

CITY OF MELBOURNE
GENERAL EMPLOYEES' AND SPECIAL RISK
CLASS EMPLOYEES' PENSION PLAN

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2016

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDED SEPTEMBER 30, 2018

January 24, 2017

Board of Trustees
c/o Jennifer Chase, Payroll/Pension Manager
City of Melbourne
General Employees Retirement Trust Fund
900 East Strawbridge Avenue
Melbourne, FL 32901

Re: City of Melbourne
General Employees' and Special Risk Class Employees' Pension Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Melbourne General Employees' and Special Risk Class Employees' Pension Plan. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

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

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

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


To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Melbourne, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Melbourne General Employees' and Special Risk Class Employees' Pension Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By:


Patrick T. Donlan, ASA, EA, MAAA
Enrolled Actuary #14-6595

PTD/lke

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	5
	b. Changes Since Prior Valuation	7
	c. Requirements of Chapter 112, Part VII, Florida Statutes	8
II	Valuation Information	
	a. Reconciliation and Derivation of the Unfunded Actuarial Accrued Liability	19
	b. Detailed Gain/Loss Analysis	20
	c. Actuarial Assumptions and Methods	21
	d. Valuation Notes	25
III	Trust Fund	27
IV	Member Statistics	
	a. Statistical Data	38
	b. Age and Service Distribution	40
	c. Member Reconciliation	42
V	Summary of Plan Provisions	44
VI	Governmental Accounting Standards Board Disclosure Information	47

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Melbourne General Employees' and Special Risk Class Employees' Pension Plan, performed as of October 1, 2016, has been completed and the results are presented in this Report. The contributions developed in the valuation apply to the plan/fiscal year ended September 30, 2018.

The contribution requirements, compared to those developed in the October 1, 2015 actuarial valuation report, are as follows:

Valuation Date	10/1/2016	10/1/2015
Applicable Plan/Fiscal Year	<u>9/30/2018</u>	<u>9/30/2017</u>
 <u>Regular Class Employees</u>		
Total Required Contribution *		
% of Total Annual Non-DROP Payroll	23.26%	13.05%
 <u>Special Risk Class Employees</u>		
Total Required Contribution *		
% of Total Annual Non-DROP Payroll	86.22%	72.30%

* For the Regular Class Employees' Plan, the City has a prepaid contribution of \$360,481.17. For the Special Risk Class Employees' Plan, the City has a prepaid contribution of \$27,985.49. These prepaid contributions are available to assist in offsetting the City's annual funding requirements for each trust.

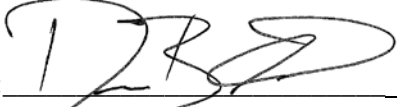
During the last year, the actuarial experience has been less favorable than expected for each of the classes. The principal components of unfavorable experience included a 6.61% investment return (Actuarial Asset Basis), which fell short of the 7.00% assumption, unfavorable individual increases in pensionable compensation for both groups and no inactive mortality.

Please also note the above stated costs reflect a mandated change to the assumed rates of mortality, as described on page 7 of this report.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Drew D. Ballard, EA, MAAA

By: 
Patrick T. Donlan, ASA, EA, MAAA

CHANGES SINCE PRIOR VALUATION

Regular Class

Plan Changes

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

Actuarial Method and Assumption Changes

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

Special Risk Class

Plan Changes

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

Actuarial Method and Assumption Changes

As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables (projected to valuation date using Scale AA) 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
(Regular Class)

	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
A. Participant Data			
Actives	5	5	8
Service Retirees	28	28	26
DROP Retirees	2	2	2
Beneficiaries	2	2	2
Disability Retirees	0	0	0
Terminated Vested	<u>37</u>	<u>37</u>	<u>36</u>
Total	74	74	74
Total Annual Payroll	\$212,361	\$212,361	\$323,518
Payroll Under Assumed Ret. Age	212,361	212,361	323,518
Annual Rate of Payments to:			
Service Retirees	278,230	278,230	188,516
DROP Retirees	24,861	24,861	74,813
Beneficiaries	12,692	12,692	12,360
Disability Retirees	0	0	0
Terminated Vested	159,850	159,850	152,857
B. Assets			
Actuarial Value (AVA) ¹	7,230,894	7,230,894	7,245,665
Market Value (MVA) ¹	6,858,732	6,858,732	6,753,030
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	847,499	801,516	1,158,757
Disability Benefits	32,556	41,000	67,918
Death Benefits	15,150	9,019	14,700
Vested Benefits	4,819	4,640	13,524
Refund of Contributions	0	0	0
Service Retirees	3,495,023	3,297,315	2,117,182
DROP Retirees ¹	428,974	405,424	1,300,527
Beneficiaries	56,780	56,780	65,050
Disability Retirees	0	0	0
Terminated Vested	<u>1,505,593</u>	<u>1,428,298</u>	<u>1,316,138</u>
Total	6,386,394	6,043,992	6,053,796

(Regular Class)

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	1,136,190	1,154,133	1,456,460
Present Value of Future Member Contributions (buybacks)	46,159	46,159	25,447
Total Normal Cost	0	0	0
Present Value of Future Normal Costs (EAN)	181,371	178,891	239,578
Total Actuarial Accrued Liability (AL) (EAN)	6,205,023	5,865,101	5,814,217
Total Actuarial Accrued Liability (Aggregate)	7,230,894	7,230,894	7,245,665
Unfunded Actuarial Accrued Liability (UAAL)	0	0	0
Funded Ratio (AVA / AL)	116.5%	123.3%	124.6%

(Regular Class)

D. Actuarial Present Value of Accrued Benefits	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
Vested Accrued Benefits			
Inactives ¹	5,486,370	5,187,817	4,798,897
Actives	526,817	497,481	838,221
Member Contributions	<u>46,159</u>	<u>46,159</u>	<u>25,447</u>
Total	6,059,346	5,731,457	5,662,565
Non-vested Accrued Benefits	<u>17,980</u>	<u>17,216</u>	<u>2,630</u>
Total Present Value Accrued Benefits (PVAB)	6,077,326	5,748,673	5,665,195
Funded Ratio (MVA / PVAB)	112.9%	119.3%	119.2%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	328,653	0	
New Accrued Benefits	0	198,945	
Benefits Paid	0	(494,716)	
Interest	0	379,249	
Other	<u>0</u>	<u>0</u>	
Total	328,653	83,478	

(Regular Class)

	New Assump	Old Assump	
Valuation Date	10/1/2016	10/1/2016	10/1/2015
Applicable to Fiscal Year Ending	<u>9/30/2018</u>	<u>9/30/2018</u>	<u>9/30/2017</u>

E. Pension Cost

Normal Cost (with interest)			
% of Total Annual Payroll ²	0.00	0.00	0.00
Administrative Expenses (with interest)			
% of Total Annual Payroll ²	23.26	23.26	13.05
Payment Required to Amortize Unfunded Actuarial Accrued Liability (as of 10/1/2016, with interest)			
% of Total Annual Payroll ²	0.00	0.00	0.00
Total Required Contribution			
% of Total Annual Payroll ²	23.26	23.26	13.05
Expected Member Contributions			
% of Total Annual Payroll ²	0.00	0.00	0.00
Expected City Contribution			
% of Total Annual Payroll ²	23.26	23.26	13.05

F. Past Contributions

Plan Years Ending:	<u>9/30/2016</u>
City Requirement	43,928
Actual Contributions Made:	
Members (excluding buyback)	0
City	<u>43,928</u>
Total	43,928

G. Net Actuarial (Gain)/Loss

N/A

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016 and 9/30/2015.

