

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 Police Officers’ 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 Police Officers’ 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/ike
Enclosures

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	417,605
Prepaid Expenses	821
Total Cash and Equivalents	418,426
Receivables:	
Investment Income	15,365
Total Receivable	15,365
Investments:	
U. S. Bonds and Bills	1,236,621
Corporate Bonds	782,827
Stocks	4,032,543
Total Investments	6,051,991
Total Assets	6,485,782
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	10,823
Administrative Expenses	1,993
Total Liabilities	12,816
NET POSITION RESTRICTED FOR PENSIONS	6,472,966

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

ADDITIONS

Contributions:

Town	621,921	
Total Contributions		621,921
Investment Income:		
Net Increase in Fair Value of Investments	(323,329)	
Interest & Dividends	124,132	
Less Investment Expense ¹	(47,455)	
Net Investment Income		(246,652)
Total Additions		375,269

DEDUCTIONS

Distributions to Members:

Benefit Payments	712,072	
Refunds of Member Contributions	5,885	
Total Distributions		717,957
Administrative Expense		42,386
Total Deductions		760,343
Net Increase in Net Position		(385,074)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	6,858,040
End of the Year	6,472,966

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.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	21
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	9
	30

Benefits Provided

The below information is for historical reference only. Benefits are frozen as of February 1, 2014.

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 January 31, 2014.

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 January 31, 2014 for determination of the Supplemental Benefit.

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.

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:

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 January 31, 2014.

Death Benefit:

Vested or Eligible for Retirement: Monthly accrued benefit payable to designated beneficiary. The accrued benefit is frozen as of January 31, 2014.

Non-Vested: Refund of Member Contributions.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred 10 years of Credited Service.

Benefit Amount: 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 January 31, 2014.

Contributions

Member Contributions: None (previously 10%).

Town Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in 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	55%
International Equity	10%
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 -3.67 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 36 months.

At 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 \$146,164.

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	\$ 11,856,522
Plan Fiduciary Net Position	\$ (6,472,966)
Sponsor's Net Pension Liability	<u>\$ 5,383,556</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	54.59%

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 feel this assumption sufficiently accommodates future mortality improvements.

The significant assumptions are based upon the most recent actuarial experience dated February 25th, 2008, for the period 1993-2006.

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	7.65%
International Equity	7.72%
Fixed Income	2.37%

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	\$ 6,692,727	\$ 5,383,556	\$ 4,287,164

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	28,625	6,496	6,043
Interest	812,505	823,074	835,385
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(4,365)	-	-
Changes of assumptions	570,366	-	-
Benefit Payments, including Refunds of Employee Contributions	(717,957)	(1,267,283)	(744,769)
Net Change in Total Pension Liability	689,174	(437,713)	96,659
Total Pension Liability - Beginning	11,167,348	11,605,061	11,508,403
Total Pension Liability - Ending (a)	<u>\$ 11,856,522</u>	<u>\$ 11,167,348</u>	<u>\$ 11,605,061</u>
Plan Fiduciary Net Position			
Contributions - Employer	621,921	552,573	824,909
Contributions - State	-	81,017	77,298
Contributions - Employee	-	35,601	100,547
Net Investment Income	(246,652)	662,893	785,731
Benefit Payments, including Refunds of Employee Contributions	(717,957)	(1,267,283)	(744,769)
Administrative Expense	(42,386)	(39,110)	(28,794)
Net Change in Plan Fiduciary Net Position	(385,074)	25,691	1,014,922
Plan Fiduciary Net Position - Beginning	6,858,040	6,832,349	5,817,427
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,472,966</u>	<u>\$ 6,858,040</u>	<u>\$ 6,832,349</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,383,556</u>	<u>\$ 4,309,308</u>	<u>\$ 4,772,713</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	54.59%	61.41%	58.87%
Covered Employee Payroll	\$ 603,217	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	892.47%	N/A	N/A

Notes to Schedule:

Changes of Assumptions:

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	621,921	633,590	902,207
Contributions in relation to the Actuarially Determined Contributions	621,921	633,590	902,207
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 603,217	N/A	N/A
Contributions as a percentage of Covered Employee Payroll	103.10%	N/A	N/A

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 Dollar.

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 (1304A).

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: 7.5% 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	9.2%	0.14%
30	7.3%	0.18%
40	3.5%	0.30%
50	0.8%	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	-3.67%	9.94%	13.20%

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

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 Police Officers participate as a condition of employment. Members hired after January 31, 2014 do not participate in this System.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	21
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	9
	30
	30

Benefits Provided

The below information is for historical reference only. Benefits are frozen as of February 1, 2014.

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 January 31, 2014.

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 January 31, 2014 for determination of the Supplemental Benefit.

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.

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:

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 January 31, 2014.

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Death Benefit:

Vested or Eligible for Retirement: Monthly accrued benefit payable to designated beneficiary. The accrued benefit is frozen as of January 31, 2014.

Non-Vested: Refund of Member Contributions.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred 10 years of Credited Service.

Benefit Amount: 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 January 31, 2014.

Contributions

Member Contributions: None (previously 10%).

Town Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in 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 September 30, 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 feel this assumption sufficiently accommodates future mortality improvements.

The significant assumptions are based upon the most recent actuarial experience dated February 25th, 2008, for the period 1993-2006.

