

CITY OF CAPE CORAL
MUNICIPAL POLICE OFFICERS'
RETIREMENT PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2016

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

February 27, 2017

Board of Trustees
c/o Bob Kovacs, Plan Administrator
City of Cape Coral
Municipal Police Officers' Retirement Plan
815 Nicholas Pkwy
Cape Coral, FL 33915

Re: City of Cape Coral
Municipal Police Officers' Pension Trust Fund

Dear Board:

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

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


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

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of 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 Police Officers' 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: 

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

DHL/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Cape Coral Municipal Police Officers' 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, 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	\$10,479,264	\$9,372,470
Member Contributions (Est.)	1,866,966	1,789,895
City and State Required Contribution	8,612,298	7,582,575
State Contribution (Est.) ¹	876,522	876,522
Balance from City ¹	\$7,735,776	\$6,706,053

¹ Under the traditional interpretation of Chapter 99-1, Laws of Florida, the City may use up to \$876,522 in State Contributions for determining its minimum funding requirements. Additionally, the City has access to a prepaid contribution of \$577,321.60 for the fiscal year ending September 30, 2017.

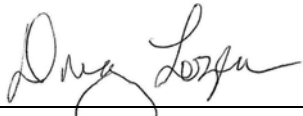
Experience since the prior valuation has been less favorable than expected on the basis of the Plan's actuarial assumptions. The primary sources of unfavorable experience included two disability retirements, no inactive mortality, lower than expected employee turnover, and average increases in pensionable compensation that exceeded the assumption by more than 1%. These losses were partially offset by an 8.08% investment return (Actuarial Asset Basis), exceeding the 7.75% assumption.

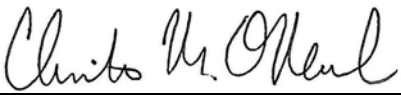
In addition to the net actuarial loss, funding requirements have also increased due to the adoption of mandated assumption changes for mortality and payroll growth.

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

CHANGES SINCE PRIOR VALUATION

Plan Changes

There were no benefit changes since the prior valuation.

Actuarial Assumption/Method Changes

- For compliance with Part VII of Chapter 112, Florida Statutes, the payroll growth assumption was lowered from 3.93% to 3.03% in conjunction with this valuation of the Plan. This reduction had an immaterial impact on the annual contribution requirement for payment of the Unfunded Actuarial Accrued Liability.
- As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables for special risk employees used by the Florida Retirement System actuary in the July 1, 2015 actuarial valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
A. Participant Data			
Number Included			
Actives	211	211	216
Service Retirees	97	97	91
DROP Retirees	11	11	12
Beneficiaries	2	2	2
Disability Retirees	15	15	13
Terminated Vested	<u>27</u>	<u>27</u>	<u>20</u>
Total	363	363	354
Total Annual Payroll	\$16,790,934	\$16,790,934	\$16,040,996
Payroll Under Assumed Ret. Age	16,725,477	16,725,477	16,040,996
Annual Rate of Payments to:			
Service Retirees	5,820,237	5,820,237	5,297,996
DROP Retirees	708,299	708,299	896,888
Beneficiaries	118,937	118,937	115,472
Disability Retirees	548,477	548,477	468,484
Terminated Vested	240,999	240,999	190,279
B. Assets			
Actuarial Value ¹	142,210,869	142,210,869	128,690,211
Market Value ¹	139,634,590	139,634,590	125,881,321
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	93,047,518	90,596,081	85,807,201
Disability Benefits	5,182,911	5,611,925	5,475,796
Death Benefits	1,800,886	751,728	722,636
Vested Benefits	1,838,338	1,843,488	1,901,869
Refund of Contributions	283,272	284,577	233,983
Service Retirees	81,660,961	77,324,704	71,316,000
DROP Retirees ¹	18,496,473	18,066,116	18,850,467
Beneficiaries	99,630	94,189	144,605
Disability Retirees	6,449,627	6,592,721	5,625,234
Terminated Vested	1,510,126	1,495,741	1,102,367
Excess State Monies Reserve	<u>1,653,314</u>	<u>1,653,314</u>	<u>1,273,482</u>
Total	212,023,056	204,314,584	192,453,640

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	157,223,069	158,773,911	155,030,218
Present Value of Future Member Contributions	15,722,307	15,877,391	15,503,022
Normal Cost (Retirement)	3,918,664	3,829,799	3,779,398
Normal Cost (Disability)	408,427	442,740	439,170
Normal Cost (Death)	101,574	41,373	40,469
Normal Cost (Vesting)	171,681	172,567	177,011
Normal Cost (Refunds)	<u>41,274</u>	<u>41,346</u>	<u>33,925</u>
Total Normal Cost	4,641,620	4,527,825	4,469,973
Present Value of Future Normal Costs	38,470,216	37,733,912	38,079,801
Accrued Liability (Retirement)	60,105,790	58,204,361	53,106,194
Accrued Liability (Disability)	1,740,418	1,841,965	1,699,237
Accrued Liability (Death)	911,012	382,971	354,454
Accrued Liability (Vesting)	892,487	891,554	883,641
Accrued Liability (Refunds)	33,002	33,036	18,158
Accrued Liability (Inactives) ¹	108,216,817	103,573,471	97,038,673
Excess State Monies Reserve	<u>1,653,314</u>	<u>1,653,314</u>	<u>1,273,482</u>
Total Actuarial Accrued Liability	173,552,840	166,580,672	154,373,839
Unfunded Actuarial Accrued Liability (UAAL)	31,341,971	24,369,803	25,683,628
Funded Ratio (AVA / AL)	81.9%	85.4%	83.4%
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives ¹	108,216,817	103,573,471	97,038,673
Actives	33,560,914	32,413,792	29,309,965
Member Contributions	<u>10,945,245</u>	<u>10,945,245</u>	<u>10,003,577</u>
Total	152,722,976	146,932,508	136,352,215
Non-vested Accrued Benefits	<u>4,274,450</u>	<u>4,044,946</u>	<u>4,159,073</u>
Total Present Value Accrued Benefits	156,997,426	150,977,454	140,511,288
Funded Ratio (MVA / PVAB)	88.9%	92.5%	89.6%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	6,019,972	0	
New Accrued Benefits	0	6,194,384	
Benefits Paid	0	(6,370,968)	
Interest	0	10,642,750	
Other	<u>0</u>	<u>0</u>	
Total	6,019,972	10,466,166	