² Contributions developed as of 10/1/2016 are expressed as a percentage of total annual payroll at 10/1/2016 of \$212,361.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS
(Special Risk Class)

	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
A. Participant Data			
Actives	1	1	1
Service Retirees	1	1	1
Beneficiaries	0	0	0
Disability Retirees	0	0	0
Terminated Vested	<u>2</u>	<u>2</u>	<u>2</u>
Total	4	4	4
Total Annual Payroll	\$77,343	\$77,343	\$64,909
Payroll Under Assumed Ret. Age	77,343	77,343	64,909
Annual Rate of Payments to:			
Service Retirees	18,900	18,900	18,900
Beneficiaries	0	0	0
Disability Retirees	0	0	0
Terminated Vested	29,357	29,357	28,361
B. Assets			
Actuarial Value (AVA)	1,053,483	1,053,483	982,202
Market Value (MVA)	1,064,709	1,064,709	973,541
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	567,677	561,596	465,682
Disability Benefits	25,514	28,201	29,714
Death Benefits	9,862	3,210	3,238
Vested Benefits	0	0	0
Refund of Contributions	0	0	0
Service Retirees	293,379	281,361	279,812
Beneficiaries	0	0	0
Disability Retirees	0	0	0
Terminated Vested	<u>386,756</u>	<u>388,549</u>	<u>361,152</u>
Total	1,283,188	1,262,917	1,139,598

(Special Risk Class)

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	292,182	293,865	302,756
Present Value of Future Member Contributions	0	0	0
Normal Cost (Retirement)	21,609	21,898	18,879
Normal Cost (Disability)	2,794	3,195	2,952
Normal Cost (Death)	639	199	185
Normal Cost (Vesting)	0	0	0
Normal Cost (Refunds)	<u>0</u>	<u>0</u>	<u>0</u>
Total Normal Cost	25,042	25,292	22,016
Present Value of Future Normal Costs	94,602	96,096	102,686
Accrued Liability (Retirement)	486,043	478,396	377,625
Accrued Liability (Disability)	14,959	16,062	15,946
Accrued Liability (Death)	7,449	2,453	2,377
Accrued Liability (Vesting)	0	0	0
Accrued Liability (Refunds)	0	0	0
Accrued Liability (Inactives)	<u>680,135</u>	<u>669,910</u>	<u>640,964</u>
Total Actuarial Accrued Liability (AL)	1,188,586	1,166,821	1,036,912
Unfunded Actuarial Accrued Liability (UAAL)	135,103	113,338	54,710
Funded Ratio (AVA / AL)	88.6%	90.3%	94.7%

(Special Risk Class)

D. Actuarial Present Value of Accrued Benefits	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
Vested Accrued Benefits			
Inactives	680,135	669,910	640,964
Actives	391,829	384,900	294,971
Member Contributions	<u>0</u>	<u>0</u>	<u>0</u>
Total	1,071,964	1,054,810	935,935
Non-vested Accrued Benefits	<u>0</u>	<u>0</u>	<u>0</u>
Total Present Value Accrued Benefits (PVAB)	1,071,964	1,054,810	935,935
Funded Ratio (MVA / PVAB)	99.3%	100.9%	104.0%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	17,154	0	
New Accrued Benefits	0	72,921	
Benefits Paid	0	(18,900)	
Interest	0	64,854	
Other	<u>0</u>	<u>0</u>	
Total	17,154	118,875	

(Special Risk Class)

	New Assump	Old Assump	
Valuation Date	10/1/2016	10/1/2016	10/1/2015
Applicable to Fiscal Year Ending	<u>9/30/2018</u>	<u>9/30/2018</u>	<u>9/30/2017</u>

E. Pension Cost

Normal Cost (with interest)			
% of Total Annual Payroll ¹	33.51	33.85	35.10
Administrative Expenses (with interest)			
% of Total Annual Payroll ¹	9.66	9.66	9.10
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2016, with interest)			
% of Total Annual Payroll ¹	43.05	40.06	28.10
Total Required Contribution			
% of Total Annual Payroll ¹	86.22	83.57	72.30
Expected Member Contributions			
% of Total Annual Payroll ¹	0.00	0.00	0.00
Expected City Contribution			
% of Total Annual Payroll ¹	86.22	83.57	72.30

F. Past Contributions

Plan Years Ending:	<u>9/30/2016</u>
City Requirement	32,286
Actual Contributions Made:	
Members (excluding buyback)	0
City	<u>32,286</u>
Total	32,286

G. Net Actuarial (Gain)/Loss 59,727

¹ Contributions developed as of 10/1/2016 are expressed as a percentage of total annual payroll at 10/1/2016 of \$77,343.

(Special Risk Class)

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2016	135,103
2017	110,139
2018	83,427
2031	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	19.16%	6.00%
Year Ended	9/30/2015	-10.33%	6.00%
Year Ended	9/30/2014	11.66%	6.00%

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

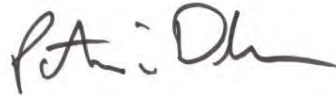
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	6.61%	7.00%
Year Ended	9/30/2015	9.22%	7.80%
Year Ended	9/30/2014	9.30%	7.90%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	\$77,343
	10/1/2006	307,806
(b) Total Increase		-74.87%
(c) Number of Years		10.00
(d) Average Annual Rate		-12.90%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #14-6595

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES
(Special Risk Class)

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2015	\$54,710
(2)	Sponsor Normal Cost developed as of October 1, 2015	22,016
(3)	Expected administrative expenses for the year ended September 30, 2016	5,710
(4)	Expected interest on (1), (2) and (3)	5,571
(5)	Sponsor contributions to the System during the year ended September 30, 2016	32,286
(6)	Expected interest on (5)	2,110
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	53,611
(8)	Change to UAAL due to Assumption Change	21,765
(9)	Change to UAAL due to Actuarial (Gain)/Loss	59,727
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2016	135,103

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2016 <u>Amount</u>	Amortization <u>Amount</u>
method change	10/1/2006	5	\$16,567	\$3,776
actuarial loss	10/1/2007	6	37,268	7,307
plan amendment	10/1/2007	6	(37,296)	(7,313)
reconciliation base	10/1/2008	7	(12,071)	(2,093)
actuarial loss	10/1/2008	7	194,445	33,720
method change	10/1/2008	7	5,323	923
actuarial loss	10/1/2009	8	43,018	6,733
assum. change	10/1/2009	8	21,104	3,303
actuarial loss	10/1/2010	9	38,077	5,462
actuarial loss	10/1/2011	10	81,118	10,794
actuarial gain	10/1/2012	11	(176,416)	(21,987)
assum. change	10/1/2012	11	23,955	2,986
actuarial gain	10/1/2013	12	(1,975)	(232)
software change	10/1/2013	12	(81,917)	(9,639)
assum. change	10/1/2013	12	16,550	1,947
actuarial loss	10/1/2014	13	41,813	4,676
assum. change	10/1/2014	13	22,427	2,508
assum. change	10/1/2015	14	139,880	14,948
actuarial gain	10/1/2015	14	(318,259)	(34,011)
actuarial loss	10/1/2016	15	59,727	6,129
assum. change	10/1/2016	15	<u>21,765</u>	<u>2,233</u>
			135,103	32,170

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS
(Special Risk Class)

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2015	\$54,710
(2) Expected UAAL as of October 1, 2016	53,611
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	3,842
Salary Increases	50,062
Active Decrements	(1,237)
Inactive Mortality	1,333
Other	<u>5,727</u>
Increase in UAAL due to (Gain)/Loss	59,727
Assumption Changes	<u>21,765</u>
(4) Actual UAAL as of October 1, 2016	\$135,103

ACTUARIAL ASSUMPTIONS AND METHODS
(Regular Class)

Mortality Rate

Healthy Lives:

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

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

Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years

Male: 100% RP2000 Disabled Male setback four years

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

Previously, the RP-2000 Sex-Distinct Healthy Mortality Table, projected to Valuation Date using Scale AA with disabled lives set forward 5 years was utilized.

Interest Rate

7.00% per year compounded annually, net of investment expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Retirement Age

Earlier of 1) Age 62 with 6 years of Credited Service (57 and 10 for City Manager), or 2) the completion of 30 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based on the plan provisions.

Early Retirement

Commencing with the earliest assumed early retirement date (age 52 or 20 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year. We feel this assumption is reasonable based on the plan provisions.

Disability Rate

See table that follows (1202). This assumption is consistent with other General Employee plans in the state.

Termination Rate See table that follows (1305). This assumption is consistent with other General Employee plans in the state.

Salary Increases 6.00% per year until the assumed retirement age; see table that follows. Projected salary at retirement is increased 10% to account for non-regular compensation. This assumption was developed from those used by other General Employee plans in the state.

Administrative Expenses \$47,733 annually (prior year actual).

Payroll Growth Assumption None.

Cost-of-Living Adjustment 3.00% per year at retirement.

Funding Method Aggregate Cost Method

Actuarial Asset Method Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as a % of Salary at Age 62</u>
20	0.05%	17.2%	8.7%
30	0.06	15.0	15.5
40	0.12	8.2	27.8
50	0.43	1.7	49.7
60	1.61	0.5	89.0

ACTUARIAL ASSUMPTIONS AND METHODS
(Special Risk Class)

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

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.