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	55%	7.65%
International Equity	10%	7.72%
Fixed Income	35%	2.37%
Total	100%	

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	\$ 11,167,348	\$ 6,858,040	\$ 4,309,308
Changes for a Year:			
Service Cost	28,625	-	28,625
Interest	812,505	-	812,505
Differences between Expected and Actual Experience	(4,365)	-	(4,365)
Changes of assumptions	570,366	-	570,366
Changes of benefit terms	-	-	-
Contributions - Employer	-	621,921	(621,921)
Net Investment Income	-	(246,652)	246,652
Benefit Payments, including Refunds of Employee Contributions	(717,957)	(717,957)	-
Administrative Expense	-	(42,386)	42,386
Net Changes	689,174	(385,074)	1,074,248
Reporting Period Ending September 30, 2016	\$ 11,856,522	\$ 6,472,966	\$ 5,383,556

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	\$ 6,692,727	\$ 5,383,556	\$ 4,287,164

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 \$773,644.

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	-	2,183
Changes of assumptions	285,183	-
Net difference between Projected and Actual Earnings on Pension Plan investments	500,036	-
Employer and State contributions subsequent to the measurement date	-	-
Total	\$ 785,219	\$ 2,183

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	\$ 399,291
2018	\$ 116,291
2019	\$ 116,291
2020	\$ 151,163
2021	\$ -
Thereafter	\$ -

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

Reporting Period Ending Measurement Date	09/30/2016 09/30/2015	09/30/2015 09/30/2014	09/30/2014 09/30/2013
Total Pension Liability			
Service Cost	28,625	6,496	6,043
Interest	812,505	823,074	835,385
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(4,365)	-	-
Changes of assumptions	570,366	-	-
Benefit Payments, including Refunds of Employee Contributions	(717,957)	(1,267,283)	(744,769)
Net Change in Total Pension Liability	689,174	(437,713)	96,659
Total Pension Liability - Beginning	11,167,348	11,605,061	11,508,403
Total Pension Liability - Ending (a)	<u>\$ 11,856,522</u>	<u>\$ 11,167,348</u>	<u>\$ 11,605,061</u>
Plan Fiduciary Net Position			
Contributions - Employer	621,921	552,573	824,909
Contributions - State	-	81,017	77,298
Contributions - Employee	-	35,601	100,547
Net Investment Income	(246,652)	662,893	785,731
Benefit Payments, including Refunds of Employee Contributions	(717,957)	(1,267,283)	(744,769)
Administrative Expense	(42,386)	(39,110)	(28,794)
Net Change in Plan Fiduciary Net Position	(385,074)	25,691	1,014,922
Plan Fiduciary Net Position - Beginning	6,858,040	6,832,349	5,817,427
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,472,966</u>	<u>\$ 6,858,040</u>	<u>\$ 6,832,349</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,383,556</u>	<u>\$ 4,309,308</u>	<u>\$ 4,772,713</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	54.59%	61.41%	58.87%
Covered Employee Payroll	\$ 603,217	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	892.47%	N/A	N/A

Notes to Schedule:*Changes of Assumptions:*

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	621,921	633,590	902,207
Contributions in relation to the Actuarially Determined Contributions	621,921	633,590	902,207
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll*	\$ 603,217	N/A	N/A
Contributions as a percentage of Covered Employee Payroll	103.10%	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 Dollar.

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 (1304A).

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: 7.5% 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	9.20%	0.14%
30	7.30%	0.18%
40	3.50%	0.30%
50	0.80%	1.00%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 4,772,713	\$ -	\$ 633,590	\$ -
Employer and State Contributions made after 09/30/2014	-	-	621,921	-
Total Pension Liability Factors:				
Service Cost	6,496	-	-	6,496
Interest	823,074	-	-	823,074
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	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(1,267,283)	-	-	(1,267,283)
Net change	<u>(437,713)</u>	<u>-</u>	<u>621,921</u>	<u>(437,713)</u>
Plan Fiduciary Net Position:				
Contributions - Employer	552,573	-	(552,573)	-
Contributions - State	81,017	-	(81,017)	-
Contributions - Employee	35,601	-	-	(35,601)
Net Investment Income	488,531	-	-	(488,531)
Difference between projected and actual earnings on Pension Plan investments	174,362	174,362	-	-
Current year amortization	-	(34,873)	-	(34,873)
Benefit Payments	(1,267,283)	-	-	1,267,283
Administrative Expenses	(39,110)	-	-	39,110
Net change	<u>25,691</u>	<u>139,489</u>	<u>(633,590)</u>	<u>747,388</u>
Ending Balance	<u>\$ 4,309,309</u>	<u>\$ 139,489</u>	<u>\$ 621,921</u>	<u>\$ 309,675</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 4,309,308	\$ 139,489	\$ 621,921	\$ -
Employer and State Contributions made after 09/30/2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	28,625	-	-	28,625
Interest	812,505	-	-	812,505
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(4,365)	4,365	-	-
Current year amortization of experience difference	-	(2,182)	-	(2,182)
Change in assumptions about future economic or demographic factors or other inputs	570,366	-	570,366	-
Current year amortization of change in assumptions	-	-	(285,183)	285,183
Benefit Payments	(717,957)	-	-	(717,957)
Net change	<u>689,174</u>	<u>2,183</u>	<u>285,183</u>	<u>406,174</u>
Plan Fiduciary Net Position:				
Contributions - Employer	621,921	-	(621,921)	-
Net Investment Income	509,162	-	-	(509,162)
Difference between projected and actual earnings on Pension Plan investments	(755,814)	-	755,814	-
Current year amortization	-	(34,873)	(151,162)	116,289
Benefit Payments	(717,957)	-	-	717,957
Administrative Expenses	(42,386)	-	-	42,386
Net change	<u>(385,074)</u>	<u>(34,873)</u>	<u>(17,269)</u>	<u>367,470</u>
Ending Balance	<u>\$ 5,383,556</u>	<u>\$ 106,799</u>	<u>TBD</u>	<u>\$ 773,644</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.