	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	\$5,181,165	\$5,054,143	\$4,987,709
Administrative Expenses ²	125,410	125,410	148,250
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 25 years (as of 10/1/2016) ²	5,172,689	4,485,282	4,236,511
Total Required Contribution	10,479,264	9,664,835	9,372,470
Expected Member Contributions ²	1,866,966	1,866,966	1,789,895
Expected City & State Contribution	8,612,298	7,797,869	7,582,575

F. Past Contributions

Plan Years Ending: 9/30/2016

City and State Requirement 7,433,901

Actual Contributions Made:

Members (excluding buyback)	1,567,273
City	6,557,379
State	<u>876,522</u> ³
Total	9,001,174

G. Net Actuarial (Gain)/Loss 1,180,424

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 Accrued Liability</u>
2016	31,341,971
2017	28,777,810
2018	25,878,893
2024	17,138,306
2026	12,302,654
2030	4,012,136
2041	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	8.98%	7.27%
Year Ended	9/30/2015	16.49%	7.24%
Year Ended	9/30/2014	-2.80%	7.20%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	8.08%	7.75%
Year Ended	9/30/2015	9.91%	7.75%
Year Ended	9/30/2014	9.45%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	\$16,790,934
	10/1/2006	12,457,795
(b) Total Increase		34.78%
(c) Number of Years		10.00
(d) Average Annual Rate		3.03%

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	\$25,683,628
(2)	Sponsor Normal Cost developed as of October 1, 2015	2,865,873
(3)	Expected administrative expenses for the year ended September 30, 2016	132,861
(4)	Expected interest on (1), (2) and (3)	2,217,735
(5)	Sponsor contributions to the System during the year ended September 30, 2016	7,433,901
(6)	Expected interest on (5)	276,817
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	23,189,379
(8)	Change to UAAL due to Assumption Change	6,972,168
(9)	Change to UAAL due to Actuarial (Gain)/Loss	1,180,424
(10)	Unfunded Accrued Liability as of October 1, 2016	31,341,971

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	\$13,742	\$13,742
	10/1/1991	5	574,210	125,354
	10/1/1998	12	205,631	21,663
	10/1/1999	13	124,458	12,351
method change	10/1/2004	18	3,636,050	287,772
prior losses	10/1/2004	12	3,162,141	333,131
benefit change	10/1/2004	18	2,583,885	204,499
actuarial loss	10/1/2005	12	3,117,330	328,410
actuarial loss	10/1/2006	12	1,693,072	178,365
actuarial loss	10/1/2007	12	3,162,011	333,117
benefit change	10/1/2007	21	5,070,008	364,306
actuarial loss	10/1/2008	2	1,515,341	774,637
method change	10/1/2008	12	2,321,802	244,601
actuarial loss	10/1/2009	3	2,384,331	830,632
actuarial loss	10/1/2010	4	1,431,428	382,248
assum. change	10/1/2010	14	2,724,893	256,220
actuarial loss	10/1/2011	5	2,857,247	623,755
benefit change	10/1/2011	25	11,319	736
benefit change	10/1/2011	25	(424,767)	(27,620)

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2016 <u>Amount</u>	Amortization <u>Amount</u>
benefit change	10/1/2011	25	(6,594,527)	(428,808)
actuarial gain	10/1/2012	6	(168,429)	(31,306)
assum. change	10/1/2012	16	(1,014,111)	(86,826)
actuarial gain	10/1/2013	7	(1,141,121)	(185,718)
actuarial gain	10/1/2014	8	(3,352,545)	(487,626)
actuarial gain	10/1/2015	9	(704,020)	(92,951)
assum. change	10/1/2016	20	6,972,168	516,126
actuarial loss	10/1/2016	10	<u>1,180,424</u>	<u>143,216</u>
			31,341,971	4,634,026

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2015	\$25,683,628
(2) Expected UAAL as of October 1, 2016	23,189,379
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(429,544)
Salary Increases	221,059
Active Decrements	731,951
New Entrants	0
Inactive Mortality	610,626
Other	<u>46,332</u>
Increase in UAAL due to (Gain)/Loss	1,180,424
Assumption Changes	<u>6,972,168</u>
(4) Actual UAAL as of October 1, 2016	\$31,341,971

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Lives:

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

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

Disabled Lives:

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

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

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

Previously, the RP 2000 Combined Healthy – Sex Distinct with disabled lives set forward 5 years was utilized.

Normal Retirement

Hired before October 1, 2013

Number of Years after first Eligible	Retirement Probability
0-4	50%
5 or more	100%

The above rates are supported by an Experience Study performed for the period October 1, 1988 through October 1, 2011.

Hired after September 30, 2013

Number of Years after first Eligible	Retirement Probability
0-2	50%
3 or more	100%

The Normal Retirement rates are reasonable for the associated Plan provisions.

Early Retirement

Commencing at eligibility for Early Retirement (Age 40 with 10 years of Credited Service), Members are assumed to retire with an immediate benefit at the rate of 2.00% per year. This assumption is supported by an Experience Study performed for the period October 1, 1988 through October 1, 2011.

Disability Rates

Age	Rates
20	0.153%
30	0.174
40	0.363
50	1.287%

It is assumed that 75% of Disability Retirements are service-related.

