

CITY OF CAPE CORAL
MUNICIPAL FIREFIGHTERS' RETIREMENT PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2016

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

February 24, 2017

VIA E-MAIL
CONFIDENTIAL

Ms. Ferrell Jenne, Plan Administrator
2503 Del Prado Blvd S
Suite 502
Cape Coral, FL 33904

Re: City of Cape Coral
Municipal Firefighters' Retirement Plan

Dear Ferrell:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Cape Coral Municipal Firefighters' Retirement 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 Chapters 112, and 175, 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 City and the Board of Trustees, financial reports prepared by the Plan's 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.

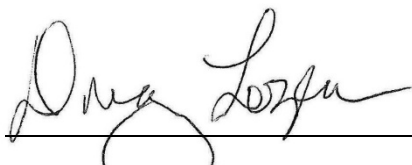
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Cape Coral, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Cape Coral Municipal Firefighters' Retirement 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:

A handwritten signature in black ink, appearing to read "Douglas H. Lozen", written over a horizontal line.

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

DHL/lke

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	<u>Introduction</u>	
	a. Summary of Report	5
	b. Changes Since Prior Report	7
	c. Comparative Summary of Principal Valuation Results	8
II	<u>Valuation Information</u>	
	a. Reconciliation of Unfunded Actuarial Accrued Liabilities	14
	b. Detailed Actuarial (Gain)/Loss Analysis	16
	c. Actuarial Assumptions and Methods	18
	d. Valuation Notes	20
	e. Partial History of Premium Tax Refunds	21
	f. Excess State Monies Reserve	22
III	Trust Fund	23
IV	<u>Member Statistics</u>	
	a. Statistical Data	29
	b. Age and Service Distribution	30
	c. Valuation Participant Reconciliation	31
V	Summary of Current Plan	32
VI	Governmental Accounting Standards Board Statements Disclosure Information	35

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Cape Coral Municipal Firefighters' Retirement Plan, performed as of October 1, 2016, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the City's plan/fiscal year ending September 30, 2018.

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

Valuation Date	10/1/2016	10/1/2015
Applicable Plan Year End	<u>9/30/2018</u>	<u>9/30/2017</u>
Total Required Contribution	\$13,062,098	\$11,526,613
Member Contributions (Est.)	1,565,723	1,511,319
City and State Required Contribution	11,496,375	10,015,294
State Contribution (est.) ¹	1,341,144	1,341,144
Balance from City ¹	\$10,155,231	\$8,674,150

¹ The amounts shown are estimates based on the State Monies received during calendar year 2016 and reflect the agreement that the City may use 50% of the State Monies in excess of \$1,314,942.15 as long as the funded ratio is below 80% to offset their required contribution (as of October 1, 2016 the Plan's funded ratio is 75.3%). The remaining 50% of the excess State Monies will be used to pay down the Unfunded Actuarial Accrued Liability. Please note that there was a Prepaid Contribution during the year of \$151,409.02 which may be used to fund the fiscal 2017 City's funding requirement.

Experience since the prior valuation has been less favorable than expected on the basis of the Plan's actuarial assumptions. The primary sources of favorable experience were attributable to an 8.25% investment return (Actuarial Asset Basis) that exceeded the 7.75% assumption and lower than expected salary increases. These gains were offset by the effect of no inactive mortality, much higher retirement and disability experience than anticipated and much lower termination experience than expected.


In addition to the unfavorable experience, the Total Required Contribution has increased since the prior valuation due to a couple of other factors. The biggest one is the change in the actuarial valuation assumptions, primarily driven by the mortality table change. The payroll growth assumption was also decreased from 2.46% to 1.41%, resulting in an increase in the payment required to amortize the UAAL.

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 in order to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Douglas H. Lozen, EA, MAAA

By: 
Christine M. O'Neal, FSA, EA, MAAA

Plan Changes Since Prior Valuation

There were no plan changes since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

The following assumptions were changed since the prior valuation:

- The mortality assumption was changed to the same rates for special risk employees as used by the Florida Retirement System (FRS) in their July 1, 2015 valuation as required by State Law.
- The interest rate was reduced from 7.75% down to 7.70%.
- To comply with Chapter 112 Florida Statutes, the payroll growth was limited to the ten year average rate of 1.41% (prior valuation used a 2.46% rate).

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
A. Participant Data			
Actives	169	169	167
Service Retirees	93	93	86
DROP Retirees	25	25	26
Beneficiaries	6	6	6
Disability Retirees	14	14	13
Terminated Vested	<u>7</u>	<u>7</u>	<u>7</u>
Total	314	314	305
Total Annual Payroll	\$14,024,903	\$14,024,903	\$13,534,325
Payroll Under Assumed Ret. Age	14,024,903	14,024,903	13,534,325
Annual Rate of Payments to:			
Service Retirees	6,251,848	6,251,848	5,636,488
DROP Retirees	1,634,344	1,634,344	1,686,588
Beneficiaries	170,606	170,606	166,982
Disability Retirees	722,767	722,767	654,549
Terminated Vested	57,213	57,213	46,874
B. Assets			
Actuarial Value (AVA) ¹	150,360,113	150,360,113	135,155,959
Market Value (MVA) ¹	147,951,778	147,951,778	130,916,796
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	79,735,703	77,181,618	76,801,716
Disability Benefits	1,661,141	1,831,338	1,721,600
Death Benefits	1,722,632	651,284	613,285
Vested Benefits	2,915,185	2,811,258	2,821,169
Refund of Contributions	375,853	376,836	288,287
Service Retirees	94,205,340	89,058,695	81,470,895
DROP Retirees ¹	41,674,423	40,539,730	36,327,581
Beneficiaries	1,965,334	1,815,923	1,821,194
Disability Retirees	9,984,983	9,668,841	8,623,376
Terminated Vested	534,944	521,341	447,436
Excess State Monies Reserve	<u>0</u>	<u>0</u>	<u>0</u>
Total	234,775,538	224,456,864	210,936,539

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	133,123,792	134,058,008	126,560,358
Present Value of Future Member Contributions	13,312,379	13,405,801	12,656,036
Normal Cost (Retirement)	3,672,470	3,558,999	3,488,311
Normal Cost (Disability)	150,370	165,303	156,811
Normal Cost (Death)	108,984	41,170	39,396
Normal Cost (Vesting)	248,448	239,903	233,417
Normal Cost (Refunds)	<u>50,189</u>	<u>50,251</u>	<u>37,467</u>
Total Normal Cost	4,230,461	4,055,626	3,955,402
Present Value of Future Normal Costs	35,192,784	33,835,244	32,354,633
Accrued Liability (Retirement)	48,534,341	46,846,905	47,786,607
Accrued Liability (Disability)	493,656	528,458	496,398
Accrued Liability (Death)	801,960	304,153	287,343
Accrued Liability (Vesting)	1,325,829	1,275,576	1,276,334
Accrued Liability (Refunds)	61,944	61,998	44,742
Accrued Liability (Inactives) ¹	148,365,024	141,604,530	128,690,482
Excess State Monies Reserve	<u>0</u>	<u>0</u>	<u>0</u>
Total Actuarial Accrued Liability (AL)	199,582,754	190,621,620	178,581,906
Unfunded Actuarial Accrued Liability (UAAL)	49,222,641	40,261,507	43,425,947
Funded Ratio (AVA / AL)	75.3%	78.9%	75.7%

