

February 17, 2016

Board of Trustees
Town of Longboat Key
501 Bay Isles Road
Longboat Key, FL 34228

RE: GASB Statement No. 67 and No. 68–Town of Longboat Key Firefighters’ Retirement System

Dear Board:

We are pleased to present to the Board a GASB Statement No. 67 and No. 68 measured as of September 30, 2015 for the Town of Longboat Key Firefighters’ Retirement System.

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

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year ending September 30th, 2015 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purposes are internally consistent, reasonable, and comply with the requirements under GASB No.67 and No.68.

Certain schedules should include a 10-year history of information. As provided for in GASB No. 67 and No.68, this historical information is only presented for the years in which the information was measured in conformity with the requirements of GASB No. 67. The historical information in this report will begin with the information presented for the fiscal year ending September 30th, 2013.

To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods.

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: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

DHL/lke
Enclosures

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Prepaid Benefits	128,744
Prepaid Expenses	821
Money Market	2,249,934
Cash	6,548
Total Cash and Equivalents	2,386,047
Receivables:	
From Broker for Investments Sold	6,842
Investment Income	42,628
Total Receivable	49,470
Investments:	
U. S. Bonds and Bills	1,684,676
Federal Agency Guaranteed Securities	2,042,310
Corporate Bonds	823,009
Stocks	9,469,071
Total Investments	14,019,066
Total Assets	16,454,583
<u>LIABILITIES</u>	
Payables:	
Administrative Expenses	2,673
To Broker for Investments Purchased	9,262
Total Liabilities	11,935
NET POSITION RESTRICTED FOR PENSIONS	16,442,648

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Market Value Basis

ADDITIONS

Contributions:

Town	2,906,549	
Total Contributions		2,906,549
Investment Income:		
Net Increase in Fair Value of Investments	(686,164)	
Interest & Dividends	309,879	
Less Investment Expense ¹	(131,069)	
Net Investment Income		(507,354)
Total Additions		2,399,195

DEDUCTIONS

Distributions to Members:

Benefit Payments	1,494,409	
Lump Sum DROP Distributions	121,277	
Refunds of Member Contributions	496	
Total Distributions		1,616,182
Administrative Expense		47,913
Total Deductions		1,664,095
Net Increase in Net Position		735,100

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		15,707,548
End of the Year		16,442,648

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

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2015)

Plan Description

Plan Administration

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

- a. Five Commission appointees, and
- b. Two Town Manager appointees.

Full-time certified Firefighters participate as a condition of employment. Members hired after September 30, 2013 do not participate in this System

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	36
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	6
Active Plan Members	10
	52

Benefits Provided

The below information is for historical reference only. Benefits are frozen as of September 30, 2013.

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

Normal Retirement:

Eligibility: Attainment of 1) age 60, 2) age 55 and the completion of 10 years of Credited Service or 3) the completion of 25 years of Credited Service, regardless of age.

Benefit: 3.5% of Average Final Compensation times Years of Credited Service. The accrued benefit is frozen as of September 30, 2013.

Early Retirement (removed with Ordinance 2013-13):

Eligibility: Age 45 and the completion of 15 years of Credited Service or Age 50 and the completion of 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Supplemental Benefit:

\$10.00 per month for each year of Credited Service, payable to age 65. Credited Service is frozen as of September 30, 2013 for determination of the Supplemental Benefit.

Vesting (Termination):

Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) or Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

<u>Years of Service</u>	<u>Percentage*</u>
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

* Members are 100% vested in their frozen accrued benefit as of September 30, 2013.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment. Non-Service Incurred: 10 years of Credited Service.

Benefit: 3.5% of Average Final Compensation times Credited Service (but not less than 42% of Average Final Compensation for Service Incurred). Average Final Compensation and Credited Service for purposes of determining the applicable minimum Disability Benefit are frozen as of September 30, 2013.

Cost-of-Living Adjustment:

Service Retirees receive a 3% annual increase in benefits commencing on the October 1 following the receipt of 5 years of benefit payments.

Death Benefit:

Vested or Eligible for Retirement: Monthly accrued benefit payable to designated beneficiary. The accrued benefit is frozen as of September 30, 2013.

Non-Vested: Refund of Member Contributions.

Contributions

Member Contributions: None (previously 10%)

Town Contributions: Amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years (per Chapter 112, Florida Statutes).

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
International Equity	15%
Fixed Income	35%
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, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -3.28 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. New DROP participants are not permitted after September 30, 2013.

Participation: Not to exceed 36 months.

Rate of Return: At the Member's election:

- a. Actual net rate of investment return credited each fiscal quarter, or
- b. A fixed rate money market account.