The above rates are consistent with average Florida municipal special risk retirement programs.

Interest Rate

7.75% per year compounded annually, net of investment related expenses. This assumption is supported by the Plan's investment policy and long-term expected returns by asset class.

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.

Termination Rates

Credited Service	Termination Probability
0-1	7.50%
2-5	4.00
More than 5 years	3.50

The above rates are supported by an Experience Study performed for the period October 1, 1988 through October 1, 2011.

Salary Increases

Credited Service	Assumption
less than 5 years	10.00%
5-15 years	7.00%
more than 15 years	6.00%

The above rates are supported by an Experience Study performed for the period October 1, 1988 through October 1, 2011.

Final Year Salary Load

Years of Credited Service as of February 7, 2012	Assumption
0	No Load
Less than 10 years	5.0%
10 or more years	10.0%

The above rates are supported by data provided by the City.

Administrative Expenses

\$112,350, based on actual Administrative Expenses incurred during the prior fiscal year.

Payroll Growth Assumption

3.03% per year for amortization of the Unfunded Actuarial Accrued Liability. This assumption is limited by statute to the actual ten-year payroll growth average as of the valuation date.

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 average assumption of 7.46%.

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

Received During <u>Fiscal Year</u>	<u>Amount</u>	Increase from <u>Previous Year</u>
1994	227,341.53	_____%
1995	246,098.53	8.3%
1996	273,542.56	11.2%
1997	314,152.14	14.8%
1998	322,615.09	2.7%
1999	353,586.41	9.6%
2000	352,515.11	-0.3%
2001	383,857.08	8.9%
2002	470,432.44	22.6%
2003	544,439.82	15.7%
2004	675,275.65	24.0%
2005	762,107.97	12.9%
2006	829,516.17	8.8%
2007	952,690.59	14.8%
2008	949,353.38	-0.4%
2009	1,047,877.44	10.4%
2010	995,572.81	-5.0%
2011	913,378.88	-8.3%
2012	958,442.19	4.9%
2013	1,002,433.58	4.6%
2014	1,085,959.12	8.3%
2015	1,132,937.24	4.3%
2016	1,256,353.41	10.9%

EXCESS STATE MONIES RESERVE

	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	\$322,615.09	\$322,615.09	\$0.00
1999	353,586.41	322,615.09	30,971.32
2000	352,515.11	348,252.09	4,263.02
2001	383,857.08	530,546.09	0.00
2002	470,432.44	542,632.09	0.00
2003	544,439.82	542,632.09	1,807.73
2004	675,275.65	542,632.09	132,643.56
2005	762,107.97	542,632.09	219,475.88
2006	829,516.17	876,522.09	0.00
2007	952,690.59	876,522.09	76,168.50
2008	949,353.38	876,522.09	72,831.29
2009	1,047,877.44	876,522.09	171,355.35
2010	995,572.81	876,522.09	119,050.72
2011	913,378.88	876,522.09	36,856.79
2012	958,442.19	876,522.09	81,920.10
2013	1,002,433.58	876,522.09	125,911.49
2014	1,085,959.12	876,522.09	209,437.03
2015	1,132,937.24	876,522.09	256,415.15
2016	1,256,353.41	876,522.09	<u>379,831.32</u>
Total State Monies Reserve			1,918,939.25
Less Excess Used in Funding Ordinance No. 174-05 (3.25% multiplier)			(169,685.63)
Less Excess Used in Funding Ordinance No. 32-07 (pro-rated COLA)			<u>(95,940.00)</u>
Equals Current State Monies Reserve			\$1,653,313.62

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	4,326,082.04	4,326,082.04
Prepaid Expenses	1,769.48	1,769.48
Cash	108.66	108.66
Total Cash and Equivalents	4,327,960.18	4,327,960.18
Receivables:		
From Broker for Investments Sold	509,290.13	509,290.13
Investment Income	153,818.89	153,818.89
Total Receivable	663,109.02	663,109.02
Investments:		
U. S. Bonds and Bills	11,828,047.70	12,128,146.22
Federal Agency Guaranteed Securities	4,627,251.28	4,643,016.95
Corporate Bonds	10,506,949.21	10,672,841.56
Municipal Obligations	98,705.00	126,648.00
Certificates of Deposits	175,000.00	173,075.00
Stocks	46,245,662.72	50,872,727.67
Mutual Funds:		
Fixed Income	0.04	0.04
Equity	27,957,477.98	28,706,437.94
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	125,383,921.36	136,024,454.93
Total Assets	130,374,990.56	141,015,524.13
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	92,483.72	92,483.72
Administrative Expenses	9,721.27	9,721.27
Prior Refunds	8,070.61	8,070.61
To Broker for Investments Purchased	693,279.90	693,279.90
Prepaid Member Contribution	57.33	57.33
Prepaid City Contribution	577,321.60	577,321.60
Total Liabilities	1,380,934.43	1,380,934.43
NET POSITION RESTRICTED FOR PENSIONS	128,994,056.13	139,634,589.70

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

ADDITIONS

Contributions:

Member	1,567,273.30
Buy-Back	105,656.00
City	6,557,378.91
State	1,256,353.41

Total Contributions	9,486,661.62
---------------------	--------------

Investment Income:

Net Realized Gain (Loss)	836,825.28	
Unrealized Gain (Loss)	6,873,324.23	
Net Increase in Fair Value of Investments	7,710,149.51	
Interest & Dividends	3,400,463.81	
Less Investment Expense ¹	(360,688.06)	

Net Investment Income	10,749,925.26
-----------------------	---------------

Total Additions	20,236,586.88
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DEDUCTIONS

Distributions to Members:

Benefit Payments	6,067,332.68
Lump Sum DROP Distributions	291,289.31
Refunds of Member Contributions	12,345.87