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	148,365,024	141,604,530	128,690,482
Actives	23,971,027	22,633,493	25,115,731
Member Contributions	<u>8,721,289</u>	<u>8,721,289</u>	<u>8,271,245</u>
Total	181,057,340	172,959,312	162,077,458
Non-vested Accrued Benefits	<u>4,217,429</u>	<u>4,103,489</u>	<u>3,894,249</u>
Total Present Value			
Accrued Benefits (PVAB)	185,274,769	177,062,801	165,971,707
Funded Ratio (MVA / PVAB)	79.9%	83.6%	78.9%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	8,211,968	0	
New Accrued Benefits	0	5,665,702	
Benefits Paid	0	(7,159,967)	
Interest	0	12,585,359	
Other	<u>0</u>	<u>0</u>	
Total	8,211,968	11,091,094	

	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 ²	\$4,722,834	\$4,528,740	\$4,416,824
Administrative Expenses ²	170,750	170,791	183,256
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 26 years (as of 10/1/2016) ²	8,168,514	7,109,036	6,926,533
Total Required Contribution	13,062,098	11,808,567	11,526,613
Expected Member Contributions ²	1,565,723	1,566,100	1,511,319
Expected City and State Contribution	11,496,375	10,242,467	10,015,294

F. Past Contributions

Plan Years Ending:	<u>9/30/2016</u>
Total Required Contribution	10,961,024
City and State Requirement	9,655,384

Actual Contributions Made:

Members (excluding buyback)	1,305,640
City	8,273,063
State	1,314,942 ³
50% of Excess State over Frozen	<u>67,379</u>
Total	10,961,024

G. Net Actuarial (Gain)/Loss

550,020

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 displayed above have been adjusted to account for assumed salary increase and interest components.

³ Reflects traditional interpretation of Chapter 99-1, Laws of Florida.

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	49,222,641
2017	45,132,465
2018	40,636,964
2024	27,597,397
2030	10,361,720
2042	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	5.91%	7.50%
Year Ended	9/30/2015	6.47%	7.50%
Year Ended	9/30/2014	10.05%	7.50%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	8.25%	7.75%
Year Ended	9/30/2015	10.06%	7.75%
Year Ended	9/30/2014	9.62%	7.90%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	\$14,024,903
	10/1/2006	12,190,870
(b) Total Increase		15.04%
(c) Number of Years		10.00
(d) Average Annual Rate		1.41%

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.



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

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2015	\$43,425,947
(2)	Sponsor Normal Cost developed as of October 1, 2015	2,601,970
(3)	Expected administrative expenses for the year ended September 30, 2016	164,111
(4)	Expected interest on (1), (2) and (3)	3,573,523
(5)	Sponsor contributions to the System during the year ended September 30, 2016	9,655,384
(6)	Expected interest on (5)	331,302
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	39,778,865
(8)	Change to UAAL due to Assumption Change	8,961,134
(9)	Change to UAAL due to State Revenue	(67,378)
(10)	Change to UAAL due to Actuarial (Gain)/Loss	550,020
(11)	Unfunded Actuarial Accrued Liability as of October 1, 2016	49,222,641

	Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2016 <u>Amount</u>	Amortization <u>Amount</u>
		10/1/1987	1	\$18,979	\$18,979
		10/1/1991	5	803,202	180,532
		10/1/1999	13	500,618	53,879
		10/1/2001	15	207,518	20,386
		10/1/2004	18	354,040	31,258
(A)	Method Change	10/1/2005	19	8,706,632	746,401
	Prior Losses	10/1/2005	12	7,458,327	846,978
(B)	Benefit Change	10/1/2005	19	5,645,749	483,998
	Actuarial Loss	10/1/2006	12	1,626,639	184,723
	Actuarial Loss	10/1/2007	12	480,939	54,616
(C)	Benefit Change	10/1/2007	21	4,843,533	394,306
	Actuarial Loss	10/1/2008	2	1,425,938	734,415
(D)	Method Change	10/1/2008	12	2,619,847	297,513
	Actuarial Loss	10/1/2009	3	6,148,079	2,173,847
	Actuarial Loss	10/1/2010	4	863,077	235,619
(E)	Assump Change	10/1/2010	14	3,008,345	308,584
	Actuarial Loss	10/1/2011	5	3,940,975	885,793

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2016 <u>Amount</u>	Amortization <u>Amount</u>
(F) Benefit Change	10/1/2011	25	4,716	354
(G) Benefit Change	10/1/2011	25	(456,227)	(34,254)
Actuarial Gain	10/1/2012	6	(1,183,849)	(228,135)
(H) Assump Change	10/1/2012	16	1,783,898	168,531
(I) Benefit Change	10/1/2012	26	(6,517,562)	(481,321)
Actuarial Gain	10/1/2013	7	(2,394,456)	(406,792)
Actuarial Gain	10/1/2014	8	(280,092)	(42,812)
(J) Assump Change	10/1/2014	18	2,870,023	253,394
Actuarial Gain	10/1/2015	9	(2,700,023)	(377,081)
(K) Assump Change	10/1/2016	20	8,961,134	747,786
(L) State Revenue	10/1/2016	20	(67,378)	(5,623)
Actuarial Loss	10/1/2016	10	<u>550,020</u>	<u>71,042</u>
			49,222,641	7,316,916

- (A) The actuarial cost method was changed from the Frozen Entry Age Normal Cost Method to the Entry Age Normal Cost Method.
- (B) The benefit accrual rate was increased from 3.00% to 3.25% for all service.
- (C) There was an Early Retirement Incentive offered for Members whose age and service or any combination thereof, were within 4 years of Early or Normal Retirement on or before 12/31/2008.
- (D) An adjustment was made to the Actuarial Value of Assets pursuant to the Actuarial Standards of Practice Number 44.
- (E) The Mortality Assumption was changed from the 1983 GAM to the RP 2000 Combined Healthy Table.
- (F) The Member Contributions were increased from 7.00% to 10.00%, this base is amortized over level dollar.
- (G) The definition of Salary was amended to limit overtime to 300 hours and freeze the maximum number of sick and vacation hours on 2/7/2012 that may be included in pensionable earnings.
- (H) The investment return assumption was lowered from 8.00% to 7.90%.
- (I) A benefit cap of \$95,000 (as indexed) was added. The vesting percentage for all current Members is frozen as of the effective date and each Member will be 100% vested upon attaining 10 years of credited service.
- (J) The investment return assumption was lowered from 7.90% to 7.75%.
- (K) The Mortality Assumption was changed from the RP2000 Combined Healthy Table to the mortality table utilized in the July 1, 2015 FRS actuarial valuation for special risk lives. Additionally, the interest rate was reduced from 7.75% down to 7.70%.
- (L) Pursuant to an agreement between the City and Membership, 50% of the State Monies received in excess of \$1,314,942.15 was used to pay down the Unfunded Actuarial Accrued Liability.

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2015	\$43,425,947
(2) Expected UAAL as of October 1, 2016	39,778,865
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(685,399)
Salary Increases	(752,458)
Active Decrements	1,461,724
Inactive Mortality	479,013
Other	<u>47,140</u>
Increase in UAAL due to (Gain)/Loss	550,020
Assumption Changes	8,961,134
State Revenue	(67,378)
(4) Actual UAAL as of October 1, 2016	\$49,222,641

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality

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 assumption 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. We feel this assumption sufficiently accommodates future mortality improvements.

Interest Rate

7.70% per year compounded annually, net of investment related expenses (prior year 7.75%). We will continue to monitor this assumption against the expected asset allocation and future returns by asset class.