The DROP balance as September 30, 2015 is \$885,677.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 30,799,126
Plan Fiduciary Net Position	\$ (16,442,648)
Sponsor's Net Pension Liability	<u>\$ 14,356,478</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	53.39%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	None.
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate: RP-2000 (combined healthy with no projection). Disabled lives set forward 5 years. We believe this sufficiently accounts for future mortality improvements.

The significant assumptions are based upon the most recent actuarial experience study dated March 10th, 2008, for the period 1992-2006.

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.

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.80%
International Equity	7.70%
Fixed Income	2.30%

Discount Rate:

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

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

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Sponsor's Net Pension Liability	\$ 17,989,540	\$ 14,356,478	\$ 11,344,799

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	16,994	17,183	15,910
Interest	2,089,626	2,082,208	2,046,450
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	82,293	-	-
Changes of assumptions	1,573,612	1,446,265	-
Benefit Payments, including Refunds of Employee Contributions	(1,616,182)	(1,806,573)	(1,426,754)
Net Change in Total Pension Liability	2,146,343	1,739,083	635,606
Total Pension Liability - Beginning	28,652,783	26,913,700	26,278,094
Total Pension Liability - Ending (a)	<u>30,799,126</u>	<u>\$ 28,652,783</u>	<u>\$ 26,913,700</u>
Plan Fiduciary Net Position			
Contributions - Employer	2,906,549	1,526,725	1,542,566
Contributions - State	-	-	269,818
Contributions - Employee	-	-	259,097
Net Investment Income	(507,354)	1,384,179	1,401,812
Benefit Payments, including Refunds of Employee Contributions	(1,616,182)	(1,806,573)	(1,426,754)
Administrative Expense	(47,913)	(60,183)	(54,125)
Net Change in Plan Fiduciary Net Position	735,100	1,044,148	1,992,415
Plan Fiduciary Net Position - Beginning	15,707,548	14,663,400	12,670,985
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,442,648</u>	<u>\$ 15,707,548</u>	<u>\$ 14,663,400</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 14,356,478</u>	<u>\$ 12,945,234</u>	<u>\$ 12,250,300</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	53.39%	54.82%	54.48%
Covered Employee Payroll*	\$ 1,491,476	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	962.57%	N/A	N/A

Notes to Schedule:*Changes of assumptions:*

For the 2014 Fiscal year, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 8.00% to 7.50%.

For the 2015 Fiscal year, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.50% to 7.00%.

**The Covered Employee Payroll figures were not available. For the 2015 Fiscal year Pensionable Salary plus DROP has been reported instead.*

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	1,638,549	1,526,725	1,812,384
Contributions in relation to the Actuarially Determined Contributions	2,906,549	1,526,725	1,812,384
Contribution Deficiency (Excess)	<u>\$ (1,268,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll*	\$ 1,491,476	N/A	N/A
Contributions as a percentage of Covered Employee Payroll	194.88%	N/A	N/A

*The Covered Employee Payroll figures were not available. For the 2015 Fiscal year Pensionable Salary plus DROP has been reported instead.

Notes to Schedule

Valuation Date: 10/01/2013
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. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 29 Years (as of 10/01/2013).

Inflation: 3.0% per year.

Mortality: RP-2000 (combined healthy with no projection). Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disabled lives set forward 5 years.

Termination Rates: See table below (1304).

Disability Rates: See table below (1205). 75% of Disability Retirements are assumed to service-related.

Retirement Age: The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.

Interest Rate: 8% per year, compounded annually, net of investment-related expenses.

Salary Increases: None.

Early Retirement: None.

Cost of Living Adjustment: 3.0% per year, beginning 5 years after retirement.

Payroll Growth: None.

Asset Valuation Method: The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.

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

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return			
Net of Investment Expense	-3.28%	9.60%	10.62%

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

General Information about the Pension Plan

Plan Description

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

- a. Five Commission appointees, and
- b. Two Town Manager appointees.

Full-time certified Firefighters participate as a condition of employment. Members hired after September 30, 2013 do not participate in this System.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	36
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Active Plan Members	10
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The below information is for historical reference only. Benefits are frozen as of September 30, 2013.

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Normal Retirement:

Eligibility: Attainment of 1) age 60, 2) age 55 and the completion of 10 years of Credited Service or 3) the completion of 25 years of Credited Service, regardless of age.

Benefit: 3.5% of Average Final Compensation times Years of Credited Service. The accrued benefit is frozen as of September 30, 2013.

Early Retirement (removed with Ordinance 2013-13):

Eligibility: Age 45 and the completion of 15 years of Credited Service or Age 50 and the completion of 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Supplemental Benefit:

\$10.00 per month for each year of Credited Service, payable to age 65. Credited Service is frozen as of September 30, 2013 for determination of the Supplemental Benefit.