Total Distributions	6,370,967.86
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Administrative Expense	112,349.95
------------------------	------------

Total Deductions	6,483,317.81
------------------	--------------

Net Increase in Net Position	13,753,269.07
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	125,881,320.63
-----------------------	----------------

End of the Year	139,634,589.70
-----------------	----------------

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

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2016

Actuarial Assets for funding purposes are developed by 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	14.48%	
09/30/2014	9.77%	
09/30/2015	0.10%	
09/30/2016	8.47%	
Annualized Rate of Return for prior four (4) years:		8.08%
(A) 10/01/2015 Actuarial Assets:		\$128,690,211.38
(I) Net Investment Income:		
1. Interest and Dividends	3,400,463.81	
2. Realized Gains (Losses)	836,825.28	
3. Change in Actuarial Value	6,640,713.00	
4. Investment Related Expenses	(360,688.06)	
Total		10,517,314.03
(B) 10/01/2016 Actuarial Assets:		\$142,210,869.22
Actuarial Asset Rate of Return = 2I/(A+B-I):		8.08%
10/01/2016 Limited Actuarial Assets:		\$142,210,869.22
10/01/2016 Market Value of Assets:		\$139,634,589.70
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$429,543.77

¹Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	1,567,273.30	
Buy-Back	105,656.00	
City	6,557,378.91	
State	1,256,353.41	
Total Contributions		9,486,661.62
Earnings from Investments:		
Interest & Dividends	3,400,463.81	
Net Realized Gain (Loss)	836,825.28	
Change in Actuarial Value	6,640,713.00	
Total Earnings and Investment Gains		10,878,002.09
Other		0.00

EXPENDITURES

Distributions to Members:		
Benefit Payments	6,067,332.68	
Lump Sum DROP Distributions	291,289.31	
Refunds of Member Contributions	12,345.87	
Total Distributions		6,370,967.86
Expenses:		
Investment related ¹	360,688.06	
Administrative	112,349.95	
Total Expenses		473,038.01
Change in Net Assets for the Year		13,520,657.84
Net Assets Beginning of the Year		128,690,211.38
Net Assets End of the Year ²		142,210,869.22

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

²Net Assets may be limited for actuarial consideration.

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

Beginning of the Year Balance	4,424,959.31
Plus Additions	1,868,006.42
Investment Return Earned	363,420.76
Less Distributions	(291,289.31)
End of the Year Balance	6,365,097.18

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

(1) Required City and State Contributions	\$7,433,901.00
(2) Less Allowable State Contribution	<u>(876,522.09)</u>
(3) Required City Contribution for Fiscal 2016	6,557,378.91
(4) Less 2015 Prepaid Contribution	(433,014.89)
(5) Less Actual City Contributions	<u>(6,701,685.62)</u>
(6) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2016	(\$577,321.60)

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	211	203	216	211
Average Current Age	38.3	38.2	37.7	38.1
Average Age at Employment	28.5	28.6	28.6	28.4
Average Past Service	9.8	9.6	9.1	9.7
Average Annual Salary	\$68,691	\$66,913	\$74,264	\$79,578
<u>Service Retirees</u>				
Number		89	91	97
Average Current Age		59.2	60.1	60.7
Average Annual Benefit		\$58,197	\$58,220	\$60,002
<u>DROP Retirees</u>				
Number		9	12	11
Average Current Age		55.3	52.3	51.1
Average Annual Benefit		\$59,306	\$74,741	\$64,391
<u>Beneficiaries</u>				
Number		1	2	2
Average Current Age		84.9	71.9	72.9
Average Annual Benefit		\$7,288	\$57,736	\$59,469
<u>Disability Retirees</u>				
Number		14	13	15
Average Current Age		47.9	47.5	48.1
Average Annual Benefit		\$36,095	\$36,037	\$36,565
<u>Terminated Vested ²</u>				
Number		8	8	11
Average Current Age		39.4	41.7	42.1
Average Annual Benefit		\$16,394	\$23,785	\$21,909

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

² Statistics exclude non-vested Members awaiting a refund of Member 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	5	2	0	0	0	0	0	0	0	0	0	7
25 - 29	4	11	3	4	5	0	0	0	0	0	0	27
30 - 34	0	4	1	2	1	13	6	0	0	0	0	27
35 - 39	2	5	2	3	1	23	25	1	0	0	0	62
40 - 44	0	0	2	1	0	4	15	12	1	0	0	35
45 - 49	0	0	0	1	2	4	11	15	9	1	0	43
50 - 54	0	0	1	0	0	3	3	0	2	0	0	9
55 - 59	0	0	0	0	0	1	0	0	0	0	0	1
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	11	22	9	11	9	48	60	28	12	1	0	211

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2015	216
b. Terminations	
i. Vested (partial or full) with deferred benefits	(7)
ii. Non-vested or full lump sum distribution received	(3)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	(2)
e. Retired	(1)
f. DROP	<u>(4)</u>
g. Continuing participants	199
h. New entrants	<u>12</u>
i. Total active life participants in valuation	211

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	91	12	2	13	20	138
Retired	6	(5)	0	0	0	1
DROP	0	4	0	0	0	4
Vested Deferred	0	0	0	0	7	7
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	2	0	2
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	97	11	2	15	27	152

SUMMARY OF PLAN PROVISIONS
(Through Ordinance 42-14)

<u>Effective Date of Restated Plan</u>	June 19, 2000.
<u>Latest Amendment</u>	December 8, 2014.
<u>Eligibility</u>	Full-time sworn Police Officers.
<u>Salary</u>	<p>Total compensation reportable on form W-2, plus tax deferred, tax sheltered, and tax exempt items of income.</p> <p>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.</p>
<u>Average Final Compensation</u>	One twelfth of the average of the 5 best 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 police officer, with Member contributions when required.
<u>Normal Retirement</u>	
Date	<p>Earlier of attainment of age 50 or the completion of 25 years of Credited Service.</p> <p>For Members hired on or after October 1, 2013: Earlier of the attainment of age 52 with 10 years of Credited Service or 27 years of Credited Service regardless of age.</p>
Benefit	3.25% of Average Final Compensation times Years of Credited Service. For all Members who have not reached Normal Retirement eligibility as of October 1, 2013 the maximum benefit shall not exceed \$7,916.67 or the actual accrued benefit as of October 1, 2013.
Form of Benefit	Ten Year Certain and Life Annuity (options available).