Retirement Age

Earlier of Age 50 (Age 52 and 10 years of service for Members hired after June 15, 2014) or the completion of 25 years of service. 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 at eligibility for Early Retirement (age 40 with 10 years of service), Members are assumed to retire with an immediate benefit at the rate of 2.00% per year. We feel this assumption is reasonable based on the plan provisions.

Disability

See table on following page (1202). It is assumed that 75% of Disability Retirements are service-related. This assumption was developed from those used by other plans containing Florida municipal Firefighters.

Termination

See table on following page (1302). This assumption was developed from those used by other plans containing Florida municipal Firefighters.

Benefit Cap Index

1.00% per year beginning 2018.

Asset Smoothing Methodology

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 an insignificant bias that is above or below the Market Value of Assets.

Administrative Expenses

\$152,949. This is equal to the non-investment-related expenses from the prior year.

Salary Increases

7.50% per year. This assumption is consistent with long term Plan experience.

Final Year Salary Load

Years of Credited Service as of February 7, 2012	Assumption
0	No Load
Less than 10 years	5.00%
10 or more years	10.00%

Payroll Growth

1.41% per year (prior year 2.46%).

Funding Method

Entry Age Normal Actuarial Cost Method. The following loads are applied for determination of the Sponsor funding requirement:

Interest – A half year, based on the current 7.70% assumption.

Salary – A full year, based on the current 7.50% assumption.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 50</u>
20	6.00%	0.051%	11.42%
30	5.00	0.058	23.54
40	2.60	0.121	48.52
50	0.80	0.429	100.00

VALUATION NOTES

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

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

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

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

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

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1993	167,562.37	_____%
1994	186,806.88	11.5%
1995	222,551.06	19.1%
1996	262,494.07	17.9%
1997	328,887.42	25.3%
1998	345,194.91	5.0%
1999	350,545.71	1.6%
2000	383,281.49	9.3%
2001	405,008.50	5.7%
2002	437,437.53	8.0%
2003	483,357.63	10.5%
2004	569,190.88	17.8%
2005	687,911.41	20.9%
2006	828,338.69	20.4%
2007	968,983.28	17.0%
2008	1,870,898.98	93.1%
2009	1,838,133.99	-1.8%
2010	1,475,659.03	-19.7%
2011	1,535,043.31	4.0%
2012	1,466,119.18	-4.5%
2013	1,529,756.43	4.3%
2014	1,521,431.85	-0.5%
2015	1,306,967.57	-14.1%
2016	1,449,699.07	10.9%

EXCESS STATE MONIES RESERVE

	Regular Distribution			Special Distribution		
	<u>Actual</u> <u>State Contribution</u>	<u>Applicable</u> <u>"Frozen" Amount</u>	<u>Excess State</u> <u>Monies Reserve</u>	<u>Actual</u> <u>State Contribution</u>	<u>Applicable</u> <u>"Frozen" Amount</u>	<u>Excess State</u> <u>Monies Reserve</u>
1998	\$344,801.15	1	1	\$0.00	1	1
1999	350,545.71	1	1	0.00	1	1
2000	383,281.49	1	1	0.00	1	1
2001	397,346.45	1	1	7,662.05	1	1
2002	423,665.51	1	1	13,772.02	1	1
2003	439,500.35	648,112.87	0.00	43,857.28	43,857.28	0.00
2004	487,132.30	729,851.57	0.00	82,058.58	82,058.58	0.00
2005	563,521.33	687,520.07	0.00	124,390.08	124,390.08	0.00
2006	671,917.00	1,158,520.46	0.00	156,421.69	156,421.69	0.00
2007	764,165.33	1,110,124.20	0.00	204,817.95	204,817.95	0.00
2008	1,307,967.11	752,010.28	555,956.83	562,931.87	562,931.87	0.00
2009	1,388,301.60	865,109.76	523,191.84	449,832.39	449,832.39	0.00
2010	1,321,790.40	1,161,073.52	160,716.88	153,868.63	153,868.63	0.00
2011	1,415,186.27	1,195,085.11	220,101.16	119,857.04	119,857.04	0.00
2012	1,411,568.68	1,260,391.65	151,177.03	54,550.50	54,550.50	0.00
2013	1,477,712.31	1,262,898.03	214,814.28	52,044.12	52,044.12	0.00
2014	1,474,247.82	1,267,758.12	206,489.70	47,184.03	47,184.03	0.00
2015	1,241,146.07	1,249,120.65	0.00	65,821.50	65,821.50	0.00
2016	1,327,842.75	1,193,085.83	<u>134,756.92</u>	121,856.32	121,856.32	<u>0.00</u>
			2,167,204.64			0.00
Accumulated Regular Excess			2,167,204.64			
Accumulated Special Excess			<u>0.00</u>			
Total Excess State Monies			2,167,204.64			
Less Amount Used for Required Contribution			(1,825,958.02)			
Less Amount Used to Offset City's Contribution			(170,623.31)			
Less Amount Used to Offset UAAL			<u>(170,623.31)</u>			
Equals Current State Monies Reserve			\$0.00			

¹ Accumulated Excess State Monies Reserve Prior to 2003 (\$197,068.63) Used to Fund Improvement in Ordinance No. 82-03.

² Frozen under traditional interpretation of 99-1, Florida Statutes.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	5,803,074.18	5,803,074.18
Prepaid Expenses	5,856.00	5,856.00
Cash	87.58	87.58
Total Cash and Equivalents	5,809,017.76	5,809,017.76
Receivables:		
From Broker for Investments Sold	422,685.34	422,685.34
Investment Income	183,652.40	183,652.40
Total Receivable	606,337.74	606,337.74
Investments:		
U. S. Bonds and Bills	12,668,702.07	12,987,779.88
Federal Agency Guaranteed Securities	5,551,588.66	5,556,273.70
Corporate Bonds	12,875,575.78	13,054,858.84
Municipal Obligations	121,014.65	151,977.60
Certificates of Deposits	170,000.00	168,130.00
Stocks	47,109,246.35	51,341,834.56
Mutual Funds:		
Fixed Income	0.04	0.04
Equity	29,581,344.74	30,923,599.78
Pooled/Common/Commingled Funds:		
Equity	10,000,000.00	12,730,287.60
Real Estate	13,944,827.43	15,971,273.95
Total Investments	132,022,299.72	142,886,015.95
Total Assets	138,437,655.22	149,301,371.45
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	118,533.96	118,533.96
Administrative Expenses	1,419.49	1,419.49
To Broker for Investments Purchased	1,077,896.84	1,077,896.84
Prepaid Member Contribution	334.60	334.60
Prepaid City Contribution	151,409.02	151,409.02
Total Liabilities	1,349,593.91	1,349,593.91
NET POSITION RESTRICTED FOR PENSIONS	137,088,061.31	147,951,777.54

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

ADDITIONS

Contributions:

Member	1,305,640.00
Buy-Back	179,583.00
City	8,273,063.39
State	1,449,699.07

Total Contributions	11,207,985.46
---------------------	---------------

Investment Income:

Net Realized Gain (Loss)	1,651,817.93	
Unrealized Gain (Loss)	8,538,663.87	
Net Increase in Fair Value of Investments	10,190,481.80	
Interest & Dividends	3,403,985.38	
Less Investment Expense ¹	(454,554.12)	

Net Investment Income	13,139,913.06
-----------------------	---------------

Total Additions	24,347,898.52
-----------------	---------------

DEDUCTIONS

Distributions to Members:

Benefit Payments	6,686,285.31
Lump Sum DROP Distributions	422,500.00
Refunds of Member Contributions	51,181.95

