) for preceding calendar year, or 2) percentage increase limited to present value of which can be funded by excess gains for preceding calendar year. Maximum cost-of-living adjustment is 5.0%.

The COLA increase may be granted only if the System remains in a net positive experience position, determined on a cumulative basis from January 1, 1987 (in State Statute – not in Ordinance)

DROP

Members eligible for Normal Retirement may elect either a Deferred Retirement Option Plan for up to 96 months or a Benefit Actuarially Calculated Deferred Retirement Option Program for up to 36 months, but not both. For Police Officers hired after March 31, 2014 and Firefighters hired after September 30, 2014, each month a Member delays entry into DROP following completion of 25 years of Credited Service, the 96 month maximum DROP participation period shall be correspondingly reduced by one month.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	16,380,057
Cash and Short Term Investments	3,257
Total Cash and Equivalents	16,383,314
Receivables:	
State Contributions	166,387
From Broker for Investments Sold	7,358,653
Investment Income	2,354,260
Total Receivable	9,879,300
Investments:	
U. S. Bonds and Bills	59,279,747
Federal Agency Guaranteed Securities	5,692,406
Corporate Bonds and Debentures	140,079,793
Real Estate	110,760,032
Fund of Funds	37,490,893
Stocks	116,508,169
Venture Capital and Partnerships	8,694,330
Mutual Funds	155,983,301
Pooled/Common/Commingled Funds	158,793,079
Total Investments	793,281,750
Total Assets	819,544,364
<u>LIABILITIES</u>	
Payables:	
To Broker for Investments Purchased	3,020,842
Accounts Payable and Accrued Liabilities	352,489
To City of Fort Lauderdale	1,910,489
Total Liabilities	5,283,820
NET POSITION RESTRICTED FOR PENSIONS	814,260,544

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

ADDITIONS

Contributions:

Member	5,732,925	
Buy-Back	73,763	
City	13,867,934	
State for Share Plan	1,732,185	
State for Contribution	4,128,597	
 Total Contributions		 25,535,404
 Investment Income:		
Net Increase in Fair Value of Investments	52,743,314	
Interest & Dividends	13,374,054	
Less Investment Expense ¹	(2,441,366)	
 Net Investment Income		 63,676,002
 Total Additions		 89,211,406

DEDUCTIONS

Distributions to Members:

Benefit Payments	40,678,636	
Lump Sum DROP Distributions	6,266,719	
Lump Sum Share Distributions	1,774,305	
Lump Sum PLOP Distributions	0	
Refunds of Member Contributions	129,524	
 Total Distributions		 48,849,184
 Administrative Expense		 651,146
 Total Deductions		 49,500,330
 Net Increase in Net Position		 39,711,076
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		774,549,468
 End of the Year		 814,260,544

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: Two of the three appointive Members shall be appointed by the City Commission, each of whom must be a legal resident of the City. The two above appointive Members appointed after September 18, 2012 shall serve as trustee for a period of 4 years, unless sooner replaced by the City Commission at whose pleasure they shall serve. The third appointive Member shall be chosen by a majority of the previous six Members and such person's name shall be submitted to the City Commission. Upon receipt of the seventh person's name, the City Commission shall, as a ministerial duty, appoint such person to the Board of Trustees as its seventh Member. The seventh Member shall have the same rights as each of the other six Members appointed or elected as herein provided, shall serve on the Board for a period of four years, and may succeed himself or herself in office. The term of office of the seventh Member appointed after September 18, 2012 shall be four years.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,030
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	15
Active Plan Members	776
	1,821

Benefits Provided

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

Normal Retirement:

Earlier of: 1) Age 55 with 10 years of Credited Service, or 2) attainment of 20 years of Credited Service, regardless of Age.

Plan 1 Benefit Firefighters:

Hired prior to October 1, 2014:

3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Firefighters with 25 or more years of Credited Service on October 1, 2002 are subject to a maximum of 91.26% of Average Final Compensation. Firefighters employed before December 11, 1993 receive an additional 2.00% of Average Final Compensation (excluded from the 81% maximum percentage).

Hired after September 30, 2014:

3.00% of Average Final Compensation times Credited Service, with a maximum of 75% of Average Final Compensation.

Plan 1 Benefit Police Officers:

Hired prior to April 1, 2014:

3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Police Officers with 25 or more years of Credited Service on January 1, 2002 are subject to a maximum of 91.26%.