Cost-of-Living Adjustment

Beginning on the first October 1 following one complete year of receiving retirement income payments, the benefit is increased 3.00% annually. The first increase is a pro-rata adjustment, based on the number of months benefits commenced prior to October 1.

For Members hired on or after October 1, 2013, the cost of living adjustment is after 3 complete years of receiving income payments.

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	Ten Year Certain and Life Annuity (options available) subject to cost-of-living adjustments described above.

Disability Benefit

Eligibility	Total and permanent as determined by the Retirement Committee (medical proof required).
Benefit	Percentage of Average Final Compensation determined in accordance with the following schedule:

Years of <u>Service</u>	Service <u>Incurred</u>	Non-Service <u>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	Payments for life (with 120 payments guaranteed), or until recovery, as determined by the Board. Optional forms of payment available.
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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.

Member Contributions

Amount	10% of Salary.
Interest	3.50% per year through 10/1/1991, 0% thereafter.

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

For Members hired on or after October 1, 2013, vesting is 100% at 10 Years.

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) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (2) 6.50% per annum compounded monthly. Members may elect to change form of return 2 times during 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	4,326,082
Prepaid Expenses	1,769
Cash	109
Total Cash and Equivalents	4,327,960
Receivables:	
From Broker for Investments Sold	509,290
Investment Income	153,819
Total Receivable	663,109
Investments:	
U. S. Bonds and Bills	12,128,146
Federal Agency Guaranteed Securities	4,643,017
Corporate Bonds	10,672,842
Municipal Obligations	126,648
Certificates of Deposits	173,075
Stocks	50,872,728
Mutual Funds:	
Equity	28,706,438
Pooled/Common/Commingled Funds:	
Equity	12,730,288
Real Estate	15,971,274
Total Investments	136,024,456
Total Assets	141,015,525
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	92,484
Administrative Expenses	9,721
Prior Refunds	8,071
To Broker for Investments Purchased	693,280
Total Liabilities	803,556
NET POSITION RESTRICTED FOR PENSIONS	140,211,969

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

ADDITIONS

Contributions:

Member	1,553,768	
Buy-Back	105,656	
City	6,875,656	
State	1,256,354	
 Total Contributions		 9,791,434
 Investment Income:		
Net Increase in Fair Value of Investments	7,710,149	
Interest & Dividends	3,400,464	
Less Investment Expense ¹	(360,688)	
 Net Investment Income		 10,749,925
 Total Additions		 20,541,359

DEDUCTIONS

Distributions to Members:

Benefit Payments	6,067,333	
Lump Sum DROP Distributions	291,289	
Refunds of Member Contributions	12,346	
 Total Distributions		 6,370,968
 Administrative Expense		 112,350
 Total Deductions		 6,483,318
 Net Increase in Net Position		 14,058,041
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		126,153,928
 End of the Year		 140,211,969

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 Police Officers' Retirement Plan is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board consists of 5 Trustees, 2 of whom shall be legal residents of the City who are appointed by the City Council, 2 of whom are Members of the Plan who are elected by a majority of the Police Officers' who are Members of the Plan and a fifth Trustee who is chosen by a majority of the first 4 Trustees.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	118
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	20
Active Plan Members	216
	354

Benefits Provided

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

Normal Retirement:

Date: Earlier of attainment of age 50 or the completion of 25 Years of Credited Service. For Members hired on or after October 1, 2013: earlier of the attainment of age 50 with 10 years of Credited Service or 27 years of Credited Service regardless of age.

Benefit: 3.25% of Average Final Compensation times Years of Credited Service. For all Members who have not reached Normal Retirement eligibility as of October 1, 2013 the maximum benefit shall not exceed \$7,916.67 or the actual accrued benefit as of October 1, 2013.

Cost of Living Adjustment:

Beginning on the first October 1 following one complete year of receiving retirement income payments, the benefit is increased 3% annually. The first increase is a pro-rata adjustment, based on the number of months benefits commenced prior to October 1. For Members hired on or after October 1, 2013 the cost of living adjustment is after 3 complete years of receiving income payments.

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 Retirement Committee (medical proof required).

Benefit: Percentage of Average Final Compensation 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%

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 Percent</u>
	Less Than 5	0
	5	50
	6	60
	7	70
	8	80
	9	90
	10 or More	100

For Members hired on or after October 1, 2013 vesting is 100% at 10 Years.

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 Contributions: 10% of Salary. Interest: 3.50% per year through 10/01/1991, 0% thereafter.

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

(2) 6.50% per annum compounded monthly.

Members may elect to change form of return 2 times during each 12 month period of DROP participation.

The DROP balance as September 30, 2016 is \$6,365,097.