Total Distributions	7,159,967.26
---------------------	--------------

Administrative Expense	152,949.25
------------------------	------------

Total Deductions	7,312,916.51
------------------	--------------

Net Increase in Net Position	17,034,982.01
------------------------------	---------------

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	130,916,795.53
-----------------------	----------------

End of the Year	147,951,777.54
-----------------	----------------

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

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2016

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	14.44%	
09/30/2014	9.48%	
09/30/2015	-0.36%	
09/30/2016	9.99%	
Annualized Rate of Return for prior four (4) years:		8.25%
(A) 10/01/2015 Actuarial Assets:		\$135,155,958.52
(I) Net Investment Income:		
1. Interest and Dividends	3,403,985.38	
2. Realized Gains (Losses)	1,651,817.93	
3. Change in Actuarial Value	6,707,835.85	
4. Investment Related Expenses	(454,554.12)	
Total		11,309,085.04
(B) 10/01/2016 Actuarial Assets:		\$150,360,112.51
Actuarial Asset Rate of Return = 2I/(A+B-I):		8.25%
10/01/2016 Limited Actuarial Assets:		\$150,360,112.51
10/01/2016 Market Value of Assets:		\$147,951,777.54
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$685,399.09

¹ Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	1,305,640.00	
Buy-Back	179,583.00	
City	8,273,063.39	
State	1,449,699.07	
Total Contributions		11,207,985.46
Earnings from Investments:		
Interest & Dividends	3,403,985.38	
Net Realized Gain (Loss)	1,651,817.93	
Change in Actuarial Value	6,707,835.85	
Total Earnings and Investment Gains		11,763,639.16
Other		0.00

EXPENDITURES

Distributions to Members:		
Benefit Payments	6,686,285.31	
Lump Sum DROP Distributions	422,500.00	
Refunds of Member Contributions	51,181.95	
Total Distributions		7,159,967.26
Expenses:		
Investment related ¹	454,554.12	
Administrative	152,949.25	
Total Expenses		607,503.37
Change in Net Assets for the Year		15,204,153.99
Net Assets Beginning of the Year		135,155,958.52
Net Assets End of the Year ²		150,360,112.51

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

² Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2015 to September 30, 2016

Beginning of the Year Balance	9,270,501.03
Plus Additions	4,194,227.18
Investment Return Earned	869,246.08
Less Distributions	(422,500.00)
End of the Year Balance	13,911,474.29

Notes:

- (1) Normal Form assumed for four members
- (2) Investment Income for four members will be reported in plan year ending September 30, 2017

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

(1) Required City and State Contributions	\$9,655,384.00
(2) Less Allowable State Contribution	(1,314,942.15)
(3) Less 50% of State Money In Excess of Frozen	<u>(67,378.46)</u>
(4) Required City Contribution for Fiscal 2016	8,273,063.39
(5) Less 2015 Prepaid Contribution	0.00
(6) Less Actual City Contributions	<u>(8,424,472.41)</u>
(7) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2016	(151,409.02)

STATISTICAL DATA ¹

	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>
<u>Actives</u>				
Number	165	163	167	169
Average Current Age	37.7	36.7	36.0	36.1
Average Age at Employment	26.6	26.8	27.0	27.2
Average Past Service	11.1	9.9	9.0	8.9
Average Annual Salary	\$76,683	\$82,270	\$81,044	\$82,988
<u>Service Retirees</u>				
Number		79	86	93
Average Current Age		57.2	58.0	58.8
Average Annual Benefit		\$65,326	\$65,541	\$67,224
<u>DROP Retirees</u>				
Number		21	26	25
Average Current Age		52.8	52.1	51.1
Average Annual Benefit		\$52,404	\$64,869	\$65,374
<u>Beneficiaries</u>				
Number		6	6	6
Average Current Age		55.5	56.5	57.5
Average Annual Benefit		\$27,244	\$27,830	\$28,434
<u>Disability Retirees</u>				
Number		13	13	14
Average Current Age		58.2	59.2	58.1
Average Annual Benefit		\$48,857	\$50,350	\$51,626
<u>Terminated Vested</u>				
Number		5	7	7
Average Current Age ²		39.0	40.0	37.9
Average Annual Benefit ²		\$46,874	\$46,874	\$28,607

¹ Prior to 10/1/2014, averages were salary weighted.

² The Average Annual Benefit excludes participants awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	4	2	0	0	1	0	0	0	0	0	0	7
25 - 29	3	7	3	2	3	5	0	0	0	0	0	23
30 - 34	Money]	4	1	4	1	29	9	0	0	0	0	48
35 - 39	3	1	0	0	1	16	21	1	0	0	0	43
40 - 44	0	1	0	0	1	6	5	4	1	0	0	18
45 - 49	0	0	0	0	0	0	9	5	4	1	0	19
50 - 54	0	1	0	0	0	0	2	2	1	0	0	6
55 - 59	0	1	0	0	0	1	0	1	0	0	0	3
60 - 64	0	0	0	0	0	1	0	0	0	0	0	1
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	10	17	4	6	7	58	46	13	6	1	0	168

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2015	167
b. Terminations	
i. Vested (partial or full) with deferred benefits	(1)
ii. Non-vested or full lump sum distribution received	(1)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	(1)
e. Retired	(1)
f. DROP Less 50% of State Money In Excess of Frozen	<u>(5)</u>
g. Continuing participants	158
h. New entrants	<u>11</u>
i. Total active life participants in valuation	169

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 Deferred	<u>Total</u>
a. Number prior valuation	86	26	6	13	7	138
Retired	7	(6)	0	0	0	1
DROP	0	5	0	0	0	5
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	1	0	1
Refund of Contributions	0	0	0	0	(1)	(1)
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	93	25	6	14	7	145

SUMMARY OF CURRENT PLAN
(Through Ordinance 16-14)

<u>Latest Amendment</u>	June 9, 2014.
<u>Eligibility</u>	Full-time firefighters participate as a condition of employment.
<u>Salary</u>	Total compensation reportable on form W-2, plus tax deferred, tax sheltered, and tax exempt items of income. Effective February 7, 2012, Salary shall not include overtime pay in excess of 300 hours per calendar year. Additionally, lump sum payments of unused sick and vacation pay shall not utilize hours in excess of those accrued as of February 7, 2012.
<u>Average Final Compensation</u>	One twelfth of the average of the 5 highest years of Salary during the final 10 years of service.
<u>Credited Service</u>	Years and fractional parts of years of service with the City as a Firefighter (with Member contributions when required).
<u>Member Contributions</u>	
Amount	10.00% of Salary.
Interest	3.50% per year through 10/1/1991 and 0.00% thereafter.
<u>Normal Retirement</u>	
Date	The earlier of: 1) age 50 (age 52 and 10 Years of service for Members hired after June 15, 2014, or 2) the completion of 25 years of Credited Service, regardless of age.
Benefit	3.25% of Average Final Compensation times Credited Service subject to a maximum of \$7,916.67, as indexed.
Form of Benefit	10 Year Certain and Life Annuity (options available).
Cost-of-Living Adjustment	Beginning on the first (third for Members hired after June 15, 2014) October 1 following one complete year of receiving retirement income, the benefit is increased annually by 3.00%.

Early Retirement

Date	Age 40 and completion of 10 years of Credited Service.
Benefit	Determined as for Normal Retirement and actuarially reduced.
Form of Benefit	10 Year Certain and Life Annuity subject to cost-of-living adjustments described above.