Hired after March 31, 2014:

3.00% of Average Final Compensation times Credited Service, with a maximum of 75% of Average Final Compensation.

Plan 2 Benefit: 3.00% of Average Final Compensation for the first 20 years of Credited Service, plus 2.00% of Average Final Compensation for each year in excess of 20. Firefighters employed before December 11, 1993 receive an additional 2.00% of Average Final Compensation.

Early Retirement (Firefighters Only):

Age 50 and 10 Years of Credited Service.

Accrued benefit, reduced 3.00% per year that the benefit commencement date precedes the Normal Retirement date.

Vesting:

Less than 10 Years of Credited Service: Refund of Member contributions. For Police Officers who separate employment with the City on or after December 3, 2013 and Firefighters who separate employment with the City on or after October 1, 2014, no interest will be credited when determining the refund amount.

10 Years of Credited Service: Accrued benefit deferred to Normal Retirement date.

GASB 67

Disability:

Covered from Date of Employment.

Non-Service Connected: 50% of Average Final Compensation offset by 100% of Social Security Disability benefits and Workers' Compensation benefits, and earned income.

Service Connected: 65% of Average Final Compensation offset by Workers' Compensation benefits and earned income.

Death Benefits:

Covered from Date of Employment.

Non-Service Connected: 50% of the Member's monthly Compensation for eight years. For a Member with at least 10 years of Credited Service, not less than the benefits otherwise payable at early or normal retirement age. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.

Service Connected: 50% of Member's monthly Compensation to spouse until death or remarriage. Children's benefits of 10% of Member's monthly benefits per child (50% maximum) until age 18, and a maximum of 80% to spouse and children. For Members who are not married and have no children, a 10-year benefit will be paid to the designated beneficiary. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.

COLA

Adjustment Date: July 1st.

Eligibility: Receipt of retirement benefits for one year. Additionally, must have entered Retirement status prior to July 1, 2008.

Amount: Lesser of 1) percentage not greater than CPI (all Urban Consumers) for preceding calendar year, or 2) percentage increase limited to present value of which can be funded by excess gains for preceding calendar year. Maximum cost-of-living adjustment is 5.0%. The COLA increase may be granted only if the System remains in a net positive experience position, determined on a cumulative basis from January 1, 1987 (in State Statute – not in Ordinance).

Contributions

Member Contributions: 8.25% of Compensation. 8.50% for Members hired after April 18, 2010.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided for in Part VII in Chapter 112, Florida Statutes.

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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	30.00%
International Equity	15.00%
Domestic Bonds	30.00%
Real Estate	12.50%
Other	12.50%
<u>Total</u>	<u>100.00%</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 8.35 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

Members eligible for Normal Retirement may elect either a Deferred Retirement Option Plan for up to 96 months or a Benefit Actuarially Calculated Deferred Retirement Option Program for up to 36 months, but not both. For Police Officers hired after March 31, 2014 and Firefighters hired after September 30, 2014, each month a Member delays entry into DROP following completion of 25 years of Credited Service, the 96 month maximum DROP participation period shall be correspondingly reduced by one month.

The DROP balance as September 30, 2016 is \$26,980,078.

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	\$ 880,055,327
Plan Fiduciary Net Position	\$ (814,260,544)
Sponsor's Net Pension Liability	<u>\$ 65,794,783</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	92.52%

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	2.30%
Salary Increases	0.50% - 3.00% *Expected increase in annual salary in addition to 2.30% inflationary component.
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate Healthy Lives:

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

Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The most recent actuarial experience study used to review the other significant assumptions was dated July 10, 2015.

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 2.30%.

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>
Domestic Equity	7.10%
International Equity	7.40%
Domestic Bonds	2.10%
Real Estate	4.50%
Other	4.20%

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Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 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 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability	\$ 162,101,714	\$ 65,794,783	\$ (14,048,370)