Previously, the RP-2000 Sex-Distinct Healthy Mortality Table, projected to Valuation Date using Scale AA with disabled lives set forward 5 years was utilized.

Interest Rate

7.00% per year compounded annually, net of investment expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Retirement Age

Earlier of 1) Age 55 and the completion of 6 years of service or 2) the completion of 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based on the plan provisions.

Early Retirement

Commencing with the earliest assumed early retirement date (completion of 6 years of service), members are assumed to terminate according to the withdrawal rates according to the table below. We feel this assumption is reasonable based on the plan provisions.

<u>Disability Rate</u>	See table that follows (1205). This assumption is consistent with other General Employee plans in the state.
<u>Termination Rate</u>	See table that follows (1304). This assumption is consistent with other General Employee plans in the state.
<u>Salary Increases</u>	6.00% per year until the assumed retirement age; see table that follows. This assumption was developed from those used by other General Employee plans in the state.
<u>Administrative Expenses</u>	\$7,217 annually (prior year actual).
<u>Payroll Growth Assumption</u>	None.
<u>Cost-of-Living Adjustment</u>	3.00% per year beginning 2 years after retirement.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method
<u>Actuarial Asset Method</u>	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as a % of Salary at Age 55</u>
20	0.14%	12.4%	13.0%
30	0.18	10.5	23.3
40	0.30	5.7	41.7
50	1.00	1.5	74.7

VALUATION NOTES
(Regular Class)

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

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

Normal (Current Year's) Cost Rate is determined in the aggregate as the ratio of (a) and (b) as follows:

- (a) The present value of benefits for all Plan participants, less the actuarial value of assets.
- (b) The present value of future compensation over the anticipated number of years of participation, determined as of the valuation date.

The Normal Cost dollar requirement is the ratio of (a) and (b), multiplied by the Payroll Under Assumed Retirement Age as of the valuation date.

Aggregate 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).

Total Required Contribution is equal to the Normal Cost plus Administrative Expenses. The required amount is adjusted for interest according to the timing of contributions during the year.

VALUATION NOTES
(Special Risk Class)

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

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

Normal (Current Year's) Cost is 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
 (Regular Class Employees)

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	153,348.78	153,348.78
Cash	169.22	169.22
Total Cash and Equivalents	153,518.00	153,518.00
Receivables:		
Investment Income	22,201.71	22,201.71
Total Receivable	22,201.71	22,201.71
Investments:		
Fixed income	2,741,064.80	2,740,148.88
Equities	3,845,555.91	4,327,564.21
Total Investments	6,586,620.71	7,067,713.09
Total Assets	6,762,340.42	7,243,432.80
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	11,296.78	11,296.78
Administrative Expenses	12,922.77	12,922.77
Prepaid City Contribution	360,481.17	360,481.17
Total Liabilities	384,700.72	384,700.72
NET POSITION RESTRICTED FOR PENSIONS	6,377,639.70	6,858,732.08

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016
Market Value Basis
(Regular Class Employees)

ADDITIONS

Contributions:		
Buy-Back		20,712.14
City		43,928.17
Total Contributions		64,640.31
Investment Income:		
Net Realized Gain (Loss)	1,644.76	
Unrealized Gain (Loss)	424,204.41	
Net Increase in Fair Value of Investments		425,849.17
Interest & Dividends		203,065.99
Less Investment Expense ¹		(45,404.66)
Net Investment Income		583,510.50
Total Additions		648,150.81

DEDUCTIONS

Distributions to Members:		
Benefit Payments		238,508.95
Lump Sum DROP Distributions		256,206.56
Total Distributions		494,715.51
Administrative Expense		47,733.19
Total Deductions		542,448.70
Net Increase in Net Position		105,702.11
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		6,753,029.97
End of the Year		6,858,732.08

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

ACTUARIAL ASSET VALUATION
 SEPTEMBER 30, 2016
 (Regular Class Employees)

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return ¹	
09/30/2013	8.62%	
09/30/2014	11.79%	
09/30/2015	-1.92%	
09/30/2016	8.46%	
Annualized Rate of Return for prior four (4) years:		6.61%
(A) 10/01/2015 Actuarial Assets:		\$7,245,665.37
(I) Net Investment Income:		
1. Interest and Dividends	203,065.99	
2. Realized Gains (Losses)	1,644.76	
3. Change in Actuarial Value	303,731.42	
4. Investment Related Expenses	(45,404.66)	
Total		463,037.51
(B) 10/01/2016 Actuarial Assets:		\$7,230,894.49
Actuarial Asset Rate of Return = 2I/(A+B-I):		6.61%
10/01/2016 Limited Actuarial Assets:		\$7,230,894.49
10/01/2016 Market Value of Assets:		\$6,858,732.08
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$27,319.91)

¹Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2016
 Actuarial Asset Basis
 (Regular Class Employees)
 REVENUES

Contributions:		
Buy-Back	20,712.14	
City	43,928.17	
Total Contributions		64,640.31
Earnings from Investments:		
Interest & Dividends	203,065.99	
Net Realized Gain (Loss)	1,644.76	
Change in Actuarial Value	303,731.42	
Total Earnings and Investment Gains		508,442.17
	EXPENDITURES	
Distributions to Members:		
Benefit Payments	238,508.95	
Lump Sum DROP Distributions	256,206.56	
Total Distributions		494,715.51
Expenses:		
Investment related ¹	45,404.66	
Administrative	47,733.19	
Total Expenses		93,137.85
Change in Net Assets for the Year		(14,770.88)
Net Assets Beginning of the Year		7,245,665.37
Net Assets End of the Year ²		7,230,894.49

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

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2015 to September 30, 2016
(Regular Class Employees)

Beginning of the Year Balance	224,606.26
Plus Additions	56,577.43
Investment Return Earned	1,753.99
Less Distributions	(256,206.56)
End of the Year Balance	26,731.12

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2016
(Regular Class)

(1) Total Required Contribution Rate	15.45%
(2) Fiscal 2016 Payroll	\$284,324.74
(3) Total Required Contribution (1) x (2)	43,928.17
(4) Less Actual Member Contributions	<u>0.00</u>
(5) Equals Required City Contribution for Fiscal 2016	43,928.17
(6) Less 2015 Prepaid Contribution	(404,409.34)
(7) Less Actual City Contributions	<u>0.00</u>
(8) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2016	(\$360,481.17)

STATEMENT OF FIDUCIARY NET POSITION
 SEPTEMBER 30, 2016
 (Special Risk Class Employees)

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	23,185.22	23,185.22
Cash	25.58	25.58
Total Cash and Equivalents	23,210.80	23,210.80
Receivables:		
City Contributions in Transit	1,202.33	1,202.33
Investment Income	3,356.74	3,356.74
Total Receivable	4,559.07	4,559.07
Investments:		
Fixed income	414,428.99	414,290.51
Equities	581,419.98	654,296.11
Total Investments	995,848.97	1,068,586.62
Total Assets	1,023,618.84	1,096,356.49
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	1,707.99	1,707.99
Administrative Expenses	1,953.83	1,953.83
Prepaid City Contribution	27,985.49	27,985.49
Total Liabilities	31,647.31	31,647.31
NET POSITION RESTRICTED FOR PENSIONS	991,971.53	1,064,709.18

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016
Market Value Basis
(Special Risk Class Employees)

ADDITIONS

Contributions:			
City		32,286.11	
Total Contributions			32,286.11
Investment Income:			
Net Realized Gain (Loss)	248.67		
Unrealized Gain (Loss)	60,912.95		
Net Increase in Fair Value of Investments		61,161.62	
Interest & Dividends		30,702.10	
Less Investment Expense ¹		(6,864.85)	
Net Investment Income			84,998.87
Total Additions			117,284.98
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		18,900.36	
Total Distributions			18,900.36
Administrative Expense			7,216.91
Total Deductions			26,117.27
Net Increase in Net Position			91,167.71
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			973,541.47
End of the Year			1,064,709.18

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

ACTUARIAL ASSET VALUATION
 SEPTEMBER 30, 2016
 (Special Risk Class Employees)