Disability Benefit

Eligibility	Total and permanent as determined by the Board (medical proof required).
Benefit	Percentage of Average Final Compensation in effect at the time of disability determined in accordance with the following schedule:

<u>Years of Service</u>	<u>Service Incurred</u>	<u>Non-Service Incurred</u>
Less Than 5	66 2/3%	25%
5 to 10	66 2/3%	50%
10 or More	66 2/3%	66 2/3%

Duration	Payable for life and 10 years certain, or until recovery (as determined by the Board; optional forms of income are available).
Cost-of-Living Adjustment	Beginning on the first (third for Members hired after June 15, 2014) October 1 following one complete year of receiving retirement income, the benefit is increased annually by 3.00%.

Death Benefit

Pre-Retirement	Actuarial equivalent of participant's accrued benefit payable to designated beneficiary as a Ten Year Certain and Life Annuity or on such other basis as approved by the Board.
Post-Retirement	According to optional form of benefit selected.

Termination of Employment

<u>Vesting Schedule</u>	<u>Years of Service</u>	<u>Vested Percent</u>
	Less Than 5	0
	5	50
	6	60
	7	70
	8	80
	9	90
	10 or More	100

As of June 16, 2014, the vesting percentage is frozen and will be 100% upon completion of 10 years of service.

Benefit

Less than 5 years

Refund of Member Contributions.

5 or more

Refund of Contributions or Vested Accrued benefit payable at retirement age.

Death Prior to Benefit
Commencement

Beneficiary will receive the actuarial equivalent of the participant's monthly retirement income on a Ten Year Certain and Life basis.

Deferred Retirement Option Plan

Eligibility

Satisfaction of Normal Retirement requirements (earlier of (1) Age 50, or (2) 25 years of Credited Service).

Participation

Not to exceed 60 months.

Rate of Return

At Member's election:

1) 6.50% annual rate or

2) Actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs) credited each fiscal quarter.

The Member may elect to change form of returns 2 times each 12 month period of DROP participation.

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:	
Short Term Investments	5,803,074
Prepaid Expenses	5,856
Cash	88
Total Cash and Equivalents	5,809,018
Receivables:	
From Broker for Investments Sold	422,685
Investment Income	183,652
Total Receivable	606,337
Investments:	
U. S. Bonds and Bills	12,987,780
Federal Agency Guaranteed Securities	5,556,274
Corporate Bonds	13,054,859
Municipal Obligations	151,977
Certificates of Deposits	168,130
Stocks	51,341,834
Mutual Funds:	
Equity	30,923,600
Pooled/Common/Commingled Funds:	
Equity	12,730,288
Real Estate	15,971,274
Total Investments	142,886,016
Total Assets	149,301,371
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	118,534
Administrative Expenses	1,419
To Broker for Investments Purchased	1,077,897
Total Liabilities	1,197,850
NET POSITION RESTRICTED FOR PENSIONS	148,103,521

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

ADDITIONS

Contributions:

Member	1,292,651	
Buy-Back	179,583	
City	8,424,472	
State	1,449,699	
Total Contributions		11,346,405
Investment Income:		
Net Increase in Fair Value of Investments	10,190,482	
Interest & Dividends	3,403,985	
Less Investment Expense ¹	(454,554)	
Net Investment Income		13,139,913
Total Additions		24,486,318

DEDUCTIONS

Distributions to Members:

Benefit Payments	6,686,285	
Lump Sum DROP Distributions	422,500	
Refunds of Member Contributions	51,182	
Total Distributions		7,159,967
Administrative Expense		152,949
Total Deductions		7,312,916
Net Increase in Net Position		17,173,402
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		130,930,119
End of the Year		148,103,521

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 Cape Coral Municipal Firefighters' Retirement Plan is a single-employer defined benefit pension plan. The Retirement Plan is administered by a Board of Trustees which is responsible for overseeing the investment of Pension Plan assets and application of the provisions of the Plan. The Board has authority over distribution of all pensions and makes final decisions on claims and appeals. The Board consists of five Trustees, two legal residents of the City appointed by the City Commission, two full-time firefighters elected by Pension Plan Members and a Trustee chosen by the majority of the other four Trustees.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	131
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	7
Active Plan Members	167
	305

Benefits Provided

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

Normal Retirement:

Date: The earlier of: 1) age 50 (age 52 and 10 Years of service for Members hired after June 15, 2014, or 2) the completion of 25 years of Credited Service, regardless of age.

Benefit: 3.25% of Average Final Compensation times Credited Service subject to a maximum of \$7,916.67 as indexed.

Cost-of-Living Adjustment: Beginning on the first (third for Members hired after June 15, 2014) October 1 following one complete year of receiving retirement income, the benefit is increased annually by 3.00%.

Early Retirement:

Date: Age 40 and completion of 10 years of Credited Service.

Benefit: Determined as for Normal Retirement and actuarially reduced.

Disability:

Eligibility: Total and permanent as determined by the Board (medical proof required).

Benefit: Percentage of Average Final Compensation in effect at the time of disability determined in accordance with the following schedule:

<u>Years of Service</u>	<u>Service Incurred</u>	<u>Non-Service Incurred</u>
Less Than 5	66 2/3%	25%
5 to 10	66 2/3%	50%
10 or More	66 2/3%	66 2/3%

Cost-of-Living Adjustment: Beginning on the first (third for Members hired after June 15, 2014) October 1 following one complete year of receiving retirement income, the benefit is increased annually by 3.00%.

Pre-Retirement Death Benefits:

Actuarial equivalent of participant's accrued benefit payable to designated beneficiary as a Ten Year Certain and Life Annuity or on such other basis as approved by the Board.

Termination of Employment:

<u>Vesting Schedule:</u>	<u>Years of Service</u>	<u>Vested Percentage</u>
	Less Than 5	0
	5	50
	6	60
	7	70
	8	80
	9	90
	10 or More	100

As of June 16, 2014 the vesting percentage is frozen and will be 100% upon completion of 10 years of service.

Benefit: Less than 5 years: Refund of Member Contributions.

5 or more: Refund of Contributions or Vested Accrued benefit payable at retirement age.

Death Prior to Benefit Commencement: Beneficiary will receive the actuarial equivalent of the participant's monthly retirement income on a Ten Year Certain and Life basis.

Contributions

Member: 10.00% of Salary. Interest, 3.5% per year through 10/01/1991 and 0.00% thereafter.

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

InvestmentsInvestment Policy:

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

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap Equity	35%
US Small / Mid Cap Equity	10%
International Equity	15%
U.S Direct Real Estate	10%
Absolute Return	10%
US Aggregate Bond	20%
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 9.99 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 (earlier of (1) Age 50, or (2) 25 years of Credited Service).

Participation: Not to exceed 60 months.

Rate of Return: At Member's election:

- 1.) 6.50% annual rate or
- 2.) Actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs) credited each fiscal quarter.

The Member may elect to change form of returns 2 times each 12 month period of DROP participation.

The DROP balance as September 30, 2016 is \$13,911,474.

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	\$ 196,822,130
Plan Fiduciary Net Position	\$ (148,103,521)
Sponsor's Net Pension Liability	<u>\$ 48,718,609</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	75.25%

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	2.25%
Salary Increases	7.50%
Discount Rate	7.70%
Investment Rate of Return	7.70%

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated May 1, 2012.

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 2.25%.