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

	09/30/2016	09/30/2015
Total Pension Liability		
Service Cost	19,199,538	18,531,300
Interest	62,181,617	60,367,031
Change in Excess State Money	-	-
Share Plan Allocation	1,732,185	1,826,197
Changes of benefit terms	-	1,097,988
Differences between Expected and Actual Experience	(5,100,657)	(7,319,054)
Changes of assumptions	16,504,779	(2,194,981)
Contributions - Buy Back	73,763	43,865
Contributions - Transfer from General Plan	-	26,692
Benefit Payments, including Refunds of Employee Contributions	(48,849,184)	(46,660,430)
Net Change in Total Pension Liability	45,742,041	25,718,608
Total Pension Liability - Beginning	834,313,286	808,594,678
Total Pension Liability - Ending (a)	\$ 880,055,327	\$ 834,313,286
Plan Fiduciary Net Position		
Contributions - Employer	13,867,934	15,599,916
Contributions - State	5,860,782	5,799,228
Contributions - Employee	5,732,925	5,584,263
Contributions - Buy Back	73,763	43,865
Contributions - Transfer from General Plan	-	26,692
Net Investment Income	63,676,002	5,969,880
Benefit Payments, including Refunds of Employee Contributions	(48,849,184)	(46,660,430)
Administrative Expense	(651,146)	(692,348)
Other	-	-
Net Change in Plan Fiduciary Net Position	39,711,076	(14,328,934)
Plan Fiduciary Net Position - Beginning	774,549,468	788,878,402
Plan Fiduciary Net Position - Ending (b)	\$ 814,260,544	\$ 774,549,468
Net Pension Liability - Ending (a) - (b)	\$ 65,794,783	\$ 59,763,818
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	92.52%	92.84%
Covered Employee Payroll ¹	\$ 69,470,181	\$ 68,064,001
Net Pension Liability as a percentage of Covered Employee Payroll	94.71%	87.81%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Changes of benefit terms:

For measurement date 09/30/2015, amounts reported as changes of benefit terms were resulted from:

1) For Firefighters hired on or after October 1, 2014:

- a. The Average Monthly Earnings period will be increased from 2 to 5 years.
 - b. The benefit accrual rate will be decreased from 3.38% to 3.0% for each year of Credited Service.
 - c. The maximum accrual rate will be decreased from 81.0% to 75.0% of Average Monthly Earnings.
 - d. For each month a Firefighter delays entry into DROP following completion of 25 years of Credited Service, the 96 month maximum DROP participation period shall be correspondingly reduced by one month.
 - e. The Normal Form of Benefit will be changed from 60% joint and contingent survivor to 10-Year Certain and Life.
- 2) Eliminating the interest component on refunds of Member Contributions for all Firefighters who separate employment with the City on or after October 1, 2014.
- 3) Amending the definition of Salary to provide that pensionable earnings for Firefighters will be increased from 144 hours to 159 hours for each 21-day period.
- 4) Implementing a special formula to determine the amount of Chapter 175 premium tax revenues that the City will be able to utilize to offset its funding requirements, effective for the plan year beginning on October 1, 2014.

For the impact these changes had on the valuation results, please refer to our September 10, 2015 Revised Actuarial Impact Statement.

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 for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.30%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

For measurement date 09/30/2015, amounts reported as assumption changes were resulted from an actuarial experience study dated July 10, 2015 the Board approved numerous changes to the actuarial assumptions and methods in conjunction with the 10/01/20105 Valuation. The below assumptions/methods have been changed, and the specifics of the approved assumptions are displayed in the actuarial assumptions and methods section of the 10/01/2015 Valuation.

- 1) Asset Valuation Method (with a "Fresh Start")
- 2) Retirement Rates
- 3) Withdrawal Rates
- 4) Disability Rates (Police only)

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	18,025,712	16,768,104
Interest	57,797,227	55,119,489
Change in Excess State Money	(1,223,158)	-
Share Plan Allocation	2,561,814	-
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Contributions - Buy Back	-	-
Contributions - Transfer from General Plan	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(44,137,555)</u>	<u>(31,351,671)</u>
Net Change in Total Pension Liability	33,024,040	40,535,922
Total Pension Liability - Beginning	<u>775,570,638</u>	<u>735,034,716</u>
Total Pension Liability - Ending (a)	<u><u>\$808,594,678</u></u>	<u><u>\$775,570,638</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	14,498,457	11,219,401
Contributions - State	5,875,363	6,053,952
Contributions - Employee	5,581,044	4,113,451
Contributions - Buy Back	-	-
Contributions - Transfer from General Plan	-	-
Net Investment Income	59,358,824	69,488,348
Benefit Payments, including Refunds of Employee Contributions	(44,137,555)	(31,351,671)
Administrative Expense	(647,397)	(507,376)
Other	<u>4,000,034</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	44,528,770	59,016,105
Plan Fiduciary Net Position - Beginning	<u>744,349,632</u>	<u>685,333,527</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$788,878,402</u></u>	<u><u>\$744,349,632</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 19,716,276</u></u>	<u><u>\$ 31,221,006</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	97.56%	95.97%
Covered Employee Payroll	\$ 67,279,327	\$ 65,886,733
Net Pension Liability as a percentage of Covered Employee Payroll	29.31%	47.39%