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return ¹	
09/30/2013	8.62%	
09/30/2014	11.79%	
09/30/2015	-1.92%	
09/30/2016	8.46%	
Annualized Rate of Return for prior four (4) years:		6.61%
(A) 10/01/2015 Actuarial Assets:		\$982,202.26
(I) Net Investment Income:		
1. Interest and Dividends	30,702.10	
2. Realized Gains (Losses)	248.67	
3. Change in Actuarial Value	41,026.13	
4. Investment Related Expenses	(6,864.85)	
Total		65,112.05
(B) 10/01/2016 Actuarial Assets:		\$1,053,483.15
Actuarial Asset Rate of Return = 2I/(A+B-I):		6.61%
10/01/2016 Limited Actuarial Assets:		\$1,053,483.15
10/01/2016 Market Value of Assets:		\$1,064,709.18
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$3,841.71)

¹Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2016
 Actuarial Asset Basis
 (Special Risk Class Employees)
 REVENUES

Contributions:		
City	32,286.11	
Total Contributions		32,286.11
Earnings from Investments:		
Interest & Dividends	30,702.10	
Net Realized Gain (Loss)	248.67	
Change in Actuarial Value	41,026.13	
Total Earnings and Investment Gains		71,976.90
	EXPENDITURES	
Distributions to Members:		
Benefit Payments	18,900.36	
Total Distributions		18,900.36
Expenses:		
Investment related ¹	6,864.85	
Administrative	7,216.91	
Total Expenses		14,081.76
Change in Net Assets for the Year		71,280.89
Net Assets Beginning of the Year		982,202.26
Net Assets End of the Year ²		1,053,483.15

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

²Net Assets may be limited for actuarial consideration.

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION
 FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2016
 (Special Risk Class)

(1)	Total Required Contribution Rate	42.61%
(2)	Pensionable Payroll	\$75,771.20
(3)	Total Required Contribution (1) x (2)	32,286.11
(4)	Less Actual Member Contributions	<u>0.00</u>
(5)	Equals Required City Contribution for Fiscal 2016	32,286.11
(6)	Less 2015 Prepaid Contribution	(27,985.52)
(7)	Less Actual City Contributions	<u>(32,286.08)</u>
(8)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2016	(\$27,985.49)

STATISTICAL DATA ¹
(Regular Class)

	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>
<u>Actives</u>				
Number	13	10	8	5
Average Current Age	56.7	56.9	57.8	57.7
Average Age at Employment	45.2	43.0	42.9	42.7
Average Past Service	11.5	13.9	14.9	15.0
Average Annual Salary	\$42,293	\$32,575	\$40,440	\$42,472

¹ Prior to 10/1/2016, averages were salary weighted.

AGE AND SERVICE DISTRIBUTION
(Regular Class)

PAST SERVICE

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

VALUATION PARTICIPANT RECONCILIATION
(Regular Class)

1. Active lives

a. Number in prior valuation 10/1/2015	8
b. Terminations	
i. Vested (partial or full) with deferred benefits	(1)
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(1)
f. DROP	<u>(1)</u>
g. Continuing participants	5
h. New entrants	<u>0</u>
i. Total active life participants in valuation	5

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	26	2	2	0	36	66
Retired	2	(1)	0	0	0	1
DROP	0	1	0	0	0	1
Vested Deferred	0	0	0	0	1	1
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	28	2	2	0	37	69

STATISTICAL DATA ¹
(Special Risk Class)

	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>
<u>Actives</u>				
Number	3	3	1	1
Average Current Age	49.8	51.1	50.0	51.3
Average Age at Employment	38.4	38.6	35.0	35.3
Average Past Service	11.4	12.5	15.0	16.0
Average Annual Salary	\$60,233	\$67,257	\$64,909	\$77,343

¹ Prior to 10/1/2016, averages were salary weighted.

AGE AND SERVICE DISTRIBUTION
(Special Risk Class)

PAST SERVICE

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

VALUATION PARTICIPANT RECONCILIATION
(Special Risk Class)

1. Active lives

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

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	1	0	0	2	3
Retired	0	0	0	0	0
Vested Deferred	0	0	0	0	0
Death, With Survivor	0	0	0	0	0
Death, No Survivor	0	0	0	0	0
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	0	0
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
b. Number current valuation	1	0	0	2	3

SUMMARY OF BENEFIT PROVISIONS
(Through Ordinance No. 2013-45)

<u>Eligibility</u>	All general employee members (except elected city officials) and all airport security officers who are employed on or after January 1, 1996, and prior to August 1, 2008, and who did not elect to become a member of the Florida Retirement System, shall remain members of this Plan. No new employees hired on or after August 1, 2008 shall become members of this system.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City as a General Employee (Regular Class) or Airport Security Officer (Special Risk Class).
<u>Salary</u>	Base compensation, including regular earnings, vacation pay, sick pay, and all tax deferred items, but excluding lump sum payments, except for up to 500 hours of unused vacation leave at retirement (only attributable to service before July 1, 2011).
<u>Average Final Compensation</u>	Average of Salary paid during the best five (5) years of covered employment.
<u>Member Contributions</u>	None.
<u>City Contributions</u>	Amounts required in order to pay current costs and amortize unfunded past service cost, if any, over 40 years.
<u>Normal Retirement</u>	
Date	Regular Class - Earlier of 1) age 62 with 6 years of Credited Service (age 57 with 10 years of Credited Service for City Manager), or 2) 30 years of Credited Service, regardless of age. Special Risk Class - Earlier of 1) age 55 and 6 years of service, or 2) 25 years of Credited Service, regardless of age.
Benefit	Regular Class - 1.6% of Average Final Compensation <u>times</u> Credited Service. Rate increases to 1.63% if age 63 or 31 years, 1.65% if age 64 or 32 years, and 1.68% if age 65 or 33 years. Rate is 2.0% for Senior Management Employees. Special Risk Class - 3.0% of Average Final Compensation <u>times</u> Credited Service.
Form of Benefit	Regular Class - Life Annuity (options available). Special Risk Class - Ten Year Certain and Life Annuity (options available).

Early Retirement

Eligibility	6 Years of Credited Service.
Benefit	Regular Class -Accrued benefit, reduced 5% for each year prior to Normal Retirement. Special Risk Class - Accrued benefit, reduced 3% for each of the first 5 years prior to Normal Retirement and 5% for each additional year thereafter.

Vesting

Schedule	100% after 6 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	8 years of Credited Service.
Benefit	Benefit accrued to date of disability, but not less than 42% (65% for Special Risk Class) of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).
Duration	Payable for life (with 10 year guarantee for the Special Risk Class) or until recovery (as determined by the Board).

Death Benefits

Pre-Retirement	
Vested	Beneficiary receives an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity.
Non-Vested	Refund of member contributions, if any.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Cost-of-Living Adjustments

Regular Class - each July 1 following retirement the monthly benefit amount is increased 3%.

Special Risk Class - beginning on the July 1 following 2 years of payments, the monthly amount is increased 3%.

The increase is based on the June benefit, excluding any supplemental benefit.

Supplemental Benefit

Early and Normal Retirees receive a monthly benefit of \$5 for each year of Credited Service (minimum is \$30 and maximum is \$150).

Deferred Retirement Option Plan

Eligibility

Satisfaction of Normal Retirement requirements

Participation

Not to exceed 60 months

Rate of Return

1.3% annually.

Form of Distribution

Cash lump sum (options available) at termination of employment

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	153,349
Cash	169
Total Cash and Equivalents	153,518
Receivables:	
Investment Income	22,202
Total Receivable	22,202
Investments:	
Fixed income	2,740,149
Equities	4,327,564
Total Investments	7,067,713
Total Assets	7,243,433
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	11,297
Administrative Expenses	12,923
Unearned Revenue	360,481
Total Liabilities	384,701
NET POSITION RESTRICTED FOR PENSIONS	6,858,732

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

ADDITIONS

Contributions:

Buy-Back	20,712	
City	43,928	
Total Contributions		64,640
Investment Income:		
Net Increase in Fair Value of Investments	425,849	
Interest & Dividends	203,066	
Less Investment Expense ¹	(45,404)	
Net Investment Income		583,511
Total Additions		648,151

DEDUCTIONS

Distributions to Members:

Benefit Payments	238,509	
Lump Sum DROP Distributions	256,207	
Total Distributions		494,716
Administrative Expense		47,733
Total Deductions		542,449
Net Increase in Net Position		105,702

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		6,753,030
End of the Year		6,858,732

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

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

Plan Description

Plan Administration

The City of Melbourne General Employees' Pension Plan is a single employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board consists of 5 Trustees, 2 of whom are legal residents of the City who are appointed by the City Council, 2 of whom are members of the System who are elected by a majority of the General Employees and Airport Security Officers who are members of the System and who vote in the election, and a fifth Trustee who is chosen by a majority of the first 4 Trustees.