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

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

Asset Class	Long Term Expected Real Rate of Return
US Large Cap Equity	6.00%
US Small / Mid Cap Equity	6.50%
International Equity	6.25%
U.S Direct Real Estate	5.25%
Absolute Return	3.25%
US Aggregate Bond	2.00%

GASB 67

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.70 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
	6.70%	7.70%	8.70%
Sponsor's Net Pension Liability	\$ 75,236,323	\$ 48,718,609	\$ 27,284,232

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2016	09/30/2015
Total Pension Liability		
Service Cost	4,009,132	4,102,490
Interest	13,798,633	12,898,695
Change in Excess State Money	-	-
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(260,997)	1,438,736
Changes of assumptions	8,638,016	-
Contributions - Buy Back	179,583	33,685
Benefit Payments, including Refunds of Employee Contributions	(7,159,967)	(6,376,309)
Net Change in Total Pension Liability	19,204,400	12,097,297
Total Pension Liability - Beginning	177,617,730	165,520,433
Total Pension Liability - Ending (a)	<u>\$196,822,130</u>	<u>\$177,617,730</u>
Plan Fiduciary Net Position		
Contributions - Employer	8,424,472	7,706,894
Contributions - State	1,449,699	1,306,968
Contributions - Employee	1,292,651	1,338,752
Contributions - Buy Back	179,583	33,685
Net Investment Income	13,139,913	(460,924)
Benefit Payments, including Refunds of Employee Contributions	(7,159,967)	(6,376,309)
Administrative Expense	(152,949)	(164,111)
Net Change in Plan Fiduciary Net Position	17,173,402	3,384,955
Plan Fiduciary Net Position - Beginning	130,930,119	127,545,164
Plan Fiduciary Net Position - Ending (b)	<u>\$148,103,521</u>	<u>\$130,930,119</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 48,718,609</u>	<u>\$ 46,687,611</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.25%	73.71%
Covered Employee Payroll ¹	\$ 13,056,409	\$ 14,588,691
Net Pension Liability as a percentage of Covered Employee Payroll	373.14%	320.03%

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 in Excess State Money:

The Excess State Monies Reserve as of 09/30/2013 will be available to the City to offset the Fiscal 2014 contributions.

- For valuation dates on and after October 1, 2013 and until such time that the Retirement Plan reaches 80% funded (based on the ratio of the Actuarial Value of Assets to Actuarial Accrued Liability) all future State Monies in excess of the current \$1,314,942.15 frozen amount will be split as follows:
 - o 50% will be available to defray the City's contribution requirement
 - o 50% will go towards accelerating the pay down of the Unfunded Actuarial Accrued Liability (UAAL)

Changes of assumptions:

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.25%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

The investment rate of return was lowered from 7.75% to 7.70% per year compounded annually, net of investment related expenses.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2014	09/30/2013
Total Pension Liability		
Service Cost	3,832,937	3,552,305
Interest	12,184,828	11,567,933
Change in Excess State Money	(1,825,958)	-
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	2,832,093	-
Contributions - Buy Back	-	-
Benefit Payments, including Refunds of Employee Contributions	(7,469,627)	(7,714,523)
Net Change in Total Pension Liability	9,554,273	7,405,715
Total Pension Liability - Beginning	155,966,160	148,560,445
Total Pension Liability - Ending (a)	<u>\$165,520,433</u>	<u>\$155,966,160</u>
Plan Fiduciary Net Position		
Contributions - Employer	6,047,404	7,365,990
Contributions - State	1,521,432	1,529,756
Contributions - Employee	1,315,620	1,241,892
Contributions - Buy Back	-	-
Net Investment Income	10,951,006	14,442,471
Benefit Payments, including Refunds of Employee Contributions	(7,469,627)	(7,714,523)
Administrative Expense	(103,859)	(84,490)
Net Change in Plan Fiduciary Net Position	12,261,976	16,781,096
Plan Fiduciary Net Position - Beginning	115,283,188	98,502,092
Plan Fiduciary Net Position - Ending (b)	<u>\$127,545,164</u>	<u>\$115,283,188</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 37,975,269</u>	<u>\$ 40,682,972</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	77.06%	73.92%
Covered Employee Payroll ¹	\$ 12,722,509	\$ 12,097,174
Net Pension Liability as a percentage of Covered Employee Payroll	298.49%	336.30%

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 09/30/2014 amounts reported as changes of assumptions were resulted from the following changes: To comply with Chapter 112 Florida Statutes the payroll growth was limited to the ten year average rate of 4.41 % (prior valuation used a 5.00% rate).

- As decided by the Board at the August 2, 2012 meeting the interest rate would be decreased from 8.00% down to 7.75% over a three year period. As such, the interest rate was decreased from 7.90% to 7.75% for the 2014 valuation.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	9,655,384	9,013,862	9,104,319	8,680,932
Contributions in relation to the Actuarially Determined Contributions	9,806,793	9,013,862	9,188,304	8,680,932
Contribution Deficiency (Excess)	\$ (151,409)	\$ -	\$ (83,985)	\$ -
Covered Employee Payroll ¹	\$ 13,056,409	\$ 14,588,691	\$ 12,722,509	\$ 12,097,174
Contributions as a percentage of Covered Employee Payroll	75.11%	61.79%	72.22%	71.76%

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. The following loads are applied for determination of the Sponsor funding requirement: Interest – A half year, based on the current 7.75% assumption. Salary – A full year, based on the current 7.50% assumption.								
Amortization Method:	Level Percentage of Pay, Closed.								
Remaining Amortization Period:	28 Years (as of 10/01/2014).								
Mortality Rate:	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.								
Interest Rate:	7.75% per year compounded annually, net of investment related expenses.								
Retirement Age:	Earlier of Age 50 or the completion of 25 years of service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.								
Early Retirement:	Commencing at eligibility for Early Retirement (age 40 with 10 years of service), Members are assumed to retire with an immediate benefit at the rate of 2% per year.								
Disability Rates:	See table on following page (1202). It is assumed that 75% of Disability Retirements are service-related.								
Termination Rates:	See table on following page (1302).								
Benefit Cap Index:	1.0% assumption each year beginning in 2018.								
Asset Smoothing Methodology:	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 an insignificant bias that is above or below the Market Value of Assets.								
Salary Increases:	7.50% per year.								
Final Year Salary Load:	Years of Credited Service as of <table> <tr> <th>February 7, 2012</th><th>Assumption</th></tr> <tr> <td>0</td><td>No Load</td></tr> <tr> <td>Less than 10 years</td><td>5%</td></tr> <tr> <td>10 or more years</td><td>10%</td></tr> </table>	February 7, 2012	Assumption	0	No Load	Less than 10 years	5%	10 or more years	10%
February 7, 2012	Assumption								
0	No Load								
Less than 10 years	5%								
10 or more years	10%								
Payroll Growth:	5.0% per year (limited to 4.41% in 2014).								

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	6.00%	0.051%
30	5.00%	0.058%
40	2.60%	0.121%
50	0.80%	0.429%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return				
Net of Investment Expense	9.99%	-0.36%	9.48%	14.44%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2016)

General Information about the Pension Plan

Plan Description

The City of Cape Coral Municipal Firefighters' Retirement Plan is a single-employer defined benefit pension plan. The Retirement Plan is administered by a Board of Trustees which is responsible for overseeing the investment of Pension Plan assets and application of the provisions of the Plan. The Board has authority over distribution of all pensions and makes final decisions on claims and appeals. The Board consists of five Trustees, two legal residents of the City appointed by the City Commission, two full-time firefighters elected by Pension Plan Members and a Trustee chosen by the majority of the other four Trustees. Eligible are full-time firefighters participate as a condition of employment.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	131
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	7
Active Plan Members	167
	<u>305</u>

Benefits Provided

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

Normal Retirement:

Date: The earlier of: 1) age 50 (age 52 and 10 Years of service for Members hired after June 15, 2014, or 2) the completion of 25 years of Credited Service, regardless of age.