Notes to Schedule:

Changes of benefit terms:

For measurement date 09/30/2014, a number of benefits were amended for Police Officers hired on or after April 1, 2014. Additionally, the entire balance of the Chapter 185 premium tax revenues reserve account in the Plan as of December 31, 2013 was applied to reduce the City's annual required contribution for the October 15, 2014 payment. Additionally, all future Chapter 185 premium tax revenues received shall be available to reduce the City's annual contribution requirements. For the specific changes made to the Police Officers' benefit structure and the impact these changes had on the valuation results, please refer to our March 14, 2014 Actuarial Impact Statement.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	17,665,942	18,913,469	19,012,474	14,208,593
Contributions in relation to the Actuarially Determined Contributions	17,996,531	18,913,469	19,012,474	14,208,593
Contribution Deficiency (Excess)	\$ (330,589)	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 69,470,181	\$ 68,064,001	\$ 67,279,327	\$ 65,886,733
Contributions as a percentage of Covered Employee Payroll	25.91%	27.79%	28.26%	21.57%

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Notes to Schedule

Valuation Date: 10/01/2014 (AIS 09/10/2015)
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:

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method. An interest load to the assumed City contribution date is utilized for determination of the Total Required Contribution. Additionally, beginning with the pension fund's plan year ended September 30, 2015, a full year salary load based on the current 4.6% assumption is utilized under the projection funding method, as mandated by the Division of Retirement.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 20 Years.

Mortality Rates: RP-2000 Table projected by Scale AA to 2012.

Disabled Mortality Rates: RP-2000 Disabled Table projected by Scale AA to 2012.

Interest Rate: 7.50% per year compounded annually, net of investment related expenses.

	<u>Probability of</u>	
	<u>Retirement</u>	<u>Probability of</u>
<u>Service</u>	<u>(Police)</u>	<u>Retirement (Fire)</u>
20 - 22	45%	40%
23 - 24	50%	30%
25 - 30	15%	15%
30+	100%	100%

No Members are expected to take reduced Early Retirement.

Salary Increases:	<u>Service</u>	<u>Annual % Increase</u>
	1 - 6	3.00%
	7 - 10	2.50%
	11 - 25	1.00%
	26+	0.50%

Expected increase in annual salary in addition to 2.75% inflationary component.

Cost of Living Adjustments: None.

Payroll Increases: 2.0% per year.

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Termination Rates:	<u>Age</u>	<u>Years of Service</u>	<u>% Separating from Employment within the Next Year</u>
	All Ages	0	10.00%
		1	6.67%
		2	6.00%
		3	5.33%
		4	4.67%
	25		4.70%
	30		4.30%
	35		3.00%
	40		1.30%
	45		0.60%
	50		0.30%
	55		0.00%

Disability Rates:	<u>Age</u>	<u>% Becoming Disabled within Next Year</u>
	20	0.14%
	25	0.15%
	30	0.18%
	35	0.23%
	40	0.30%
	45	0.51%
	50	1.00%
	55	1.55%

It is assumed that 75% of disablements and active Member deaths are service related.

Marital Status: All employed Members and all retired Members are assumed to be married. Females are assumed to be 3 years younger than males.

Actuarial Value of Assets: The Actuarial Value of Assets is calculated by recognizing 20% of the difference between the Market Value of Assets and the expected Actuarial Value of Assets.

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	8.35%	0.77%	8.60%	10.10%

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

General Information about the Pension Plan

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of: Two of the three appointive Members shall be appointed by the City Commission, each of whom must be a legal resident of the City. The two above appointive Members appointed after September 18, 2012 shall serve as trustee for a period of 4 years, unless sooner replaced by the City Commission at whose pleasure they shall serve. The third appointive Member shall be chosen by a majority of the previous six Members and such person's name shall be submitted to the City Commission. Upon receipt of the seventh person's name, the City Commission shall, as a ministerial duty, appoint such person to the Board of Trustees as its seventh Member. The seventh Member shall have the same rights as each of the other six Members appointed or elected as herein provided, shall serve on the Board for a period of four years, and may succeed himself or herself in office. The term of office of the seventh Member appointed after September 18, 2012 shall be four years.