All general employee members (except elected city officials) and all airport security officers who are employed on or after January 1, 1996, and prior to August 1, 2008, and who did not elect to become a member of the Florida Retirement System, shall remain members of this Plan. No new employees hired on or after August 1, 2008 shall become members of this system.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	30
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	36
Active Plan Members	8
	74
	74

Benefits Provided

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

Normal Retirement:

Date: Regular Class - Earlier of 1) age 62 with 6 years of Credited Service (age 57 with 10 years of Credited Service for City Manager), or 2) 30 years of Credited Service, regardless of age.

Benefit: Regular Class - 1.6% of Average Final Compensation times Credited Service. Rate increases to 1.63% if age 63 or 31 years, 1.65% if age 64 or 32 years, and 1.68% if age 65 or 33 years. Rate is 2.0% for Senior Management Employees.

Early Retirement:

Date: 6 Years of Credited Service.

Benefit: Regular Class -Accrued benefit, reduced 5% for each year prior to Normal Retirement.

Vesting:

Schedule: 100% after 6 years of Credited Service.

Benefit: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 8 years of Credited Service.

Benefit accrued to date of disability, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Vested: Beneficiary receives an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity.

Non-Vested: Refund of member contributions, if any.

Cost of Living Adjustment:

Regular Class - each July 1 following retirement the monthly benefit amount is increased 3%. The increase is based on the June benefit, excluding any supplemental benefit.

Supplemental Benefit:

Early and Normal Retirees receive a monthly benefit of \$5 for each year of Credited Service (minimum is \$30 and maximum is \$150).

GASB 67

Contributions

Member Contributions: None

City Contributions: Amounts required in order to pay current costs and amortize unfunded past service cost, if any, over 40 years.

Investments

Investment Policy:

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
International Equity	10%
Domestic Fixed Income	35%
Global Fixed Income	5%
Total	<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 8.46 percent.

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

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: 1.3% annually.

The DROP balance as September 30, 2016 is \$26,731.

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	\$ 6,117,065
Plan Fiduciary Net Position	\$ (6,858,732)
Sponsor's Net Pension Liability	<u>\$ (741,667)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	<u>112.12%</u>

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	6.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

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

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

Females – 100% Annuitant White Collar.

Mortality Rate Disabled Lives:

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

Males – 100% Disabled Male with four year setback

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

The most recent actuarial experience study used to review the other significant assumptions was dated October 21, 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 2.50%.

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>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.5%
International Equity	8.5%
Domestic Fixed Income	2.5%
Global Fixed Income	3.5%

GASB 67

Discount Rate:

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Sponsor's Net Pension Liability	\$ 4,620	\$ (741,667)	\$ (1,358,404)

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

	09/30/2016	09/30/2015	09/30/2014
Total Pension Liability			
Service Cost	57,835	49,546	90,848
Interest	396,941	406,207	391,267
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(62,793)	(31,975)	-
Changes of assumptions	338,980	442,831	-
Contributions - Buy Back	20,712	-	-
Benefit Payments, including Refunds of Employee Contributions	(494,716)	(329,470)	(169,081)
Net Change in Total Pension Liability	256,959	537,139	313,034
Total Pension Liability - Beginning	5,860,106	5,322,967	5,009,933
Total Pension Liability - Ending (a)	<u>\$ 6,117,065</u>	<u>\$ 5,860,106</u>	<u>\$ 5,322,967</u>
Plan Fiduciary Net Position			
Contributions - Employer	43,928	52,573	70,913
Contributions - Buy Back	20,712	-	-
Net Investment Income	583,511	(143,686)	819,869
Benefit Payments, including Refunds of Employee Contributions	(494,716)	(329,470)	(169,081)
Administrative Expense	(47,733)	(40,805)	(37,463)
Net Change in Plan Fiduciary Net Position	105,702	(461,388)	684,238
Plan Fiduciary Net Position - Beginning	6,753,030	7,214,418	6,530,180
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,858,732</u>	<u>\$ 6,753,030</u>	<u>\$ 7,214,418</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (741,667)</u>	<u>\$ (892,924)</u>	<u>\$ (1,891,451)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	112.12%	115.24%	135.53%
Covered Employee Payroll ¹	\$ 284,325	\$ 496,332	\$ 416,889
Net Pension Liability as a percentage of Covered Employee Payroll	-260.85%	-179.90%	-453.71%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

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.

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.

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.80% to 7.00%.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	43,928	52,573	70,913
Contributions in relation to the Actuarially Determined Contributions	43,928	52,573	70,913
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 284,325	\$ 496,332	\$ 416,889
Contributions as a percentage of Covered Employee Payroll	15.45%	10.59%	17.01%

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

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: Entry Age Normal Actuarial Cost Method.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 16 Years.
 Mortality Rate: RP2000 Combined Healthy Mortality Table projected to valuation date using scale AA. Disabled lives set forward 5 years.
 Interest Rate: 7.8% per year compounded annually, net of investment expenses.
 Retirement Age: Earlier of 1) Age 62 with 6 years of Credited Service (57 and 10 for City Manager), or 2) the completion of 30 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
 Early Retirement: Commencing with the earliest assumed early retirement date (age 52 or 20 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.
 Disability Rates: See table below (1202).
 Termination Rates: See table below (1305).
 Salary Increases: 6.0% per year until the assumed retirement age. Projected salary at retirement is increased 10% to account for non-regular compensation.
 Payroll Growth Assumption: None.
 Cost-of-Living Adjustment: 3.0% per year at retirement.
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:	Age	% Becoming Disabled During the Year	% Terminating During the Year
	20	0.05%	17.20%
30	0.06%	15.00%	
40	0.12%	8.20%	
50	0.43%	1.70%	
60	1.61%	0.50%	

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Annual Money-Weighted Rate of Return Net of Investment Expense	8.46%	-1.92%	11.79%

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

General Information about the Pension Plan

Plan Description

The City of Melbourne General Employees' Pension Plan is a single employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board consists of 5 Trustees, 2 of whom are legal residents of the City who are appointed by the City Council, 2 of whom are members of the System who are elected by a majority of the General Employees and Airport Security Officers who are members of the System and who vote in the election, and a fifth Trustee who is chosen by a majority of the first 4 Trustees.

All general employee members (except elected city officials) and all airport security officers who are employed on or after January 1, 1996, and prior to August 1, 2008, and who did not elect to become a member of the Florida Retirement System, shall remain members of this Plan. No new employees hired on or after August 1, 2008 shall become members of this system.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	30
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	36
Active Plan Members	8
	74
	74

Benefits Provided

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

Normal Retirement:

Date: Regular Class - Earlier of 1) age 62 with 6 years of Credited Service (age 57 with 10 years of Credited Service for City Manager), or 2) 30 years of Credited Service, regardless of age.

Benefit: Regular Class - 1.6% of Average Final Compensation times Credited Service. Rate increases to 1.63% if age 63 or 31 years, 1.65% if age 64 or 32 years, and 1.68% if age 65 or 33 years. Rate is 2.0% for Senior Management Employees.

Early Retirement:

Date: 6 Years of Credited Service.

Benefit: Regular Class -Accrued benefit, reduced 5% for each year prior to Normal Retirement.

Vesting:

Schedule: 100% after 6 years of Credited Service.

Benefit: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 8 years of Credited Service.

Benefit accrued to date of disability, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Vested: Beneficiary receives an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity.

Non-Vested: Refund of member contributions, if any.

Cost of Living Adjustment:

Regular Class - each July 1 following retirement the monthly benefit amount is increased 3%. The increase is based on the June benefit, excluding any supplemental benefit.

Supplemental Benefit:

Early and Normal Retirees receive a monthly benefit of \$5 for each year of Credited Service (minimum is \$30 and maximum is \$150).

Contributions

Member Contributions: None

City Contributions: Amounts required in order to pay current costs and amortize unfunded past service cost, if any, over 40 years.

Net Pension Liability

The measurement date is September 30, 2016.

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

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

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

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

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	6.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

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

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

Females – 100% Annuitant White Collar.

Mortality Rate Disabled Lives:

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

Males – 100% Disabled Male with four year setback

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

The most recent actuarial experience study used to review the other significant assumptions was dated October 21, 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 2.50%.