Benefit: 3.25% of Average Final Compensation times Credited Service subject to a maximum of \$7,916.67 as indexed.

Cost-of-Living Adjustment: Beginning on the first (third for Members hired after June 15, 2014) October 1 following one complete year of receiving retirement income, the benefit is increased annually by 3.00%.

Early Retirement:

Date: Age 40 and completion of 10 years of Credited Service.

Benefit: Determined as for Normal Retirement and actuarially reduced.

Disability:

Eligibility: Total and permanent as determined by the Board (medical proof required).

Benefit: Percentage of Average Final Compensation in effect at the time of disability determined in accordance with the following schedule:

<u>Years of Service</u>	<u>Service Incurred</u>	<u>Non-Service Incurred</u>
Less Than 5	66 2/3%	25%
5 to 10	66 2/3%	50%
10 or More	66 2/3%	66 2/3%

Cost-of-Living Adjustment: Beginning on the first (third for Members hired after June 15, 2014) October 1 following one complete year of receiving retirement income, the benefit is increased annually by 3.00%.

Pre-Retirement Death Benefits:

Actuarial equivalent of participant's accrued benefit payable to designated beneficiary as a Ten Year Certain and Life Annuity or on such other basis as approved by the Board.

Termination of Employment:

Vesting Schedule:	Years of Service	Vested Percentage
	Less Than 5	0
	5	50
	6	60
	7	70
	8	80
	9	90
	10 or More	100

As of June 16, 2014 the vesting percentage is frozen and will be 100% upon completion of 10 years of service.

Benefit: Less than 5 years: Refund of Member Contributions.

5 or more: Refund of Contributions or Vested Accrued benefit payable at retirement age.

Death Prior to Benefit Commencement: Beneficiary will receive the actuarial equivalent of the participant's monthly retirement income on a Ten Year Certain and Life basis.

Contributions

Member: 10.00% of Salary. Interest, 3.5% per year through 10/01/1991 and 0.00% thereafter.

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

Net Pension Liability

The measurement date is September 30, 2016.

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

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

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

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

Actuarial Assumptions:

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

Inflation	2.25%
Salary Increases	7.50%
Discount Rate	7.70%
Investment Rate of Return	7.70%

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated May 1, 2012.

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 2.25%.

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.

GASB 68

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Large Cap Equity	35%	6.00%
US Small / Mid Cap Equity	10%	6.50%
International Equity	15%	6.25%
U.S Direct Real Estate	10%	5.25%
Absolute Return	10%	3.25%
US Aggregate Bond	20%	2.00%
Total	100%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.70 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)
Balances at September 30, 2015	\$ 177,617,730	\$ 130,930,119	\$ 46,687,611
Changes for a Year:			
Service Cost	4,009,132	-	4,009,132
Interest	13,798,633	-	13,798,633
Differences between Expected and Actual Experience	(260,997)	-	(260,997)
Changes of assumptions	8,638,016	-	8,638,016
Changes of benefit terms	-	-	-
Contributions - Employer	-	8,424,472	(8,424,472)
Contributions - State	-	1,449,699	(1,449,699)
Contributions - Employee	-	1,292,651	(1,292,651)
Contributions - Buy Back	179,583	179,583	-
Net Investment Income	-	13,139,913	(13,139,913)
Benefit Payments, including Refunds of Employee Contributions	(7,159,967)	(7,159,967)	-
Administrative Expense	-	(152,949)	152,949
Net Changes	19,204,400	17,173,402	2,030,998
Balances at September 30, 2016	\$ 196,822,130	\$ 148,103,521	\$ 48,718,609

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.70%	7.70%	8.70%
Sponsor's Net Pension Liability	\$ 75,236,323	\$ 48,718,609	\$ 27,284,232

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 \$9,645,921.

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
	<u> </u>	<u> </u>
Differences between Expected and Actual Experience	959,156	217,498
Changes of assumptions	8,614,394	-
Net difference between Projected and Actual Earnings on Pension Plan investments	<u>3,310,856</u>	<u>-</u>
Total	<u><u>\$ 12,884,406</u></u>	<u><u>\$ 217,498</u></u>

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

Year ended September 30:	
2017	\$ 3,281,240
2018	\$ 3,281,239
2019	\$ 3,639,608
2020	\$ 1,068,652
2021	\$ 1,396,169
Thereafter	\$ -

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2016	09/30/2015
Total Pension Liability		
Service Cost	4,009,132	4,102,490
Interest	13,798,633	12,898,695
Change in Excess State Money	-	-
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(260,997)	1,438,736
Changes of assumptions	8,638,016	-
Contributions - Buy Back	179,583	33,685
Benefit Payments, including Refunds of Employee Contributions	(7,159,967)	(6,376,309)
Net Change in Total Pension Liability	19,204,400	12,097,297
Total Pension Liability - Beginning	177,617,730	165,520,433
Total Pension Liability - Ending (a)	<u>\$196,822,130</u>	<u>\$177,617,730</u>
Plan Fiduciary Net Position		
Contributions - Employer	8,424,472	7,706,894
Contributions - State	1,449,699	1,306,968
Contributions - Employee	1,292,651	1,338,752
Contributions - Buy Back	179,583	33,685
Net Investment Income	13,139,913	(460,924)
Benefit Payments, including Refunds of Employee Contributions	(7,159,967)	(6,376,309)
Administrative Expense	(152,949)	(164,111)
Net Change in Plan Fiduciary Net Position	17,173,402	3,384,955
Plan Fiduciary Net Position - Beginning	130,930,119	127,545,164
Plan Fiduciary Net Position - Ending (b)	<u>\$148,103,521</u>	<u>\$130,930,119</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 48,718,609</u>	<u>\$ 46,687,611</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.25%	73.71%
Covered Employee Payroll ¹	\$ 13,056,409	\$ 14,588,691
Net Pension Liability as a percentage of Covered Employee Payroll	373.14%	320.03%

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 in Excess State Money:

The Excess State Monies Reserve as of 09/30/2013 will be available to the City to offset the Fiscal 2014 contributions.

- For valuation dates on and after October 1, 2013 and until such time that the Retirement Plan reaches 80% funded (based on the ratio of the Actuarial Value of Assets to Actuarial Accrued Liability) all future State Monies in excess of the current \$1,314,942.15 frozen amount will be split as follows:
 - o 50% will be available to defray the City's contribution requirement
 - o 50% will go towards accelerating the pay down of the Unfunded Actuarial Accrued Liability (UAAL)

Changes of assumptions:

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.25%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