Vesting (Termination):

Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) of Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

Years of Service	Percentage*
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

* Members are 100% vested in their frozen accrued benefit as of September 30, 2013.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment. Non-Service Incurred: 10 years of Credited Service.

Benefit: 3.5% of Average Final Compensation times Credited Service (but not less than 42% of Average Final Compensation for Service Incurred). Average Final Compensation and Credited Service for purposes of determining the applicable minimum Disability Benefit are frozen as of September 30, 2013.

GASB 68

Cost-of-Living Adjustment:

Service Retirees receive a 3% annual increase in benefits commencing on the October 1 following the receipt of 5 years of benefit payments.

Death Benefit:

Vested or Eligible for Retirement: Monthly accrued benefit payable to designated beneficiary. The accrued benefit is frozen as of September 30, 2013.

Non-Vested: Refund of Member Contributions.

Contributions

Member Contributions: None (previously 10%)

Town Contributions: Amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years (per Chapter 112, Florida Statutes).

GASB 68

Net Pension Liability

The measurement date is September 30, 2015.

The measurement period for the pension expense was October 1, 2014 to September 30, 2015.

The reporting period is October 1, 2015 through September 30, 2016.

The Sponsor's Net Pension Liability was measured as of September 30, 2015.

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, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	None.
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate: RP-2000 (combined healthy with no projection). Disabled lives set forward 5 years. We believe this sufficiently accounts for future mortality improvements.

The significant assumptions are based upon the most recent actuarial experience study dated March 10th, 2008, for the period 1992-2006.

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.

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, 2015 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%	7.80%
International Equity	15%	7.70%
<u>Fixed Income</u>	<u>35%</u>	<u>2.30%</u>
Total	<u>100%</u>	

Discount Rate:

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2015	\$ 28,652,783	\$ 15,707,548	\$ 12,945,235
Changes for a Year:			
Service Cost	16,994	-	16,994
Interest	2,089,626	-	2,089,626
Differences between Expected and Actual Experience	82,293	-	82,293
Changes of assumptions	1,573,612	-	1,573,612
Changes of benefit terms	-	-	-
Contributions - Employer	-	2,906,549	(2,906,549)
Net Investment Income	-	(507,354)	507,354
Benefit Payments, including Refunds of Employee Contributions	(1,616,182)	(1,616,182)	-
Administrative Expense	-	(47,913)	47,913
Net Changes	2,146,343	735,100	1,411,243
Reporting Period Ending September 30, 2016	\$ 30,799,126	\$ 16,442,648	\$ 14,356,478

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	\$ 17,989,540	\$ 14,356,478	\$ 11,344,799

Pension Plan Fiduciary Net Position.

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

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

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$2,472,508.

On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	41,147	-
Changes of assumptions	786,806	-
Net difference between Projected and Actual Earnings on Pension Plan investments	1,250,783	-
Employer and State contributions subsequent to the measurement date	-	-
Total	\$ 2,078,736	\$ -

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

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

Year ended September 30:				
2017		\$	1,129,414	
2018		\$	301,460	
2019		\$	301,460	
2020		\$	346,402	
2021		\$	-	
Thereafter		\$	-	

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

Reporting Period Ending	09/30/2016	09/30/2015	09/30/2014
Measurement Date	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	16,994	17,183	15,910
Interest	2,089,626	2,082,208	2,046,450
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	82,293	-	-
Changes of assumptions	1,573,612	1,446,265	-
Benefit Payments, including Refunds of Employee Contributions	(1,616,182)	(1,806,573)	(1,426,754)
Net Change in Total Pension Liability	2,146,343	1,739,083	635,606
Total Pension Liability - Beginning	28,652,783	26,913,700	26,278,094
Total Pension Liability - Ending (a)	<u>\$ 30,799,126</u>	<u>\$ 28,652,783</u>	<u>\$ 26,913,700</u>
Plan Fiduciary Net Position			
Contributions - Employer	2,906,549	1,526,725	1,542,566
Contributions - State	-	-	269,818
Contributions - Employee	-	-	259,097
Net Investment Income	(507,354)	1,384,179	1,401,812
Benefit Payments, including Refunds of Employee Contributions	(1,616,182)	(1,806,573)	(1,426,754)
Administrative Expense	(47,913)	(60,183)	(54,125)
Net Change in Plan Fiduciary Net Position	735,100	1,044,148	1,992,415
Plan Fiduciary Net Position - Beginning	15,707,548	14,663,400	12,670,985
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,442,648</u>	<u>\$ 15,707,548</u>	<u>\$ 14,663,400</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 14,356,478</u>	<u>\$ 12,945,234</u>	<u>\$ 12,250,300</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	53.39%	54.82%	54.48%
Covered Employee Payroll*	\$ 1,491,476	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	962.57%	N/A	N/A

Notes to Schedule:*Changes of assumptions:*

For the 2015 Reporting Period Ending year, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 8.00% to 7.50%.