The Plan provides pensions for each sworn police officer and firefighter of the City who is eligible to participate in the Plan and who fulfills the prescribed eligibility requirements is considered a Member of the Plan.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,030
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	15
Active Plan Members	776
	1,821

Benefits Provided

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

Normal Retirement:

Earlier of: 1) Age 55 with 10 years of Credited Service, or 2) attainment of 20 years of Credited Service, regardless of Age.

Plan 1 Benefit Firefighters:

Hired prior to October 1, 2014:

3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Firefighters with 25 or more years of Credited Service on October 1, 2002 are subject to a maximum of 91.26% of Average Final Compensation. Firefighters employed before December 11, 1993 receive an additional 2.00% of Average Final Compensation (excluded from the 81% maximum percentage).

Hired after September 30, 2014:

3.00% of Average Final Compensation times Credited Service, with a maximum of 75% of Average Final Compensation.

Plan 1 Benefit Police Officers:

Hired prior to April 1, 2014:

3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Police Officers with 25 or more years of Credited Service on January 1, 2002 are subject to a maximum of 91.26%.

Hired after March 31, 2014:

3.00% of Average Final Compensation times Credited Service, with a maximum of 75% of Average Final Compensation.

Plan 2 Benefit: 3.00% of Average Final Compensation for the first 20 years of Credited Service, plus 2.00% of Average Final Compensation for each year in excess of 20. Firefighters employed before December 11, 1993 receive an additional 2.00% of Average Final Compensation.

Early Retirement (Firefighters Only):

Age 50 and 10 Years of Credited Service.

Accrued benefit, reduced 3.00% per year that the benefit commencement date precedes the Normal Retirement date.

Vesting:

Less than 10 Years of Credited Service: Refund of Member contributions. For Police Officers who separate employment with the City on or after December 3, 2013 and Firefighters who separate employment with the City on or after October 1, 2014, no interest will be credited when determining the refund amount.

10 Years of Credited Service: Accrued benefit deferred to Normal Retirement date.

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Disability:

Covered from Date of Employment.

Non-Service Connected: 50% of Average Final Compensation offset by 100% of Social Security Disability benefits and Workers' Compensation benefits, and earned income.

Service Connected: 65% of Average Final Compensation offset by Workers' Compensation benefits and earned income.

Death Benefits:

Covered from Date of Employment.

Non-Service Connected: 50% of the Member's monthly Compensation for eight years. For a Member with at least 10 years of Credited Service, not less than the benefits otherwise payable at early or normal retirement age. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.

Service Connected: 50% of Member's monthly Compensation to spouse until death or remarriage. Children's benefits of 10% of Member's monthly benefits per child (50% maximum) until age 18, and a maximum of 80% to spouse and children. For Members who are not married and have no children, a 10-year benefit will be paid to the designated beneficiary. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.

COLA

Adjustment Date: July 1st.

Eligibility: Receipt of retirement benefits for one year. Additionally, must have entered Retirement status prior to July 1, 2008.

Amount: Lesser of 1) percentage not greater than CPI (all Urban Consumers) for preceding calendar year, or 2) percentage increase limited to present value of which can be funded by excess gains for preceding calendar year. Maximum cost-of-living adjustment is 5.0%. The COLA increase may be granted only if the System remains in a net positive experience position, determined on a cumulative basis from January 1, 1987 (in State Statute – not in Ordinance).

Contributions

Member Contributions: 8.25% of Compensation. 8.50% for Members hired after April 18, 2010.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided for in Part VII in Chapter 112, Florida Statutes.

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, 2015 through September 30, 2016.

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	2.30%
Salary Increases	0.50% - 3.00% *Expected increase in annual salary in addition to 2.30% inflationary component.
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate Healthy Lives:

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

Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The most recent actuarial experience study used to review the other significant assumptions was dated July 10, 2015.

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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 2.30%.