The investment rate of return was lowered from 7.75% to 7.70% per year compounded annually, net of investment related expenses.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2014	09/30/2013
Total Pension Liability		
Service Cost	3,832,937	3,552,305
Interest	12,184,828	11,567,933
Change in Excess State Money	(1,825,958)	-
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	2,832,093	-
Contributions - Buy Back	-	-
Benefit Payments, including Refunds of Employee Contributions	(7,469,627)	(7,714,523)
Net Change in Total Pension Liability	9,554,273	7,405,715
Total Pension Liability - Beginning	155,966,160	148,560,445
Total Pension Liability - Ending (a)	<u>\$165,520,433</u>	<u>\$155,966,160</u>
Plan Fiduciary Net Position		
Contributions - Employer	6,047,404	7,365,990
Contributions - State	1,521,432	1,529,756
Contributions - Employee	1,315,620	1,241,892
Contributions - Buy Back	-	-
Net Investment Income	10,951,006	14,442,471
Benefit Payments, including Refunds of Employee Contributions	(7,469,627)	(7,714,523)
Administrative Expense	(103,859)	(84,490)
Net Change in Plan Fiduciary Net Position	12,261,976	16,781,096
Plan Fiduciary Net Position - Beginning	115,283,188	98,502,092
Plan Fiduciary Net Position - Ending (b)	<u>\$127,545,164</u>	<u>\$115,283,188</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 37,975,269</u>	<u>\$ 40,682,972</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	77.06%	73.92%
Covered Employee Payroll ¹	\$ 12,722,509	\$ 12,097,174
Net Pension Liability as a percentage of Covered Employee Payroll	298.49%	336.30%

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 09/30/2014 amounts reported as changes of assumptions were resulted from the following changes: To comply with Chapter 112 Florida Statutes the payroll growth was limited to the ten year average rate of 4.41 % (prior valuation used a 5.00% rate).

- As decided by the Board at the August 2, 2012 meeting the interest rate would be decreased from 8.00% down to 7.75% over a three year period. As such, the interest rate was decreased from 7.90% to 7.75% for the 2014 valuation.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	9,655,384	9,013,862	9,104,319	8,680,932
Contributions in relation to the				
Actuarially Determined Contributions	9,806,793	9,013,862	9,188,304	8,680,932
Contribution Deficiency (Excess)	\$ (151,409)	\$ -	\$ (83,985)	\$ -
Covered Employee Payroll ¹	\$ 13,056,409	\$ 14,588,691	\$ 12,722,509	\$ 12,097,174
Contributions as a percentage of				
Covered Employee Payroll	75.11%	61.79%	72.22%	71.76%

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. The following loads are applied for determination of the Sponsor funding requirement: Interest – A half year, based on the current 7.75% assumption. Salary – A full year, based on the current 7.50% assumption.								
Amortization Method:	Level Percentage of Pay, Closed.								
Remaining Amortization Period:	28 Years (as of 10/01/2014).								
Mortality Rate:	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.								
Interest Rate:	7.75% per year compounded annually, net of investment related expenses.								
Retirement Age:	Earlier of Age 50 or the completion of 25 years of service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.								
Early Retirement:	Commencing at eligibility for Early Retirement (age 40 with 10 years of service), Members are assumed to retire with an immediate benefit at the rate of 2% per year.								
Disability Rates:	See table on following page (1202). It is assumed that 75% of Disability Retirements are service-related.								
Termination Rates:	See table on following page (1302).								
Benefit Cap Index:	1.0% assumption each year beginning in 2018.								
Asset Smoothing Methodology:	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 an insignificant bias that is above or below the Market Value of Assets.								
Salary Increases:	7.50% per year.								
Final Year Salary Load:	Years of Credited Service as of <table> <tr> <th>February 7, 2012</th><th>Assumption</th></tr> <tr> <td>0</td><td>No Load</td></tr> <tr> <td>Less than 10 years</td><td>5%</td></tr> <tr> <td>10 or more years</td><td>10%</td></tr> </table>	February 7, 2012	Assumption	0	No Load	Less than 10 years	5%	10 or more years	10%
February 7, 2012	Assumption								
0	No Load								
Less than 10 years	5%								
10 or more years	10%								

GASB 68

Payroll Growth: 5.0% per year (limited to 4.41% in 2014).

Termination and Disability Rate Table:		
	% Terminating	% Becoming
	During the	Disabled During
Age	Year	the Year
20	6.00%	0.051%
30	5.00%	0.058%
40	2.60%	0.121%
50	0.80%	0.429%

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 46,687,611	\$ 1,075,110	\$ 11,482,770	\$ -
Total Pension Liability Factors:				
Service Cost	4,009,132	-	-	4,009,132
Interest	13,798,633	-	-	13,798,633
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	179,583	-	-	179,583
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(260,997)	260,997	-	-
Current year amortization of experience difference	-	(43,499)	(239,790)	196,291
Change in assumptions about future economic or demographic factors or other inputs	8,638,016	-	8,638,016	-
Current year amortization of change in assumptions	-	-	(1,911,685)	1,911,685
Benefit Payments	(7,159,967)	-	-	(7,159,967)
Net change	<u>19,204,400</u>	<u>217,498</u>	<u>6,486,541</u>	<u>12,935,357</u>
Plan Fiduciary Net Position:				
Contributions - Employer	8,424,472	-	-	-
Contributions - State	1,449,699	-	-	-
Contributions - Employee	1,292,651	-	-	(1,292,651)
Contributions - Buy Back	179,583	-	-	(179,583)
Net Investment Income	10,303,382	-	-	(10,303,382)
Difference between projected and actual earnings on Pension Plan investments	2,836,531	2,836,531	-	-
Current year amortization	-	(925,677)	(2,098,941)	1,173,264
Benefit Payments	(7,159,967)	-	-	7,159,967
Administrative Expenses	(152,949)	-	-	152,949
Net change	<u>17,173,402</u>	<u>1,910,854</u>	<u>(2,098,941)</u>	<u>(3,289,436)</u>
Ending Balance	<u><u>\$ 48,718,609</u></u>	<u><u>\$ 3,203,462</u></u>	<u><u>\$ 15,870,370</u></u>	<u><u>\$ 9,645,921</u></u>

AMORTIZATION SCHEDULE - INVESTMENTS

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

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ (1,791,850)	5	\$ (358,370)	\$ (358,370)	\$ (358,370)	\$ (358,370)	\$ (358,370)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 10,494,702	5	\$ -	\$ 2,098,941	\$ 2,098,941	\$ 2,098,940	\$ 2,098,940	\$ 2,098,940	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (2,836,531)	5	\$ -	\$ -	\$ (567,307)	\$ (567,306)	\$ (567,306)	\$ (567,306)	\$ (567,306)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			<u>\$ (358,370)</u>	<u>\$ 1,740,571</u>	<u>\$ 1,173,264</u>	<u>\$ 1,173,264</u>	<u>\$ 1,173,264</u>	<u>\$ 1,531,634</u>	<u>\$ (567,306)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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	\$ 2,832,093	6	\$ 472,015	\$ 472,015	\$ 472,015	\$ 472,016	\$ 472,016	\$ 472,016	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ -	6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 8,638,016	6	\$ -	\$ -	\$ 1,439,670	\$ 1,439,670	\$ 1,439,669	\$ 1,439,669	\$ 1,439,669	\$ 1,439,669	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 472,015	\$ 472,015	\$ 1,911,685	\$ 1,911,686	\$ 1,911,685	\$ 1,911,685	\$ 1,439,669	\$ 1,439,669	\$ -	\$ -	\$ -

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	\$ -	6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 1,438,736	6	\$ -	\$ 239,790	\$ 239,790	\$ 239,789	\$ 239,789	\$ 239,789	\$ 239,789	\$ -	\$ -	\$ -	\$ -
2016	\$ (260,997)	6	\$ -	\$ -	\$ (43,499)	\$ (43,499)	\$ (43,499)	\$ (43,500)	\$ (43,500)	\$ (43,500)	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ 239,790	\$ 196,291	\$ 196,290	\$ 196,290	\$ 196,289	\$ 196,289	\$ (43,500)	\$ -	\$ -	\$ -