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	50%	7.50%
International Equity	10%	8.50%
Domestic Fixed Income	35%	2.50%
Global Fixed Income	5%	3.50%
<u>Total</u>	<u>100%</u>	

GASB 68

Discount Rate:

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2016	\$ 5,860,106	\$ 6,753,030	\$ (892,924)
Changes for a Year:			
Service Cost	57,835	-	57,835
Interest	396,941	-	396,941
Differences between Expected and Actual Experience	(62,793)	-	(62,793)
Changes of assumptions	338,980	-	338,980
Changes of benefit terms	-	-	-
Contributions - Employer	-	43,928	(43,928)
Contributions - Buy Back	20,712	20,712	-
Net Investment Income	-	583,511	(583,511)
Benefit Payments, including Refunds of Employee Contributions	(494,716)	(494,716)	-
Administrative Expense	-	(47,733)	47,733
Net Changes	256,959	105,702	151,257
Reporting Period Ending September 30, 2017	\$ 6,117,065	\$ 6,858,732	\$ (741,667)

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability	\$ 4,620	\$ (741,667)	\$ (1,358,404)

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, 2017, the Sponsor will recognize a Pension Expense of \$372,845.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	188,073	-
Employer contributions subsequent to the measurement date	TBD	
Total	<u>TBD</u>	<u>\$ -</u>

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	\$ 50,138
2019	\$ 50,139
2020	\$ 113,300
2021	\$ (25,504)
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	09/30/2015
Measurement Date	09/30/2016	09/30/2015	09/30/2014
Total Pension Liability			
Service Cost	57,835	49,546	90,848
Interest	396,941	406,207	391,267
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(62,793)	(31,975)	-
Changes of assumptions	338,980	442,831	-
Contributions - Buy Back	20,712	-	-
Benefit Payments, including Refunds of Employee Contributions	(494,716)	(329,470)	(169,081)
Net Change in Total Pension Liability	256,959	537,139	313,034
Total Pension Liability - Beginning	5,860,106	5,322,967	5,009,933
Total Pension Liability - Ending (a)	\$ 6,117,065	\$ 5,860,106	\$ 5,322,967
Plan Fiduciary Net Position			
Contributions - Employer	43,928	52,573	70,913
Contributions - Buy Back	20,712	-	-
Net Investment Income	583,511	(143,686)	819,869
Benefit Payments, including Refunds of Employee Contributions	(494,716)	(329,470)	(169,081)
Administrative Expense	(47,733)	(40,805)	(37,463)
Net Change in Plan Fiduciary Net Position	105,702	(461,388)	684,238
Plan Fiduciary Net Position - Beginning	6,753,030	7,214,418	6,530,180
Plan Fiduciary Net Position - Ending (b)	\$ 6,858,732	\$ 6,753,030	\$ 7,214,418
Net Pension Liability - Ending (a) - (b)	\$ (741,667)	\$ (892,924)	\$ (1,891,451)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	112.12%	115.24%	135.53%
Covered Employee Payroll ¹	\$ 284,325	\$ 496,332	\$ 416,889
Net Pension Liability as a percentage of Covered Employee Payroll	-260.85%	-179.90%	-453.71%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

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.

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.

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.80% to 7.00%.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	43,928	52,573	70,913
Contributions in relation to the Actuarially Determined Contributions	43,928	52,573	70,913
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 284,325	\$ 496,332	\$ 416,889
Contributions as a percentage of Covered Employee Payroll	15.45%	10.59%	17.01%

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

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:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	16 Years.
Mortality Rate:	RP2000 Combined Healthy Mortality Table projected to valuation date using scale AA. Disabled lives set forward 5 years.
Interest Rate:	7.8% per year compounded annually, net of investment expenses.
Retirement Age:	Earlier of 1) Age 62 with 6 years of Credited Service (57 and 10 for City Manager), or 2) the completion of 30 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with the earliest assumed early retirement date (age 52 or 20 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.
Disability Rates:	See table on following page (1202).
Termination Rates:	See table on following page (1305).
Salary Increases:	6.0% per year until the assumed retirement age. Projected salary at retirement is increased 10% to account for non-regular compensation.
Payroll Growth Assumption:	None.
Cost-of-Living Adjustment:	3.0% per year at retirement.
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

GASB 68

Termination and Disability Rate Table:

Age	% Becoming Disabled During the Year	% Terminating During the Year
20	0.051%	17.20%
30	0.058%	15.00%
40	0.121%	8.20%
50	0.429%	1.70%
60	1.610%	0.50%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (1,891,451)	\$ 252,644	\$ 52,573	\$ -
Employer Contributions made after September 30, 2015	-	-	43,928	-
Total Pension Liability Factors:				
Service Cost	49,546	-	-	49,546
Interest	406,207	-	-	406,207
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(31,975)	31,975	-	-
Current year amortization of experience difference	-	(31,975)	-	(31,975)
Change in assumptions about future economic or demographic factors or other inputs	442,831	-	442,831	-
Current year amortization of change in assumptions	-	-	(442,831)	442,831
Benefit Payments	(329,470)	-	-	(329,470)
Net change	<u>537,139</u>	<u>-</u>	<u>43,928</u>	<u>537,139</u>
Plan Fiduciary Net Position:				
Contributions - Employer	52,573	-	(52,573)	-
Net Investment Income	550,334	-	-	(550,334)
Difference between projected and actual earnings on Pension Plan investments	(694,020)	-	694,020	-
Current year amortization	-	(63,161)	(138,804)	75,643
Benefit Payments	(329,470)	-	-	329,470
Administrative Expenses	(40,805)	-	-	40,805
Net change	<u>(461,388)</u>	<u>(63,161)</u>	<u>502,643</u>	<u>(104,416)</u>
Ending Balance	<u>\$ (892,924)</u>	<u>\$ 189,483</u>	<u>\$ 599,144</u>	<u>\$ 432,723</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (892,924)	\$ 189,483	\$ 599,144	\$ -
Employer Contributions made after September 30, 2016	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	57,835	-	-	57,835
Interest	396,941	-	-	396,941
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	20,712	-	-	20,712
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(62,793)	62,793	-	-
Current year amortization of experience difference	-	(62,793)	-	(62,793)
Change in assumptions about future economic or demographic factors or other inputs	338,980	-	338,980	-
Current year amortization of change in assumptions	-	-	(338,980)	338,980
Benefit Payments	(494,716)	-	-	(494,716)
Net change	<u>256,959</u>	<u>-</u>	<u>-</u>	<u>256,959</u>
Plan Fiduciary Net Position:				
Contributions - Employer	43,928	-	(43,928)	-
Contributions - Buy Back	20,712	-	-	(20,712)
Net Investment Income	455,989	-	-	(455,989)
Difference between projected and actual earnings on Pension Plan investments	127,522	127,522	-	-
Current year amortization	-	(88,666)	(138,804)	50,138
Benefit Payments	(494,716)	-	-	494,716
Administrative Expenses	(47,733)	-	-	47,733
Net change	<u>105,702</u>	<u>38,856</u>	<u>(182,732)</u>	<u>115,886</u>
Ending Balance	<u>\$ (741,667)</u>	<u>\$ 228,339</u>	<u>TBD</u>	<u>\$ 372,845</u>

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

AMORTIZATION SCHEDULE - INVESTMENTS

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

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ (315,805)	5	\$ (63,161)	\$ (63,161)	\$ (63,161)	\$ (63,161)	\$ (63,161)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 694,020	5	\$ -	\$ 138,804	\$ 138,804	\$ 138,804	\$ 138,804	\$ 138,804	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (127,522)	5	\$ -	\$ -	\$ (25,505)	\$ (25,505)	\$ (25,504)	\$ (25,504)	\$ (25,504)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (63,161)	\$ 75,643	\$ 50,138	\$ 50,138	\$ 50,139	\$ 113,300	\$ (25,504)	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

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

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ -	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 442,831	1	\$ -	\$ 442,831	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 338,980	1	\$ -	\$ -	\$ 338,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ 442,831	\$ 338,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

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

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ -	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ (31,975)	1	\$ -	\$ (31,975)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (62,793)	1	\$ -	\$ -	\$ (62,793)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ (31,975)	\$ (62,793)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	23,185
Cash	26
Total Cash and Equivalents	23,211
Receivables:	
City Contributions in Transit	1,202
Investment Income	3,357
Total Receivable	4,559
Investments:	
Fixed income	414,290
Equities	654,296
Total Investments	1,068,586
Total Assets	1,096,356
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	1,708
Administrative Expenses	1,954
Unearned Revenue	27,985
Total Liabilities	31,647
NET POSITION RESTRICTED FOR PENSIONS	1,064,709

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

ADDITIONS

Contributions:

City	32,286	
Total Contributions		32,286
Investment Income:		
Net Increase in Fair Value of Investments	61,162	
Interest & Dividends	30,702	
Less Investment Expense ¹	(6,865)	
Net Investment Income		84,999
Total Additions		117,285

DEDUCTIONS

Distributions to Members:

Benefit Payments	18,900	
Total Distributions		18,900
Administrative Expense		7,217
Total Deductions		26,117
Net Increase in Net Position		91,168

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		973,541
End of the Year		1,064,709

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

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

Plan Description

Plan Administration

The City of Melbourne General Employees' Pension Plan is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board consists of 5 Trustees, 2 of whom are legal residents of the City who are appointed by the City Council, 2 of whom are members of the System who are elected by a majority of the General Employees and Airport Security Officers who are members of the System and who vote in the election, and a fifth Trustee who is chosen by a majority of the first 4 Trustees.