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	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	30.00%	7.10%
International Equity	15.00%	7.40%
Domestic Bonds	30.00%	2.10%
Real Estate	12.50%	4.50%
Other	12.50%	4.20%
Total	100.00%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 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)
Balance at September 30, 2015	\$ 834,313,286	\$ 774,549,468	\$ 59,763,818
Changes for a Year:			
Service Cost	19,199,538	-	19,199,538
Interest	62,181,617	-	62,181,617
Share Plan Allocation	1,732,185	-	1,732,185
Differences between Expected and Actual Experience	(5,100,657)	-	(5,100,657)
Changes of assumptions	16,504,779	-	16,504,779
Changes of benefit terms	-	-	-
Contributions - Employer	-	13,867,934	(13,867,934)
Contributions - State	-	5,860,782	(5,860,782)
Contributions - Employee	-	5,732,925	(5,732,925)
Contributions - Buy Back	73,763	73,763	-
Net Investment Income	-	63,676,002	(63,676,002)
Benefit Payments, including Refunds of Employee Contributions	(48,849,184)	(48,849,184)	-
Administrative Expense	-	(651,146)	651,146
Net Changes	45,742,041	39,711,076	6,030,965
Balance at September 30, 2016	\$ 880,055,327	\$ 814,260,544	\$ 65,794,783

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 162,101,714	\$ 65,794,783	\$ (14,048,370)

Pension Plan Fiduciary Net Position.

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

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$30,407,315.

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	-	8,471,958
Changes of assumptions	13,203,824	1,316,988
Net difference between Projected and Actual Earnings on Pension Plan investments	26,274,096	-
Total	<u>\$ 39,477,920</u>	<u>\$ 9,788,946</u>

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	\$ 9,568,280
2018	\$ 9,568,282
2019	\$ 9,568,282
2020	\$ 984,130
2021	\$ -
Thereafter	\$ -

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	19,199,538	18,531,300
Interest	62,181,617	60,367,031
Change in Excess State Money	-	-
Share Plan Allocation	1,732,185	1,826,197
Changes of benefit terms	-	1,097,988
Differences between Expected and Actual Experience	(5,100,657)	(7,319,054)
Changes of assumptions	16,504,779	(2,194,981)
Contributions - Buy Back	73,763	43,865
Contributions - Transfer from General Plan	-	26,692
Benefit Payments, including Refunds of Employee Contributions	(48,849,184)	(46,660,430)
Net Change in Total Pension Liability	<u>45,742,041</u>	<u>25,718,608</u>
Total Pension Liability - Beginning	<u>834,313,286</u>	<u>808,594,678</u>
Total Pension Liability - Ending (a)	<u><u>\$880,055,327</u></u>	<u><u>\$834,313,286</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	13,867,934	15,599,916
Contributions - State	5,860,782	5,799,228
Contributions - Employee	5,732,925	5,584,263
Contributions - Buy Back	73,763	43,865
Contributions - Transfer from General Plan	-	26,692
Net Investment Income	63,676,002	5,969,880
Benefit Payments, including Refunds of Employee Contributions	(48,849,184)	(46,660,430)
Administrative Expense	(651,146)	(692,348)
Other	-	-
Net Change in Plan Fiduciary Net Position	<u>39,711,076</u>	<u>(14,328,934)</u>
Plan Fiduciary Net Position - Beginning	<u>774,549,468</u>	<u>788,878,402</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$814,260,544</u></u>	<u><u>\$774,549,468</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 65,794,783</u></u>	<u><u>\$ 59,763,818</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	92.52%	92.84%
Covered Employee Payroll ¹	\$ 69,470,181	\$ 68,064,001
Net Pension Liability as a percentage of Covered Employee Payroll	94.71%	87.81%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Changes of benefit terms:

For measurement date 09/30/2015, amounts reported as changes of benefit terms were resulted from:

1) For Firefighters hired on or after October 1, 2014:

- a. The Average Monthly Earnings period will be increased from 2 to 5 years.
 - b. The benefit accrual rate will be decreased from 3.38% to 3.0% for each year of Credited Service.
 - c. The maximum accrual rate will be decreased from 81.0% to 75.0% of Average Monthly Earnings.
 - d. For each month a Firefighter delays entry into DROP following completion of 25 years of Credited Service, the 96 month maximum DROP participation period shall be correspondingly reduced by one month.
 - e. The Normal Form of Benefit will be changed from 60% joint and contingent survivor to 10-Year Certain and Life.
- 2) Eliminating the interest component on refunds of Member Contributions for all Firefighters who separate employment with the City on or after October 1, 2014.
- 3) Amending the definition of Salary to provide that pensionable earnings for Firefighters will be increased from 144 hours to 159 hours for each 21-day period.
- 4) Implementing a special formula to determine the amount of Chapter 175 premium tax revenues that the City will be able to utilize to offset its funding requirements, effective for the plan year beginning on October 1, 2014.

For the impact these changes had on the valuation results, please refer to our September 10, 2015 Revised Actuarial Impact Statement.