For the 2016 Reporting Period Ending year, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.50% to 7.00%.

**The Covered Employee Payroll figures were not available. For the 2016 Reporting Period Ending year Pensionable Salary plus DROP has been reported instead.*

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

Reporting Period Ending	09/30/2016	09/30/2015	09/30/2014
Measurement Date	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	1,638,549	1,526,725	1,812,384
Contributions in relation to the			
Actuarially Determined Contributions	2,906,549	1,526,725	1,812,384
Contribution Deficiency (Excess)	\$ (1,268,000)	\$ -	\$ -
Covered Employee Payroll*	\$ 1,491,476	N/A	N/A
Contributions as a percentage of			
Covered Employee Payroll	194.88%	N/A	N/A

**The Covered Employee Payroll figures were not available. For the 2016 Reporting Period Ending year Pensionable Salary plus DROP has been reported instead.*

Notes to Schedule

Valuation Date: 10/01/2013

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. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	29 Years (as of 10/01/2013).
Inflation:	3.0% per year.
Mortality:	RP-2000 (combined healthy with no projection). Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disabled lives set forward 5 years.
Termination Rates:	See table below (1304).
Disability Rates:	See table below (1205). 75% of Disability Retirements are assumed to service-related.
Retirement Age:	The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
Interest Rate:	8% per year, compounded annually, net of investment-related expenses.
Salary Increases:	None.
Early Retirement:	None.
Cost of Living Adjustment:	3.0% per year, beginning 5 years after retirement.
Payroll Growth:	None.
Asset Valuation Method:	The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.

Termination and Disability Rate Table:	% Terminating During the Year	% Becoming Disabled During the Year
Age		
20	12.40%	0.14%
30	10.50%	0.18%
40	5.70%	0.30%
50	1.50%	1.00%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 12,250,300	\$ -	\$ 1,526,725	\$ -
Employer and State Contributions made after 09/30/2014	-	-	2,906,549	-
Total Pension Liability Factors:				
Service Cost	17,183	-	-	17,183
Interest	2,082,208	-	-	2,082,208
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	-	-	-
Change in assumptions about future economic or demographic factors or other inputs	1,446,265	-	1,446,265	-
Current year amortization of change in assumptions	-	-	(1,033,046)	1,033,046
Benefit Payments	(1,806,573)	-	-	(1,806,573)
Net change	<u>1,739,083</u>	<u>-</u>	<u>3,319,768</u>	<u>1,325,864</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,526,725	-	(1,526,725)	-
Net Investment Income	1,159,470	-	-	(1,159,470)
Difference between projected and actual earnings on Pension Plan investments	224,709	224,709	-	-
Current year amortization	-	(44,941)	-	(44,941)
Benefit Payments	(1,806,573)	-	-	1,806,573
Administrative Expenses	(60,183)	-	-	60,183
Net change	<u>1,044,148</u>	<u>179,768</u>	<u>(1,526,725)</u>	<u>662,345</u>
Ending Balance	<u><u>\$ 12,945,235</u></u>	<u><u>\$ 179,768</u></u>	<u><u>\$ 3,319,768</u></u>	<u><u>\$ 1,988,209</u></u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 12,945,235	\$ 179,768	\$ 3,319,768	\$ -
Employer and State Contributions made after 09/30/2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	16,994	-	-	16,994
Interest	2,089,626	-	-	2,089,626
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	82,293	-	82,293	-
Current year amortization of experience difference	-	-	(41,146)	41,146
Change in assumptions about future economic or demographic factors or other inputs	1,573,612	-	1,573,612	-
Current year amortization of change in assumptions	-	-	(1,200,025)	1,200,025
Benefit Payments	(1,616,182)	-	-	(1,616,182)
Net change	<u>2,146,343</u>	<u>-</u>	<u>414,734</u>	<u>1,731,609</u>
Plan Fiduciary Net Position:				
Contributions - Employer	2,906,549	-	(2,906,549)	-
Net Investment Income	1,224,658	-	-	(1,224,658)
Difference between projected and actual earnings on Pension Plan investments	(1,732,012)	-	1,732,012	-
Current year amortization	-	(44,941)	(346,403)	301,462
Benefit Payments	(1,616,182)	-	-	1,616,182
Administrative Expenses	(47,913)	-	-	47,913
Net change	<u>735,100</u>	<u>(44,941)</u>	<u>(1,520,940)</u>	<u>740,899</u>
Ending Balance	<u>\$ 14,356,478</u>	<u>\$ 134,827</u>	<u>TBD</u>	<u>\$ 2,472,508</u>

* Employer and State Contributions subsequent to the measurement date made after September 30, 2015 but made on or before September 30, 2016 needs to be added.