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	\$ 170,169,493
Plan Fiduciary Net Position	\$ (140,211,969)
Sponsor's Net Pension Liability	<u>\$ 29,957,524</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	82.40%

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	6.00% - 10.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

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%

Discount Rate:
The Discount Rate used to measure the Total Pension Liability was 7.75 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	1% Increase
	6.75%	Discount Rate	8.75%
		7.75%	
Sponsor's Net Pension Liability	\$ 53,069,886	\$ 29,957,524	\$ 11,175,874

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	4,597,357	4,181,795
Interest	11,714,484	11,186,338
Change in Excess State Money	379,832	256,415
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	2,017,708	(2,507,874)
Changes of assumptions	6,709,188	-
Contributions - Buy Back	105,656	-
Benefit Payments, including Refunds of Employee Contributions	(6,370,968)	(6,551,123)
Net Change in Total Pension Liability	19,153,257	6,565,551
Total Pension Liability - Beginning	151,016,236	144,450,685
Total Pension Liability - Ending (a)	<u>\$170,169,493</u>	<u>\$151,016,236</u>
Plan Fiduciary Net Position		
Contributions - Employer	6,875,656	6,995,863
Contributions - State	1,256,354	1,132,937
Contributions - Employee	1,553,768	1,454,685
Contributions - Buy Back	105,656	-
Net Investment Income	10,749,925	128,262
Benefit Payments, including Refunds of Employee Contributions	(6,370,968)	(6,551,123)
Administrative Expense	(112,350)	(132,861)
Net Change in Plan Fiduciary Net Position	14,058,041	3,027,763
Plan Fiduciary Net Position - Beginning	126,153,928	123,126,165
Plan Fiduciary Net Position - Ending (b)	<u>\$140,211,969</u>	<u>\$126,153,928</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 29,957,524</u>	<u>\$ 24,862,308</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	82.40%	83.54%
Covered Employee Payroll ¹	\$ 15,813,229	\$ 18,006,886
Net Pension Liability as a percentage of Covered Employee Payroll	189.45%	138.07%

Notes to Schedule:

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

Changes of Assumptions:

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

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

	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability		
Service Cost	4,249,385	3,943,745
Interest	10,547,735	9,908,025
Change in Excess State Money	209,437	-
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, including Refunds of Employee Contributions	(6,427,849)	(5,378,316)
Net Change in Total Pension Liability	<u>8,578,708</u>	<u>8,473,454</u>
Total Pension Liability - Beginning	<u>135,871,977</u>	<u>127,398,523</u>
Total Pension Liability - Ending (a)	<u><u>\$144,450,685</u></u>	<u><u>\$135,871,977</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	6,660,536	6,260,750
Contributions - State	1,085,959	1,002,434
Contributions - Employee	1,326,883	1,414,151
Contributions - Buy Back	-	-
Net Investment Income	10,828,135	13,788,213
Benefit Payments, including Refunds of Employee Contributions	(6,427,849)	(5,378,316)
Administrative Expense	(112,882)	(92,544)
Net Change in Plan Fiduciary Net Position	<u>13,360,782</u>	<u>16,994,688</u>
Plan Fiduciary Net Position - Beginning	<u>109,765,383</u>	<u>92,770,695</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$123,126,165</u></u>	<u><u>\$109,765,383</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 21,324,520</u></u>	<u><u>\$ 26,106,594</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	85.24%	80.79%
Covered Employee Payroll ¹	\$ 12,835,801	\$ 13,471,634
Net Pension Liability as a percentage of Covered Employee Payroll	166.13%	193.79%

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.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	7,433,901	7,613,340	7,537,058	7,137,272
Contributions in relation to the Actuarially Determined Contributions	7,752,178	7,872,385	7,537,058	7,137,272
Contribution Deficiency (Excess)	<u>\$ (318,277)</u>	<u>\$ (259,045)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll ¹	\$ 15,813,229	\$ 18,006,886	\$ 12,835,801	\$ 13,471,634
Contributions as a percentage of Covered Employee Payroll	49.02%	43.72%	58.72%	52.98%

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 average assumption of 7.24%.											
Amortization Method:	Level Percentage of Pay, Closed.											
Remaining Amortization Period:	27 Years (as of 10/01/2014).											
Mortality:	RP-2000 (combined healthy with no projection). Disabled lives are set forward 5 years. 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.											
Normal Retirement:	<table><tr><th>Number of Years after first Eligible</th><th>Retirement Probability</th></tr><tr><td>0-4</td><td>50%</td></tr><tr><td>5 or more</td><td>100%</td></tr></table>		Number of Years after first Eligible	Retirement Probability	0-4	50%	5 or more	100%				
Number of Years after first Eligible	Retirement Probability											
0-4	50%											
5 or more	100%											
Early Retirement:	Commencing at eligibility for Early Retirement (Age 40 with 10 years of Credited Service), Members are assumed to retire with an immediate benefit at the rate of 2% per year.											
Disability Rates:	<table><tr><th>Age</th><th>Rates</th></tr><tr><td>20</td><td>0.153%</td></tr><tr><td>30</td><td>0.174%</td></tr><tr><td>40</td><td>0.363%</td></tr><tr><td>50</td><td>1.287%</td></tr></table>		Age	Rates	20	0.153%	30	0.174%	40	0.363%	50	1.287%
Age	Rates											
20	0.153%											
30	0.174%											
40	0.363%											
50	1.287%											
Asset Smoothing Methodology:	It is assumed that 75% of Disability Retirements are service-related. 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 Rates:	<table><tr><th>Credited Service</th><th>Termination Probability</th></tr><tr><td>0-1</td><td>7.5%</td></tr><tr><td>2-5</td><td>4.0%</td></tr><tr><td>More than 5 years</td><td>3.5%</td></tr></table>		Credited Service	Termination Probability	0-1	7.5%	2-5	4.0%	More than 5 years	3.5%		
Credited Service	Termination Probability											
0-1	7.5%											
2-5	4.0%											
More than 5 years	3.5%											

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Salary Increases:	<table> <tr> <th>Credited Service</th><th>Assumption</th></tr> <tr> <td>less than 5 years</td><td>10.0%</td></tr> <tr> <td>5 -15 years</td><td>7.0%</td></tr> <tr> <td>more than 15 years</td><td>6.0%</td></tr> </table>	Credited Service	Assumption	less than 5 years	10.0%	5 -15 years	7.0%	more than 15 years	6.0%
Credited Service	Assumption								
less than 5 years	10.0%								
5 -15 years	7.0%								
more than 15 years	6.0%								
Final Year Salary Load:	<table> <tr> <th>Years of Credited Service as of 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>5.0%</td></tr> <tr> <td>10 or more years</td><td>10.0%</td></tr> </table>	Years of Credited Service as of February 7, 2012	Assumption	0	No load	Less than 10 years	5.0%	10 or more years	10.0%
Years of Credited Service as of February 7, 2012	Assumption								
0	No load								
Less than 10 years	5.0%								
10 or more years	10.0%								
Interest Rate:	7.75% per year compounded annually, net of investment related expenses.								
Payroll Growth Assumption:	5.00% per year (in 2014, capped at 4.08% per year as limited by historical 10 year payroll growth).								