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 for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.30%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

For measurement date 09/30/2015, amounts reported as assumption changes were resulted from an actuarial experience study dated July 10, 2015 the Board approved numerous changes to the actuarial assumptions and methods in conjunction with the 10/01/2015 Valuation. The below assumptions/methods have been changed, and the specifics of the approved assumptions are displayed in the actuarial assumptions and methods section of the 10/01/2015 Valuation.

- 1) Asset Valuation Method (with a "Fresh Start")
- 2) Retirement Rates
- 3) Withdrawal Rates
- 4) Disability Rates (Police only)

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	18,025,712	16,768,104
Interest	57,797,227	55,119,489
Change in Excess State Money	(1,223,158)	-
Share Plan Allocation	2,561,814	-
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Contributions - Buy Back	-	-
Contributions - Transfer from General Plan	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(44,137,555)</u>	<u>(31,351,671)</u>
Net Change in Total Pension Liability	33,024,040	40,535,922
Total Pension Liability - Beginning	<u>775,570,638</u>	<u>735,034,716</u>
Total Pension Liability - Ending (a)	<u><u>\$808,594,678</u></u>	<u><u>\$775,570,638</u></u>
Contributions - Employer	14,498,457	11,219,401
Contributions - State	5,875,363	6,053,952
Contributions - Employee	5,581,044	4,113,451
Contributions - Buy Back	-	-
Contributions - Transfer from General Plan	-	-
Net Investment Income	59,358,824	69,488,348
Benefit Payments, including Refunds of Employee Contributions	(44,137,555)	(31,351,671)
Administrative Expense	(647,397)	(507,376)
Other	<u>4,000,034</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	44,528,770	59,016,105
Plan Fiduciary Net Position - Beginning	<u>744,349,632</u>	<u>685,333,527</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$788,878,402</u></u>	<u><u>\$744,349,632</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 19,716,276</u></u>	<u><u>\$ 31,221,006</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	97.56%	95.97%
Covered Employee Payroll	\$ 67,279,327	\$ 65,886,733
Net Pension Liability as a percentage of Covered Employee Payroll	29.31%	47.39%

Notes to Schedule:

Changes of benefit terms:

For measurement date 09/30/2014, a number of benefits were amended for Police Officers hired on or after April 1, 2014. Additionally, the entire balance of the Chapter 185 premium tax revenues reserve account in the Plan as of December 31, 2013 was applied to reduce the City's annual required contribution for the October 15, 2014 payment. Additionally, all future Chapter 185 premium tax revenues received shall be available to reduce the City's annual contribution requirements. For the specific changes made to the Police Officers' benefit structure and the impact these changes had on the valuation results, please refer to our March 14, 2014 Actuarial Impact Statement.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	17,665,942	18,913,469	19,012,474	14,208,593
Contributions in relation to the Actuarially Determined Contributions	17,996,531	18,913,469	19,012,474	14,208,593
Contribution Deficiency (Excess)	\$ (330,589)	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 69,470,181	\$ 68,064,001	\$ 67,279,327	\$ 65,886,733
Contributions as a percentage of Covered Employee Payroll	25.91%	27.79%	28.26%	21.57%

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Notes to Schedule

Valuation Date: 10/01/2014 (AIS 09/10/2015)
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:

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method. An interest load to the assumed City contribution date is utilized for determination of the Total Required Contribution. Additionally, beginning with the pension fund's plan year ended September 30, 2015, a full year salary load based on the current 4.6% assumption is utilized under the projection funding method, as mandated by the Division of Retirement.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 20 Years.

Mortality Rates: RP-2000 Table projected by Scale AA to 2012.

Disabled Mortality Rates: RP-2000 Disabled Table projected by Scale AA to 2012.

Interest Rate: 7.50% per year compounded annually, net of investment related expenses.

Retirement Rates:	<u>Probability of Retirement</u>	<u>Probability of Retirement</u>
<u>Service</u>	<u>(Police)</u>	<u>(Fire)</u>
20 - 22	45%	40%
23 - 24	50%	30%
25 - 30	15%	15%
30+	100%	100%

No Members are expected to take reduced Early Retirement.

Salary Increases:	<u>Service</u>	<u>Annual % Increase</u>
	1 - 6	3.00%
	7 - 10	2.50%
	11 - 25	1.00%
	26+	0.50%

Expected increase in annual salary in addition to 2.75% inflationary component.

Cost of Living Adjustments: None.