All general employee members (except elected city officials) and all airport security officers who are employed on or after January 1, 1996, and prior to August 1, 2008, and who did not elect to become a member of the Florida Retirement System, shall remain members of this Plan. No new employees hired on or after August 1, 2008 shall become members of this system.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	1
	4
	4

Benefits Provided

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

Normal Retirement:

Date: Special Risk Class - Earlier of 1) age 55 and 6 years of service, or 2) 25 years of Credited Service, regardless of age.

Benefit: Special Risk Class - 3.0% of Average Final Compensation times Credited Service.

Early Retirement:

Date: 6 Years of Credited Service.

Benefit: Special Risk Class - Accrued benefit, reduced 3% for each of the first 5 years prior to Normal Retirement and 5% for each additional year thereafter.

Vesting:

Schedule: 100% after 6 years of Credited Service.

Benefit: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 8 years of Credited Service.

Benefit accrued to date of disability, but not less than 65% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Vested: Beneficiary receives an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity.

Non-Vested: Refund of member contributions, if any.

Cost of Living Adjustments:

Special Risk Class - beginning on the July 1 following 2 years of payments, the monthly amount is increased 3%. The increase is based on the June benefit, excluding any supplemental benefit.

Supplement:

Early and Normal Retirees receive a monthly benefit of \$5 for each year of Credited Service (minimum is \$30 and maximum is \$150).

Contributions

Member Contributions: None.

City Contributions: Amounts required in order to pay current costs and amortize unfunded past service cost, if any, over 40 years.

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	50%
International Equity	10%
Domestic Fixed Income	35%
Global Fixed Income	5%
Total	100%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2016, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 8.46 percent.

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

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: 1.3% annually.

The DROP balance as September 30, 2016 is \$0.

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	\$ 1,133,470
Plan Fiduciary Net Position	\$ (1,064,709)
Sponsor's Net Pension Liability	<u>\$ 68,761</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	<u>93.93%</u>

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	6.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

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

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

Females – 100% Annuitant White Collar.

Mortality Rate Disabled Lives:

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

Males – 100% Disabled Male with four year setback

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

The most recent actuarial experience study used to review the other significant assumptions was dated October 21, 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 2.50%.

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>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.5%
International Equity	8.5%
Domestic Fixed Income	2.5%
Global Fixed Income	3.5%

GASB 67

Discount Rate:

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Sponsor's Net Pension Liability	\$ 497,233	\$ 68,761	\$ (201,735)

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

	09/30/2016	09/30/2015	09/30/2014
Total Pension Liability			
Service Cost	22,024	56,954	47,919
Interest	91,869	82,160	72,693
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(281,383)	32,533	-
Changes of assumptions	20,015	136,013	-
Benefit Payments, including Refunds of Employee Contributions	(18,900)	(8,382)	(8,174)
Net Change in Total Pension Liability	(166,375)	299,278	112,438
Total Pension Liability - Beginning	1,299,845	1,000,567	888,129
Total Pension Liability - Ending (a)	<u>\$ 1,133,470</u>	<u>\$ 1,299,845</u>	<u>\$ 1,000,567</u>
Plan Fiduciary Net Position			
Contributions - Employer	32,286	47,458	90,530
Net Investment Income	84,999	(19,272)	100,040
Benefit Payments, including Refunds of Employee Contributions	(18,900)	(8,382)	(8,174)
Administrative Expense	(7,217)	(5,710)	(4,822)
Net Change in Plan Fiduciary Net Position	91,168	14,094	177,574
Plan Fiduciary Net Position - Beginning	973,541	959,447	781,873
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,064,709</u>	<u>\$ 973,541</u>	<u>\$ 959,447</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 68,761</u>	<u>\$ 326,304</u>	<u>\$ 41,120</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	93.93%	74.90%	95.89%
Covered Employee Payroll ¹	\$ 75,771	\$ 110,625	\$ 190,350
Net Pension Liability as a percentage of Covered Employee Payroll	90.75%	294.96%	21.60%

Notes to Schedule:

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

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.

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.

For the 09/30/2015 measurement date, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.80% to 7.00%.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	32,286	47,458	90,530
Contributions in relation to the Actuarially Determined Contributions	32,286	47,458	90,530
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 75,771	\$ 110,625	\$ 190,350
Contributions as a percentage of Covered Employee Payroll	42.61%	42.90%	47.56%

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

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: Entry Age Normal Actuarial Cost Method.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 16 Years.
 Mortality Rate: RP2000 Combined Healthy Mortality Table projected to valuation date using scale AA. Disabled lives set forward 5 years.
 Interest Rate: 7.8% per year compounded annually, net of investment expenses.
 Retirement Age: Earlier of 1) Age 55 and the completion of 6 years of service or 2) the completion of 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
 Early Retirement: Commencing with the earliest assumed early retirement date (completion of 6 years of service), members are assumed to terminate according to the withdrawal rates according to the table below.
 Disability Rates: See table below (1205).
 Termination Rates: See table below (1304).
 Salary Increases: 6.0% per year until the assumed retirement age.
 Payroll Growth Assumption: None.
 Cost-of-Living Adjustment: 3.0% per year beginning 2 years after retirement.
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:	% Becoming Disabled During the Year	% Terminating During the Year
Age		
20	0.14%	12.4%
30	0.18%	10.5%
40	0.30%	5.7%
50	1.00%	1.5%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	8.46%	-1.92%	11.79%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2017)

General Information about the Pension Plan

Plan Description

The City of Melbourne General Employees' Pension Plan is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board consists of 5 Trustees, 2 of whom are legal residents of the City who are appointed by the City Council, 2 of whom are members of the System who are elected by a majority of the General Employees and Airport Security Officers who are members of the System and who vote in the election, and a fifth Trustee who is chosen by a majority of the first 4 Trustees.

All general employee members (except elected city officials) and all airport security officers who are employed on or after January 1, 1996, and prior to August 1, 2008, and who did not elect to become a member of the Florida Retirement System, shall remain members of this Plan. No new employees hired on or after August 1, 2008 shall become members of this system.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	1
	<hr style="width: 100%;"/>
	4
	<hr style="width: 100%;"/>

Benefits Provided

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

Normal Retirement:

Date: Special Risk Class - Earlier of 1) age 55 and 6 years of service, or 2) 25 years of Credited Service, regardless of age.

Benefit: Special Risk Class - 3.0% of Average Final Compensation times Credited Service.

Early Retirement:

Date: 6 Years of Credited Service.

Benefit: Special Risk Class - Accrued benefit, reduced 3% for each of the first 5 years prior to Normal Retirement and 5% for each additional year thereafter.

Vesting:

Schedule: 100% after 6 years of Credited Service.

Benefit: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 8 years of Credited Service.

Benefit accrued to date of disability, but not less than 65% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Vested: Beneficiary receives an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity.

Non-Vested: Refund of member contributions, if any.

Cost of Living Adjustments:

Special Risk Class - beginning on the July 1 following 2 years of payments, the monthly amount is increased 3%. The increase is based on the June benefit, excluding any supplemental benefit.

Supplement:

Early and Normal Retirees receive a monthly benefit of \$5 for each year of Credited Service (minimum is \$30 and maximum is \$150).

Contributions

Member Contributions: None.

City Contributions: Amounts required in order to pay current costs and amortize unfunded past service cost, if any, over 40 years.

Net Pension Liability

The measurement date is September 30, 2016.

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

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

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

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

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	6.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

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

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

Females – 100% Annuitant White Collar.