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Annual Money-Weighted Rate of Return				
Net of Investment Expense	8.47%	0.10%	9.77%	14.48%

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 Police Officers' Retirement Plan is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board consists of 5 Trustees, 2 of whom shall be legal residents of the City who are appointed by the City Council, 2 of whom are Members of the Plan who are elected by a majority of the Police Officers' who are Members of the Plan and a fifth Trustee who is chosen by a majority of the first 4 Trustees.

Each person employed by the City Police Department as a full-time Police Officer becomes a Member of the Plan as a condition of his employment. All Police Officers are therefore eligible for Plan benefits as provided for in the plan document and by applicable law.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	118
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	20
Active Plan Members	216
	<u>354</u>

Benefits Provided

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

Normal Retirement:

Date: Earlier of attainment of age 50 or the completion of 25 Years of Credited Service. For Members hired on or after October 1, 2013: earlier of the attainment of age 50 with 10 years of Credited Service or 27 years of Credited Service regardless of age.

Benefit: 3.25% of Average Final Compensation times Years of Credited Service. For all Members who have not reached Normal Retirement eligibility as of October 1, 2013 the maximum benefit shall not exceed \$7,916.67 or the actual accrued benefit as of October 1, 2013.

Cost of Living Adjustment:

Beginning on the first October 1 following one complete year of receiving retirement income payments, the benefit is increased 3% annually. The first increase is a pro-rata adjustment, based on the number of months benefits commenced prior to October 1. For Members hired on or after October 1, 2013 the cost of living adjustment is after 3 complete years of receiving income payments.

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 Retirement Committee (medical proof required).

Benefit: Percentage of Average Final Compensation 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%

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.

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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

For Members hired on or after October 1, 2013 vesting is 100% at 10 Years.

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 Contributions: 10% of Salary. Interest: 3.50% per year through 10/01/1991, 0% thereafter.

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	6.00% - 10.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

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	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 7.75 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	\$ 151,016,236	\$ 126,153,928	\$ 24,862,308
Changes for a Year:			
Service Cost	4,597,357	-	4,597,357
Interest	11,714,484	-	11,714,484
Change in Excess State Money	379,832	-	379,832
Differences between Expected and Actual Experience	2,017,708	-	2,017,708
Changes of assumptions	6,709,188	-	6,709,188
Changes of benefit terms	-	-	-
Contributions - Employer	-	6,875,656	(6,875,656)
Contributions - State	-	1,256,354	(1,256,354)
Contributions - Employee	-	1,553,768	(1,553,768)
Contributions - Buy Back	105,656	105,656	-
Net Investment Income	-	10,749,925	(10,749,925)
Benefit Payments, including Refunds of Employee Contributions	(6,370,968)	(6,370,968)	-
Administrative Expense	-	(112,350)	112,350
Net Changes	19,153,257	14,058,041	5,095,216
Balances at September 30, 2016	\$ 170,169,493	\$ 140,211,969	\$ 29,957,524

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 53,069,886	\$ 29,957,524	\$ 11,175,874

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 \$7,673,315.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	1,681,424	1,671,916
Changes of assumptions	5,590,990	-
Net difference between Projected and Actual Earnings on Pension Plan investments	4,150,706	-
Total	<u>\$ 11,423,120</u>	<u>\$ 1,671,916</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	\$ 2,328,180
2018	\$ 2,328,181
2019	\$ 2,772,817
2020	\$ 867,543
2021	\$ 1,454,483
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	4,597,357	4,181,795
Interest	11,714,484	11,186,338
Change in Excess State Money	379,832	256,415
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	2,017,708	(2,507,874)
Changes of assumptions	6,709,188	-
Contributions - Buy Back	105,656	-
Benefit Payments, including Refunds of Employee Contributions	(6,370,968)	(6,551,123)
Net Change in Total Pension Liability	19,153,257	6,565,551
Total Pension Liability - Beginning	151,016,236	144,450,685
Total Pension Liability - Ending (a)	<u>\$170,169,493</u>	<u>\$151,016,236</u>
Plan Fiduciary Net Position		
Contributions - Employer	6,875,656	6,995,863
Contributions - State	1,256,354	1,132,937
Contributions - Employee	1,553,768	1,454,685
Contributions - Buy Back	105,656	-
Net Investment Income	10,749,925	128,262
Benefit Payments, including Refunds of Employee Contributions	(6,370,968)	(6,551,123)
Administrative Expense	(112,350)	(132,861)
Net Change in Plan Fiduciary Net Position	14,058,041	3,027,763
Plan Fiduciary Net Position - Beginning	126,153,928	123,126,165
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Plan Fiduciary Net Position as a percentage of the Total Pension Liability	82.40%	83.54%
Covered Employee Payroll ¹	\$ 15,813,229	\$ 18,006,886
Net Pension Liability as a percentage of Covered Employee Payroll	189.45%	138.07%

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:

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Change in Excess State Money	209,437	-
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Changes of assumptions	-	-
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Contributions - Buy Back	-	-
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Plan Fiduciary Net Position - Ending (b)	<u>\$123,126,165</u>	<u>\$109,765,383</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 21,324,520</u>	<u>\$ 26,106,594</u>
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Covered Employee Payroll ¹	\$ 12,835,801	\$ 13,471,634
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Notes to Schedule:

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SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	7,433,901	7,613,340	7,537,058	7,137,272
Contributions in relation to the				
Actuarially Determined Contributions	7,752,178	7,872,385	7,537,058	7,137,272
Contribution Deficiency (Excess)	\$ (318,277)	\$ (259,045)	\$ -	\$ -
Covered Employee Payroll ¹	\$ 15,813,229	\$ 18,006,886	\$ 12,835,801	\$ 13,471,634
Contributions as a percentage of				
Covered Employee Payroll	49.02%	43.72%	58.72%	52.98%

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%

Salary - A full year, based on the current average assumption of 7.24%.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 27 Years (as of 10/01/2014).

Mortality: RP-2000 (combined healthy with no projection). Disabled lives are set forward 5 years. 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.

Normal Retirement:	Number of Years after first Eligible	Retirement Probability
	0-4	50%
	5 or more	100%

Early Retirement: Commencing at eligibility for Early Retirement (Age 40 with 10 years of Credited Service), Members are assumed to retire with an immediate benefit at the rate of 2% per year.

Disability Rates:	Age	Rates
	20	0.153%
	30	0.174%
	40	0.363%
	50	1.287%

It is assumed that 75% of Disability Retirements are service-related.

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 a deminis bias that is above or below the Market Value of Assets.

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Termination Rates:	Credited Service	Termination Probability
	0-1	7.50%
	2-5	4.00%
	More than 5 years	3.50%
Salary Increases:	Credited Service	Assumption
	less than 5 years	10.0%
	5 -15 years	7.0%
	more than 15 years	6.0%
Final Year Salary Load:	Years of Credited Service as of February 7, 2012	Assumption
	0	No load
	Less than 10 years	5.0%
	10 or more years	10.0%
Interest Rate:	7.75% per year compounded annually, net of investment related expenses.	
Payroll Growth Assumption:	5.00% per year (in 2014, capped at 4.08% per year as limited by historical 10 year payroll growth).	

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 24,862,308	\$ 3,423,803	\$ 7,621,096	\$ -
Total Pension Liability Factors:				
Service Cost	4,597,357	-	-	4,597,357
Interest	11,714,484	-	-	11,714,484
Change in Excess State Money	379,832	-	-	379,832
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	105,656	-	-	105,656
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	2,017,708	-	2,017,708	-
Current year amortization of experience difference	-	(417,979)	(336,284)	(81,695)
Change in assumptions about future economic or demographic factors or other inputs	6,709,188	-	6,709,188	-
Current year amortization of change in assumptions	-	-	(1,118,198)	1,118,198
Benefit Payments	(6,370,968)	-	-	(6,370,968)
Net change	<u>19,153,257</u>	<u>(417,979)</u>	<u>7,272,414</u>	<u>11,462,864</u>
Plan Fiduciary Net Position:				
Contributions - Employer	6,875,656	-	-	-
Contributions - State	1,256,354	-	-	-
Contributions - Employee	1,553,768	-	-	(1,553,768)
Contributions - Buy Back	105,656	-	-	(105,656)
Net Investment Income	9,905,119	-	-	(9,905,119)
Difference between projected and actual earnings on Pension Plan investments	844,806	844,806	-	-
Current year amortization	-	(613,598)	(1,905,274)	1,291,676
Benefit Payments	(6,370,968)	-	-	6,370,968
Administrative Expenses	(112,350)	-	-	112,350
Net change	<u>14,058,041</u>	<u>231,208</u>	<u>(1,905,274)</u>	<u>(3,789,549)</u>
Ending Balance	<u><u>\$ 29,957,524</u></u>	<u><u>\$ 3,237,032</u></u>	<u><u>\$ 12,988,236</u></u>	<u><u>\$ 7,673,315</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	2025
2014	\$ (2,223,178)	5	\$ (444,635)	\$ (444,635)	\$ (444,636)	\$ (444,636)	\$ (444,636)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 9,526,371	5	\$ -	\$ 1,905,275	\$ 1,905,274	\$ 1,905,274	\$ 1,905,274	\$ 1,905,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (844,806)	5	\$ -	\$ -	\$ (168,962)	\$ (168,961)	\$ (168,961)	\$ (168,961)	\$ (168,961)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			<u>\$ (444,635)</u>	<u>\$ 1,460,640</u>	<u>\$ 1,291,676</u>	<u>\$ 1,291,677</u>	<u>\$ 1,291,677</u>	<u>\$ 1,736,313</u>	<u>\$ (168,961)</u>	<u>\$ -</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	\$ -	6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ -	6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 6,709,188	6	\$ -	\$ -	\$ 1,118,198	\$ 1,118,198	\$ 1,118,198	\$ 1,118,198	\$ 1,118,198	\$ 1,118,198	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ -	\$ 1,118,198	\$ 1,118,198	\$ 1,118,198	\$ 1,118,198	\$ 1,118,198	\$ 1,118,198	\$ -	\$ -	\$ -

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	\$ (2,507,874)	6	\$ -	\$ (417,979)	\$ (417,979)	\$ (417,979)	\$ (417,979)	\$ (417,979)	\$ (417,979)	\$ -	\$ -	\$ -	\$ -
2016	\$ 2,017,708	6	\$ -	\$ -	\$ 336,284	\$ 336,284	\$ 336,285	\$ 336,285	\$ 336,285	\$ 336,285	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ (417,979)	\$ (81,695)	\$ (81,695)	\$ (81,694)	\$ (81,694)	\$ (81,694)	\$ 336,285	\$ -	\$ -	\$ -