Payroll Increases: 2.0% per year.

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Termination Rates:

<u>Age</u>	<u>Years of Service</u>	<u>% Separating from Employment within the Next Year</u>
All Ages	0	10.00%
	1	6.67%
	2	6.00%
	3	5.33%
	4	4.67%
25		4.70%
30		4.30%
35		3.00%
40		1.30%
45		0.60%
50		0.30%
55		0.00%

Disability Rates:

<u>Age</u>	<u>% Becoming Disabled within Next Year</u>
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%
55	1.55%

It is assumed that 75% of disablements and active Member deaths are service related.

Marital Status:

All employed Members and all retired Members are assumed to be married. Females are assumed to be 3 years younger than males.

Actuarial Value of Assets:

The Actuarial Value of Assets is calculated by recognizing 20% of the difference between the Market Value of Assets and the expected Actuarial Value of Assets.

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Balance at September 30, 2015	\$ 59,763,818	\$ 7,611,228	\$ 41,947,836	\$ -
Total Pension Liability Factors:				
Service Cost	19,199,538	-	-	19,199,538
Interest	62,181,617	-	-	62,181,617
Share Plan Allocation	1,732,185	-	-	1,732,185
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	73,763	-	-	73,763
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(5,100,657)	5,100,657	-	-
Current year amortization of experience difference	-	(2,483,943)	-	(2,483,943)
Change in assumptions about future economic or demographic factors or other inputs	16,504,779	-	16,504,779	-
Current year amortization of change in assumptions	-	(438,996)	(3,300,955)	2,861,959
Benefit Payments	(48,849,184)	-	-	(48,849,184)
Net change	<u>45,742,041</u>	<u>2,177,718</u>	<u>13,203,824</u>	<u>34,715,935</u>
Plan Fiduciary Net Position:				
Contributions - Employer	13,867,934	-	-	-
Contributions - State	5,860,782	-	-	-
Contributions - Employee	5,732,925	-	-	(5,732,925)
Contributions - Buy Back	73,763	-	-	(73,763)
Contributions - Transfer from General Plan	-	-	-	-
Net Investment Income	57,192,525	-	-	(57,192,525)
Difference between projected and actual earnings on Pension Plan investments	6,483,477	6,483,477	-	-
Current year amortization	-	(1,296,696)	(10,486,959)	9,190,263
Benefit Payments	(48,849,184)	-	-	48,849,184
Administrative Expenses	(651,146)	-	-	651,146
Net change	<u>39,711,076</u>	<u>5,186,781</u>	<u>(10,486,959)</u>	<u>(4,308,620)</u>
Balance at September 30, 2016	<u>\$ 65,794,783</u>	<u>\$ 14,975,727</u>	<u>\$ 44,664,701</u>	<u>\$ 30,407,315</u>

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)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	\$ 52,434,795	5	\$10,486,959	\$10,486,959	\$10,486,959	\$10,486,959	\$10,486,959	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (6,483,477)	5	\$ -	\$ (1,296,696)	\$ (1,296,696)	\$ (1,296,695)	\$ (1,296,695)	\$ (1,296,695)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$10,486,959	\$ 9,190,263	\$ 9,190,263	\$ 9,190,264	\$ 9,190,264	\$ (1,296,695)	\$ -	\$ -	\$ -	\$ -

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)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2014	\$ -	4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ (2,194,981)	5	\$ (438,997)	\$ (438,996)	\$ (438,996)	\$ (438,996)	\$ (438,996)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 16,504,779	5	\$ -	\$ 3,300,955	\$ 3,300,956	\$ 3,300,956	\$ 3,300,956	\$ 3,300,956	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (438,997)	\$ 2,861,959	\$ 2,861,960	\$ 2,861,960	\$ 2,861,960	\$ 3,300,956	\$ -	\$ -	\$ -	\$ -	\$ -

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		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Expected and Actual Experience	Recognition Period (Years)										
2015	\$ (7,319,054)	5	\$(1,463,810)	\$(1,463,811)	\$(1,463,811)	\$(1,463,811)	\$(1,463,811)	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (5,100,657)	5	\$ -	\$(1,020,132)	\$(1,020,132)	\$(1,020,131)	\$(1,020,131)	\$(1,020,131)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$(1,463,810)	\$(2,483,943)	\$(2,483,943)	\$(2,483,942)	\$(2,483,942)	\$(1,020,131)	\$ -	\$ -	\$ -	\$ -