Mortality Rate Disabled Lives:

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

Males – 100% Disabled Male with four year setback

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

The most recent actuarial experience study used to review the other significant assumptions was dated October 21, 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 2.50%.

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	50%	7.50%
International Equity	10%	8.50%
Domestic Fixed Income	35%	2.50%
Global Fixed Income	5%	3.50%
Total	<u>100%</u>	

GASB 68

Discount Rate:

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2016	\$ 1,299,845	\$ 973,541	\$ 326,304
Changes for a Year:			
Service Cost	22,024	-	22,024
Interest	91,869	-	91,869
Differences between Expected and Actual Experience	(281,383)	-	(281,383)
Changes of assumptions	20,015	-	20,015
Changes of benefit terms	-	-	-
Contributions - Employer	-	32,286	(32,286)
Net Investment Income	-	84,999	(84,999)
Benefit Payments, including Refunds of Employee Contributions	(18,900)	(18,900)	-
Administrative Expense	-	(7,217)	7,217
Net Changes	(166,375)	91,168	(257,543)
Reporting Period Ending September 30, 2017	\$ 1,133,470	\$ 1,064,709	\$ 68,761

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability	\$ 497,233	\$ 68,761	\$ (201,735)

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, 2017, the Sponsor will recognize a Pension Expense of -\$27,253.

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	16,266	140,692
Changes of assumptions	78,014	-
Net difference between Projected and Actual Earnings on Pension Plan investments	29,526	-
Employer contributions subsequent to the measurement date	TBD	
Total	TBD	\$ 140,692

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		\$	(79,999)
2019		\$	50,685
2020		\$	15,755
2021		\$	(3,327)
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	09/30/2015
Measurement Date	09/30/2016	09/30/2015	09/30/2014
Total Pension Liability			
Service Cost	22,024	56,954	47,919
Interest	91,869	82,160	72,693
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(281,383)	32,533	-
Changes of assumptions	20,015	136,013	-
Benefit Payments, including Refunds of Employee Contributions	(18,900)	(8,382)	(8,174)
Net Change in Total Pension Liability	(166,375)	299,278	112,438
Total Pension Liability - Beginning	1,299,845	1,000,567	888,129
Total Pension Liability - Ending (a)	<u>\$ 1,133,470</u>	<u>\$ 1,299,845</u>	<u>\$ 1,000,567</u>
Plan Fiduciary Net Position			
Contributions - Employer	32,286	47,458	90,530
Net Investment Income	84,999	(19,272)	100,040
Benefit Payments, including Refunds of Employee Contributions	(18,900)	(8,382)	(8,174)
Administrative Expense	(7,217)	(5,710)	(4,822)
Net Change in Plan Fiduciary Net Position	91,168	14,094	177,574
Plan Fiduciary Net Position - Beginning	973,541	959,447	781,873
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,064,709</u>	<u>\$ 973,541</u>	<u>\$ 959,447</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 68,761</u>	<u>\$ 326,304</u>	<u>\$ 41,120</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	93.93%	74.90%	95.89%
Covered Employee Payroll ¹	\$ 75,771	\$ 110,625	\$ 190,350
Net Pension Liability as a percentage of Covered Employee Payroll	90.75%	294.96%	21.60%

Notes to Schedule:

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

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.

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.

For the 09/30/2015 measurement date, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.80% to 7.00%.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	32,286	47,458	90,530
Contributions in relation to the Actuarially Determined Contributions	32,286	47,458	90,530
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 75,771	\$ 110,625	\$ 190,350
Contributions as a percentage of Covered Employee Payroll	42.61%	42.90%	47.56%

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

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:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	16 Years.
Mortality Rate:	RP2000 Combined Healthy Mortality Table projected to valuation date using scale AA. Disabled lives set forward 5 years.
Interest Rate:	7.8% per year compounded annually, net of investment expenses.
Retirement Age:	Earlier of 1) Age 55 and the completion of 6 years of service or 2) the completion of 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with the earliest assumed early retirement date (completion of 6 years of service), members are assumed to terminate according to the withdrawal rates according to the table below.
Disability Rates:	See table below (1205).
Termination Rates:	See table below (1304).
Salary Increases:	6.0% per year until the assumed retirement age.
Payroll Growth Assumption:	None.
Cost-of-Living Adjustment:	3.0% per year beginning 2 years after retirement.
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:	% Becoming	% Terminating
	Disabled During	During the
Age	the Year	Year
20	0.14%	12.4%
30	0.18%	10.5%
40	0.30%	5.7%
50	1.00%	1.5%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 41,120	\$ 28,824	\$ 47,458	\$ -
Employer Contributions made after September 30, 2015	-	-	32,286	-
Total Pension Liability Factors:				
Service Cost	56,954	-	-	56,954
Interest	82,160	-	-	82,160
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	32,533	-	32,533	-
Current year amortization of experience difference	-	-	(8,134)	8,134
Change in assumptions about future economic or demographic factors or other inputs	136,013	-	136,013	-
Current year amortization of change in assumptions	-	-	(34,004)	34,004
Benefit Payments	(8,382)	-	-	(8,382)
Net change	<u>299,278</u>	<u>-</u>	<u>158,694</u>	<u>172,870</u>
Plan Fiduciary Net Position:				
Contributions - Employer	47,458	-	(47,458)	-
Net Investment Income	76,138	-	-	(76,138)
Difference between projected and actual earnings on Pension Plan investments	(95,410)	-	95,410	-
Current year amortization	-	(7,206)	(19,082)	11,876
Benefit Payments	(8,382)	-	-	8,382
Administrative Expenses	(5,710)	-	-	5,710
Net change	<u>14,094</u>	<u>(7,206)</u>	<u>28,870</u>	<u>(50,170)</u>
Ending Balance	<u>\$ 326,304</u>	<u>\$ 21,618</u>	<u>\$ 235,022</u>	<u>\$ 122,700</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 326,304	\$ 21,618	\$ 235,022	\$ -
Employer Contributions made after September 30, 2016	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	22,024	-	-	22,024
Interest	91,869	-	-	91,869
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(281,383)	281,383	-	-
Current year amortization of experience difference	-	(140,691)	(8,133)	(132,558)
Change in assumptions about future economic or demographic factors or other inputs	20,015	-	20,015	-
Current year amortization of change in assumptions	-	-	(44,010)	44,010
Benefit Payments	(18,900)	-	-	(18,900)
Net change	<u>(166,375)</u>	<u>140,692</u>	<u>(32,128)</u>	<u>6,445</u>
Plan Fiduciary Net Position:				
Contributions - Employer	32,286	-	(32,286)	-
Net Investment Income	68,364	-	-	(68,364)
Difference between projected and actual earnings on Pension Plan investments	16,635	16,635	-	-
Current year amortization	-	(10,533)	(19,082)	8,549
Benefit Payments	(18,900)	-	-	18,900
Administrative Expenses	(7,217)	-	-	7,217
Net change	<u>91,168</u>	<u>6,102</u>	<u>(51,368)</u>	<u>(33,698)</u>
Ending Balance	<u>\$ 68,761</u>	<u>\$ 168,412</u>	<u>TBD</u>	<u>\$ (27,253)</u>

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

AMORTIZATION SCHEDULE - INVESTMENTS

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

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ (36,030)	5	\$ (7,206)	\$ (7,206)	\$ (7,206)	\$ (7,206)	\$ (7,206)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 95,410	5	\$ -	\$ 19,082	\$ 19,082	\$ 19,082	\$ 19,082	\$ 19,082	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (16,635)	5	\$ -	\$ -	\$ (3,327)	\$ (3,327)	\$ (3,327)	\$ (3,327)	\$ (3,327)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (7,206)	\$ 11,876	\$ 8,549	\$ 8,549	\$ 8,549	\$ 15,755	\$ (3,327)	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

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

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ -	4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 136,013	4	\$ -	\$ 34,004	\$ 34,003	\$ 34,003	\$ 34,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 20,015	2	\$ -	\$ -	\$ 10,007	\$ 10,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ 34,004	\$ 44,010	\$ 44,011	\$ 34,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Expected and Actual Experience	Recognition Period (Years)											
2014	\$ -	4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 32,533	4	\$ -	\$ 8,134	\$ 8,133	\$ 8,133	\$ 8,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (281,383)	2	\$ -	\$ -	\$ (140,691)	\$ (140,692)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ 8,134	\$ (132,558)	\$ (132,559)	\$ 8,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -