

City of Sebring Police Officers' Retirement Trust Fund

Actuarial Valuation Report as of October 1, 2016

Annual Employer Contribution for the Fiscal Year
Ending September 30, 2018

July 7, 2017

Board of Trustees
Sebring Police Officers' Retirement
Trust Fund
Sebring, Florida

**Re: City of Sebring Police Officers' Retirement Trust Fund
Actuarial Valuation as of October 1, 2016**

Dear Board Members:

The results of the October 1, 2016 Annual Actuarial Valuation of the City of Sebring Police Officers' Retirement Trust Fund are presented in this report.

The computed contribution rate shown on page 1 may be considered as a minimum contribution rate that complies with the Board's funding policy. Users of this report should be aware that contributions made at that rate do not guarantee benefit security. Given the importance of benefit security to any retirement system, we suggest that contributions to the System in excess of those presented in this report be considered.

The contribution rate in this report is determined using the actuarial assumptions and methods disclosed in Section B of this report. This report includes risk metrics in Section A but does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment. We encourage a review and assessment of investment and other significant risks that may have a material effect on the Plan's financial condition.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The purposes of the valuation are to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2018, and to determine the actuarial information for GASB Statement No. 67 for the fiscal year ending September 30, 2016. This report also includes estimated GASB Statement No. 67 information for fiscal year ending September 30, 2017. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results, associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

The findings in this report are based on data or other information through September 30, 2016. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such measurements.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this Plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The valuation was based upon information furnished by the City and Plan Administrator concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

In addition, this report was prepared using certain assumptions approved by the Board and prescribed by the Florida Statutes as described in the section of this report entitled Actuarial Assumptions and Methods. The prescribed assumptions are the assumed mortality rates detailed in the Actuarial Assumptions and Methods section in accordance with Florida House Bill 1309 (codified in Chapter 2015-157).

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Peter N. Strong and Trisha Amrose are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein.

The signing actuaries are independent of the plan sponsor.

This actuarial valuation and/or cost determination 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. In my opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. 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.

Gabriel, Roeder, Smith & Company will be pleased to review this valuation and Report with the Board of Trustees and to answer any questions pertaining to the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By: 
Peter N. Strong, FSA, MAAA, FCA
Enrolled Actuary No. 17-06975
Senior Consultant & Actuary

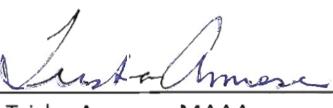
By: 
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Enrolled Actuary No. 17-08010
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SECTION A

DISCUSSION OF VALUATION RESULTS

DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

The following is a comparison of the required employer contribution developed in this year's and last year's valuations.

	For FYE 9/30/2018 Based on 10/1/2016 Valuation	For FYE 9/30/2017 Based on 10/1/2015 Valuation	Increase (Decrease)
Required Employer Contribution			
If paid on October 1			
Date of Payment	10/1/2017	10/1/2016	
Dollar Amount	\$ 374,381	\$ 421,046	\$ (46,665)
As % of Covered Payroll	35.89 %	39.17 %	(3.28) %
If paid Monthly			
Date of Payment	Monthly	Monthly	
Dollar Amount	\$ 388,896	\$ 437,580	\$ (48,684)
As % of Covered Payroll	37.28 %	40.71 %	(3.43) %

The required contribution if paid monthly has been adjusted for interest on the basis that payment is made at the end of each month during the fiscal year. Also displayed above is the required contribution if the payment is made in full on the first day of the fiscal year.

The actual Employer contribution during the year ending September 30, 2016 was \$509,592. The required contribution was \$509,592.

Revisions in Benefits

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

Revisions in Actuarial Assumptions or Methods

The investment return assumption was lowered from 7.5% to 7.4% effective October 1, 2016. This assumption will be reduced by 0.1% each future year until 7.0% is reached.

In addition, the mortality assumption was changed from the RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected to all future years after 2000 using Scale AA to the mortality assumption used by the Florida Retirement System (FRS) for Special Risk Class members in their actuarial valuation as of July 1, 2016. The current FRS mortality tables are the RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white

collar adjustment. This change was made in compliance with Florida House Bill 1309, which requires all public pension plans in Florida to use the same mortality tables used in either of the last two actuarial valuations reports of FRS no later than October 1, 2016.

The assumption changes described above increased the Employer Contribution Rate by 2.88% of covered payroll.

Actuarial Experience

There was a net actuarial experience gain of \$342,906 for the year which means that actual experience was more favorable than expected. The gain was primarily due to lower than expected average salary increases (2.0% actual versus 5.0% assumed) and higher recognized investment return above the assumed rate of 7.5%. The investment return was 7.0% based on the market value of assets and 8.7% based on the actuarial value of assets. The actuarial gain caused the employer contribution to decrease by 6.95% of covered payroll.

Funded Ratio

This year's funded ratio is 97.8% compared to 95.9% last year. The funded ratio was 98.8% before the assumption changes described above. The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.

Analysis of Change in Required Contribution

The components of change in the required employer contribution as a percent of covered payroll (assuming City contributions are deposited monthly) are as follows:

Contribution rate last year	40.71 %
Revisions in benefits	0.00
Revisions in assumptions/methods	2.88
Experience gain/loss	(6.95)
Change in administrative expense	<u>0.64</u>
Contribution rate this year	37.28 %

Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of covered payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected to return to the current level, but this does not always happen.

The Actuarial Value of Assets exceeds the Market Value of Assets by \$496,781 as of the valuation date (see Section C). This difference will be gradually recognized over the next few years. In turn, the computed employer contribution rate will increase by approximately 10.1% of covered payroll over the same period in the absence of offsetting gains and before reflecting the further phase-in of the investment return assumption change.

Relationship to Market Value

If we were not using an asset smoothing method, the Employer contribution rate would have been 47.34% (\$493,779 assuming City contributions are deposited monthly) and the funded ratio would have been 94.6%. In the absence of other gains and losses, the Employer contribution rate should increase to that level over the next several years before reflecting the further phase-in of the investment return assumption change.

Conclusion

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

CHAPTER REVENUE

Increments in Chapter revenue over that received in 1998 must first be used to fund the cost of compliance with minimum benefits.

As of the valuation date, there are no minimum benefit requirements outstanding.

Actuarial Confirmation of the Use of State Chapter Money	
1. Base Amount Previous Plan Year	\$ 0
2. Amount Received for Previous Plan Year	0
3. Benefit Improvements Made in Previous Plan Year	0
4. Excess Funds for Previous Plan Year: (2) - (1) - (3)	0
5. Accumulated Excess at Beginning of Previous Year	0
6. Prior Excess Used in Previous Plan Year	0
7. Accumulated Excess as of Valuation Date (Available for Benefit Improvements): (4) + (5) - (6)	0
8. Base Amount This Plan Year: lesser of (2) and [(1) + (3)]	0

Due to the Plan's closure, beginning in the fiscal year ending September 30, 2014, the Plan no longer receives Chapter 185 revenue.

SECTION B

VALUATION RESULTS

PARTICIPANT DATA		
	October 1, 2016	October 1, 2015
ACTIVE MEMBERS		
Number	20	21
Covered Annual Payroll	\$ 1,043,062	\$ 1,074,980
Average Annual Payroll	\$ 52,153	\$ 51,190
Average Age	43.3	43.0
Average Past Service	13.6	12.5
Average Age at Hire	29.7	30.5
RETIREES, BENEFICIARIES & DROP		
Number	21	20
Annual Benefits	\$ 553,819	\$ 526,285
Average Annual Benefit	\$ 26,372	\$ 26,314
Average Age	61.4	62.3
DISABILITY RETIREES		
Number	0	0
Annual Benefits	\$ 0	\$ 0
Average Annual Benefit	\$ 0	\$ 0
Average Age	0.0	0.0
TERMINATED VESTED MEMBERS		
Number	1	2
Annual Benefits	\$ 9,010	\$ 28,954
Average Annual Benefit	\$ 9,010	\$ 14,477
Average Age	42.6	43.2

ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTION (ADEC)

A. Valuation Date	October 1, 2016 <i>After Assumption Changes - Assuming City Contribution made October 1st</i>	October 1, 2016 <i>After Assumption Changes</i>	October 1, 2016 <i>Before Assumption Changes</i>	October 1, 2015 <i>Assuming City Contribution made October 1st</i>
B. ADEC to Be Paid During Fiscal Year Ending	9/30/2018	9/30/2018	9/30/2018	9/30/2017
C. Assumed Date of Employer Contrib.	10/1/2017	Monthly	Monthly	10/1/2016
D. Employer Normal Cost	\$ 374,381	\$ 374,381	\$ 345,280	\$ 421,046
E. ADEC if Paid on the Valuation Date: D	374,381	374,381	345,280	421,046
F. ADEC Adjusted for Frequency of Payments	374,381	388,896	358,839	421,046
G. ADEC as % of Covered Payroll	35.89 %	37.28 %	34.40 %	39.17 %
H. Assumed Rate of Increase in Covered Payroll to Contribution Year	0.00 %	0.00 %	0.00 %	0.00 %
I. Covered Payroll for Contribution Year	1,043,062	1,043,062	1,043,062	1,074,980
J. ADEC for Contribution Year: G x I	374,381	388,896	358,839	421,046
K. Estimate of State Revenue in Contribution Year	0	0	0	0
L. Required Employer Contribution (REC) in Contribution Year	374,381	388,896	358,839	421,046
M. REC as % of Covered Payroll in Contribution Year: L ÷ I	35.89 %	37.28 %	34.40 %	39.17 %

ACTUARIAL VALUE OF BENEFITS AND ASSETS

A. Valuation Date	October 1, 2016 <i>After Assumption Changes</i>	October 1, 2016 <i>Before Assumption Changes</i>	October 1, 2015
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 8,337,610	\$ 8,345,117	\$ 7,989,126
b. Vesting Benefits	113,423	114,933	128,819
c. Disability Benefits	186,839	210,306	219,056
d. Preretirement Death Benefits	24,656	17,466	17,853
e. Return of Member Contributions	4,488	4,430	6,975
f. Total	<u>8,667,016</u>	<u>8,692,252</u>	<u>8,361,829</u>
2. Inactive Members			
a. Service Retirees & Beneficiaries	8,222,104	8,049,288	7,612,445
b. Disability Retirees	-	-	-
c. Terminated Vested Members	53,600	55,172	194,521
d. Total	<u>8,275,704</u>	<u>8,104,460</u>	<u>7,806,966</u>
3. Total for All Members	16,942,720	16,796,712	16,168,795
C. Actuarial Accrued (Past Service) Liability (Entry Age Normal)	15,299,094	15,154,949	14,334,427
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	14,179,740	14,032,037	13,115,579
E. Plan Assets			
1. Market Value	14,472,172	14,472,172	13,523,559
2. Actuarial Value	14,968,953	14,968,953	13,745,172
F. Actuarial Present Value of Projected Covered Payroll	5,133,268	5,125,657	5,723,176
G. Actuarial Present Value of Projected Member Contributions	256,663	256,283	286,159
H. Accumulated Contributions of Active Members	602,056	602,056	574,359

CALCULATION OF EMPLOYER NORMAL COST

A. Valuation Date	October 1, 2016 <i>After Assumption Changes</i>	October 1, 2016 <i>Before Assumption Changes</i>	October 1, 2015
B. Actuarial Present Value of Projected Benefits	\$ 16,942,720	\$ 16,796,712	\$ 16,168,795
C. Actuarial Value of Assets	14,968,953	14,968,953	13,745,172
D. Actuarial Present Value of Projected Member Contributions	256,663	256,283	286,159
E. Actuarial Present Value of Projected Employer Normal Costs: B - C - D	1,717,104	1,571,476	2,137,464
F. Actuarial Present Value of Projected Covered Payroll	5,133,268	5,125,657	5,723,176
G. Employer Normal Cost Rate: E / F	33.45 %	30.66 %	37.35 %
H. Covered Annual Payroll	1,043,062	1,043,062	1,074,980
I. Employer Normal Cost: G x H	348,904	319,803	401,505
J. Assumed Amount of Administrative Expenses	25,477	25,477	19,541
K. Total Employer Normal Cost: I+ J	374,381	345,280	421,046
L. Employer Normal Cost as % of Covered Payroll	35.89 %	33.10 %	39.17 %

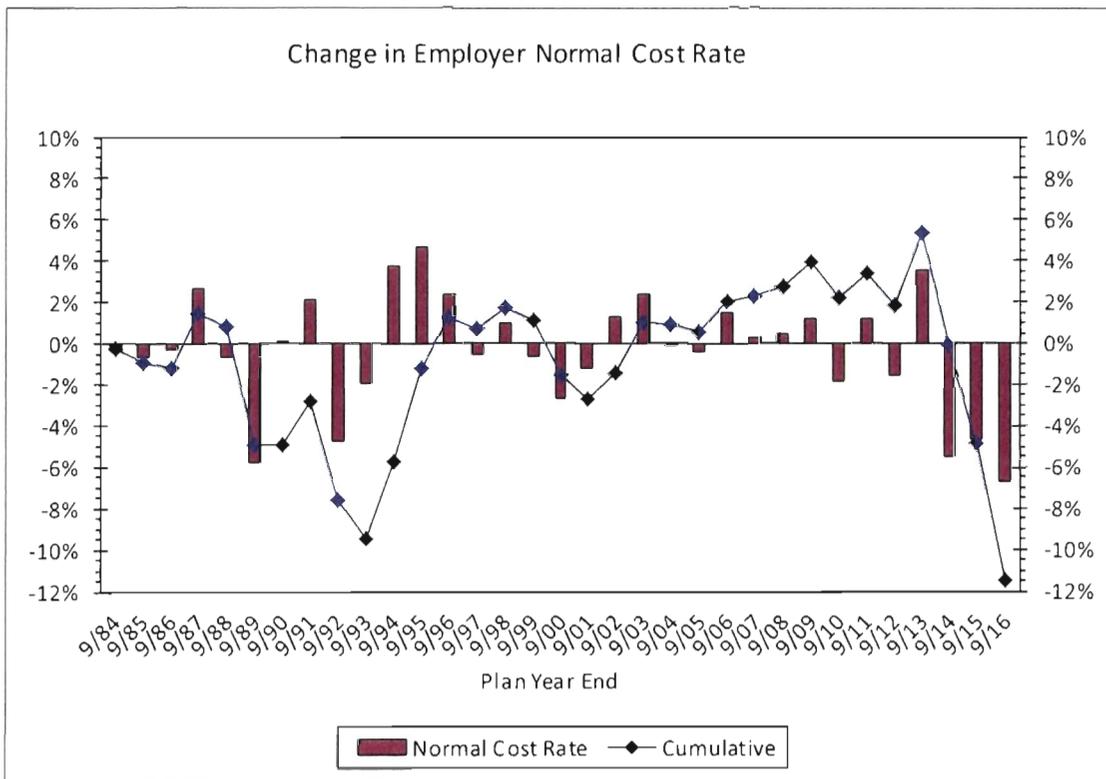
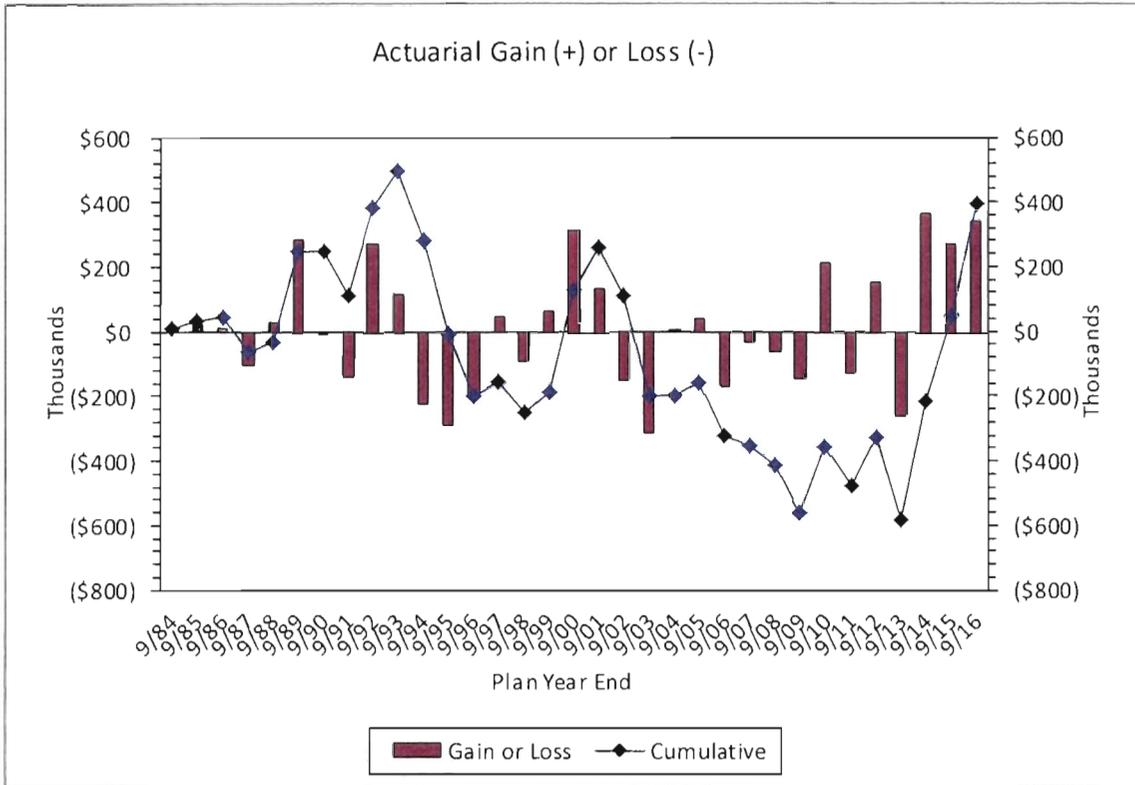
ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gain (loss) for the past year is computed as follows:

A.	Employer Normal Cost as a Percentage of Covered Payroll	
	1. Last Valuation	37.35 %
	2. Current Valuation	<u>30.66</u>
	3. Difference: 1 - 2	6.69
B.	Actuarial Present Value of Projected Covered Payroll	\$ 5,125,657
C.	Net Actuarial Gain (Loss): A3 x B	342,906
D.	Gain / (Loss) Due to Investments	178,649
E.	Gain / (Loss) Due to Other Sources	164,257

Net actuarial gains in previous years have been as follows:

Year Ended	Change in Employer Normal Cost Rate	Gain (Loss)
9/30/84	(0.23) %	\$ 8,339
9/30/85	(0.65)	23,689
9/30/86	(0.30)	11,461
9/30/87	2.68	(105,037)
9/30/88	(0.67)	28,353
9/30/89	(5.75)	282,952
9/30/90	0.01	(484)
9/30/91	2.08	(139,782)
9/30/92	(4.78)	272,952
9/30/93	(1.87)	116,533
9/30/94	3.71	(219,157)
9/30/95	4.63	(288,375)
9/30/96	2.40	(192,192)
9/30/97	(0.57)	42,485
9/30/98	1.01	(91,691)
9/30/99	(0.59)	63,036
9/30/00	(2.68)	312,761
9/30/01	(1.17)	134,883
9/30/02	1.30	(150,958)
9/30/03	2.42	(308,945)
9/30/04	(0.03)	3,431
9/30/05	(0.40)	39,883
9/30/06	1.49	(165,829)
9/30/07	0.25	(30,136)
9/30/08	0.48	(62,071)
9/30/09	1.18	(145,532)
9/30/10	(1.79)	209,262
9/30/11	1.21	(126,417)
9/30/12	(1.58)	152,322
9/30/13	3.56	(258,072)
9/30/14	(5.46)	366,493
9/30/15	(4.69)	268,417
9/30/16	(6.69)	342,906



The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they are in line with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last few years:

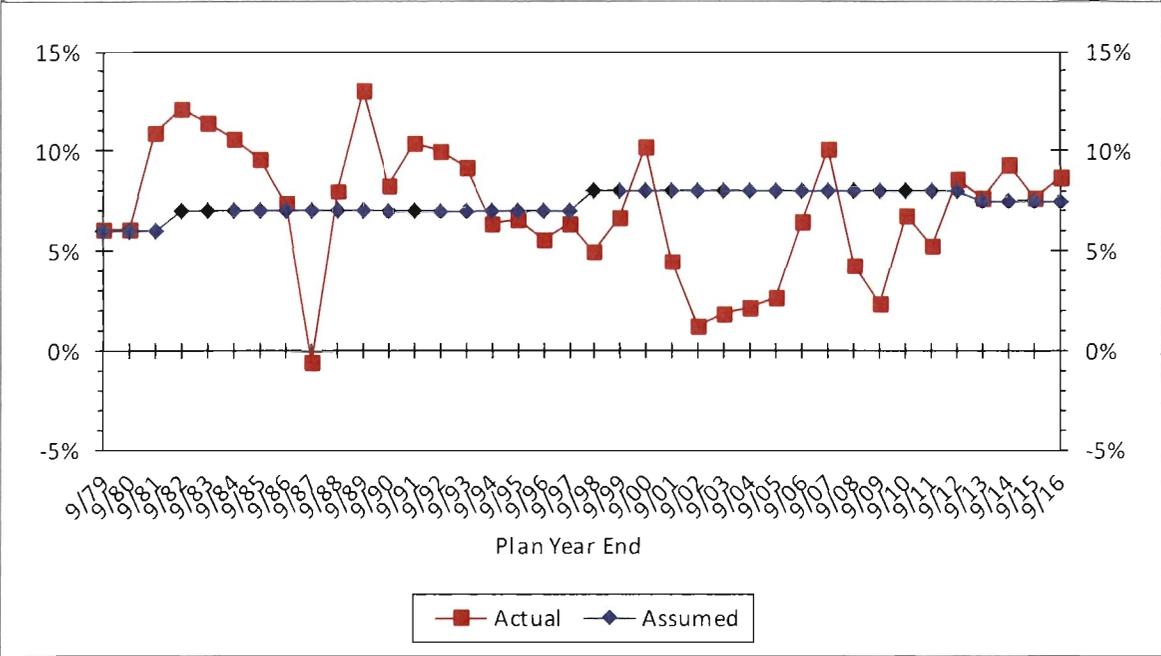
Year Ending	Investment Return		Salary Increases	
	Actual	Assumed	Actual	Assumed
9/30/1979	6.1 %	6.0 %		
9/30/1980	6.1	6.0	15.6 % *	10.3 % *
9/30/1981	10.9	6.0	10.3	5.0
9/30/1982	12.1	7.0	10.2	7.0
9/30/1983	11.4	7.0	6.3	7.0
9/30/1984	10.6	7.0	4.0	7.0
9/30/1985	9.6	7.0	11.5	7.0
9/30/1986	7.4	7.0	6.8	7.0
9/30/1987	(0.5)	7.0	12.5	7.0
9/30/1988	8.0	7.0	8.2	7.0
9/30/1989	13.0	7.0	(2.4) **	7.0
9/30/1990	8.3	7.0	17.9	7.0
9/30/1991	10.4	7.0	8.0	7.0
9/30/1992	10.0	7.0	7.1	7.0
9/30/1993	9.2	7.0	1.2	7.0
9/30/1994	6.4	7.0	20.3	7.0
9/30/1995	6.6	7.0	14.6	7.0
9/30/1996	5.6	7.0	18.4	7.0
9/30/1997	6.4	7.0	3.6	7.0
9/30/1998	5.0	8.0	8.1	7.0
9/30/1999	6.7	8.0	16.8	7.0
9/30/2000	10.2	8.0	2.3	7.0
9/30/2001	4.5	8.0	5.6	7.0
9/30/2002	1.3	8.0	0.6	7.0
9/30/2003	1.8	8.0	4.1	7.0
9/30/2004	2.1	8.0	3.9	7.0
9/30/2005	2.7	8.0	2.1	7.0
9/30/2006	6.5	8.0	23.4	7.0
9/30/2007	10.1	8.0	7.7	7.0
9/30/2008	4.3	8.0	6.0	7.0
9/30/2009	2.4	8.0	0.9	7.0
9/30/2010	6.8	8.0	0.2	7.0
9/30/2011	5.3	8.0	2.0	7.0
9/30/2012	8.6	8.0	(0.1)	7.0
9/30/2013	7.7	7.5	2.7	5.0
9/30/2014	9.3	7.5	1.5	5.0
9/30/2015	7.7	7.5	2.2	5.0
9/30/2016	8.7	7.5	2.0	5.0
Averages	7.0 %	---	6.8 %	---

* For two years.

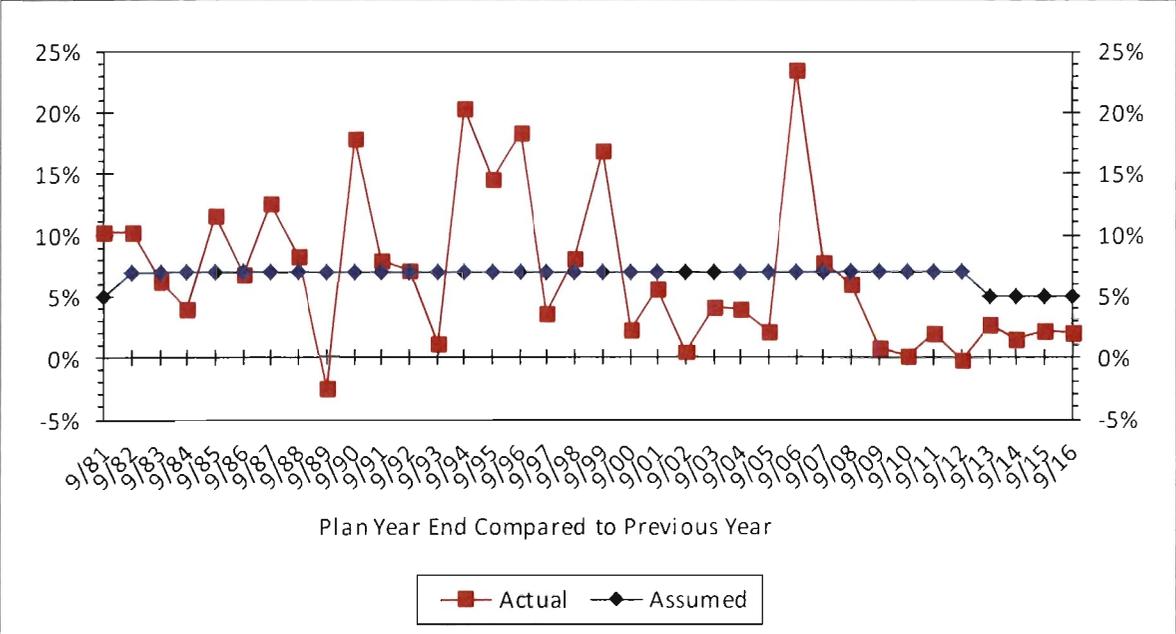
** Due to switch to base pay.

The actual investment return rates shown above are based on the actuarial value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuations both at the beginning and the end of each period.

History of Investment Return Based on Actuarial Value of Assets



History of Salary Increases



**Actual (A) Compared to Expected (E) Decrements
Among Active Employees**

Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year
	A	E	A	E	A	E	A	E	Vested	Other	Totals		
									A	A	A	E	
9/30/2002	5	4	0	1	0	0	0	0	1	3	4	1	34
9/30/2003	3	0	0	1	0	0	0	0	0	0	0	1	37
9/30/2004	3	4	0	1	0	0	0	0	0	4	4	1	36
9/30/2005	1	5	1	2	0	0	0	0	0	4	4	1	32
9/30/2006	5	6	0	2	0	0	0	0	1	5	6	1	31
9/30/2007	5	4	1	3	0	0	0	0	0	3	3	1	32
9/30/2008	2	1	1	3	0	0	0	0	0	0	0	1	33
9/30/2009	1	1	0	3	0	0	0	0	1	0	1	1	33
9/30/2010	3	6	4	3	0	0	0	0	0	2	2	1	30
9/30/2011	0	4	3	1	0	0	0	0	0	1	1	1	26
9/30/2012	0	0	0	0	0	0	0	0	0	0	0	1	26
9/30/2013	0	0	0	0	0	0	0	0	0	3	3	1	23
9/30/2014	0	0	0	1	0	0	0	0	0	0	0	1	23
9/30/2015	0	0	1	1	0	0	0	0	0	1	1	0	21
9/30/2016	0	0	1	2	0	0	0	0	0	0	0	0	20
9/30/2017		0		2		0		0				0	
15 Yr Totals *	28	35	12	24	0	0	0	0	3	26	29	13	

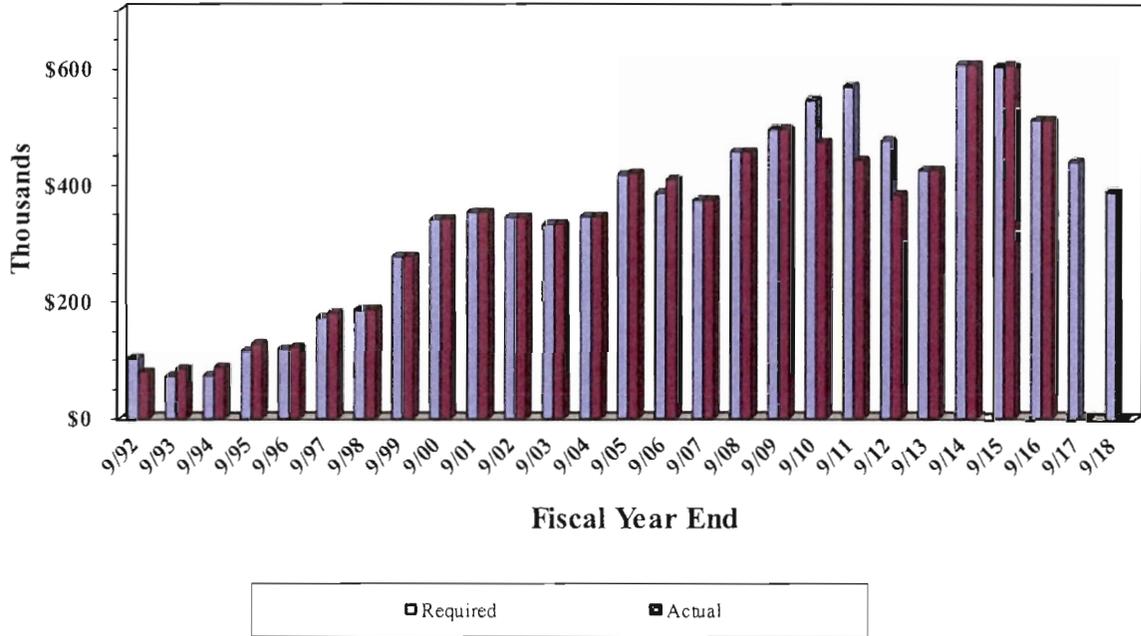
* Totals are through current Plan Year only.

RECENT HISTORY OF VALUATION RESULTS									
Valuation Date	Number of		Covered Annual Payroll	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Actuarial Accrued Liability (UAAL) - Entry Age	Funded Ratio	Employer Normal Cost	
	Active Members	Inactive Members						Amount	% of Payroll
10/1/91	26	9	\$ 562,871	\$ 2,130,111	\$ 1,724,562	\$ (405,549)	123.5 %	\$ 98,390	17.48 %
10/1/92	22	9	506,543	2,236,007	1,732,534	(503,473)	129.1	66,016	13.03
10/1/93	25	9	545,892	2,445,108	1,809,586	(635,522)	135.1	62,103	11.38
10/1/94	23	9	643,830	2,578,970	2,165,117	(413,853)	119.1	100,591	15.62
10/1/95	25	11	725,888	2,763,717	2,602,567	(161,150)	106.2	144,711	19.94
10/1/96	26	13	830,191	2,939,791	2,890,815	(48,976)	101.7	163,507	19.70
10/1/97	24	14	751,110	3,177,295	2,961,472	(215,823)	107.3	216,362	28.81
10/1/98	28	13	892,058	3,210,550	3,496,414	285,864	91.8	265,295	29.74
10/1/99	30	13	1,055,517	3,574,986	3,834,980	259,994	93.2	305,184	28.91
10/1/00	34	13	1,157,115	4,132,098	3,939,921	(192,177)	104.9	275,915	23.85
10/1/01	33	13	1,190,673	4,535,824	4,378,744	(157,080)	103.6	268,679	22.57
10/1/02	34	13	1,206,672	4,761,920	4,676,980	(84,940)	101.8	283,393	23.49
10/1/03	37	13	1,345,490	5,053,860	5,238,253	184,393	96.5	348,335	25.89
10/1/04	36	13	1,295,255	5,347,739	5,488,234	140,495	97.4	336,430	25.97
10/1/05	32	14	1,197,995	5,836,069	6,053,150	217,081	96.4	321,239	26.81
10/1/06	31	14	1,404,389	6,470,910	6,800,682	329,772	95.2	400,048	28.49
10/1/07	32	15	1,529,851	7,365,085	7,722,115	357,030	95.4	437,584	28.60
10/1/08	33	14	1,643,653	7,929,263	8,399,115	469,852	94.4	480,796	29.25
10/1/09	33	15	1,638,689	8,461,055	9,042,391	581,336	93.6	503,646	30.73
10/1/10	30	19	1,427,036	9,211,656	9,574,522	362,866	96.2	411,634	28.85
10/1/11	26	21	1,241,644	9,773,800	10,209,040	435,240	95.7	366,621	29.53
10/1/12	26	21	1,228,100	10,563,668	12,076,903	1,513,235	87.5	582,020	47.39
10/1/13	23	21	1,135,895	11,346,382	12,829,789	1,483,407	88.4	580,040	51.06
10/1/14	23	21	1,152,380	12,616,132	13,626,276	1,010,144	92.6	509,592	44.22
10/1/15	21	22	1,074,980	13,745,172	14,334,427	589,255	95.9	421,046	39.17
10/1/16	20	22	1,043,062	14,968,953	15,299,094	330,141	97.8	374,381	35.89

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS										
Valuation	End of Year To Which Valuation Applies	Required Contributions						Actual Contributions		
		Employer & State		Estimated State		Net Employer		Employer	State	Total
		Amount	% of Payroll	Amount	% of Payroll	Amount	% of Payroll			
10/1/91	9/30/92	\$ 103,286	18.35 %	\$ 72,203	12.83 %	\$ 31,083	5.52 %	\$ 11,020	\$ 68,896	\$ 79,916
10/1/92	9/30/93	72,142	14.24	68,896	13.60	3,246	0.64	16,408	68,580	84,988
10/1/93	9/30/94	73,333	13.43	68,580	12.56	4,753	0.87	18,388	68,912	87,300
10/1/94	9/30/95	116,431	18.08	68,192	10.59	48,239	7.49	53,819	75,265	129,084
10/1/94	9/30/96	120,213	18.67	75,265	11.69	44,948	6.98	44,948	78,034	122,982
10/1/95	9/30/97	173,177	23.86	78,034	10.75	95,143	13.11	95,143	85,379	180,522
10/1/96	9/30/98	186,378	22.45	78,034	9.40	108,344	13.05	96,811	89,567	186,378
10/1/97	9/30/99	277,935	37.01	85,379	11.37	192,556	25.64	188,441	89,494	277,935
10/1/98	9/30/00	341,054	38.23	89,567	10.04	251,487	28.19	251,487	89,567	341,054
10/1/99	9/30/01	353,129	33.46	89,494	8.48	263,635	24.98	269,115	84,014	353,129
10/1/00	9/30/02	344,193	29.75	89,567	7.74	254,626	22.01	254,626	89,567	344,193
10/1/01	9/30/03	332,259	27.91	84,014	7.06	248,245	20.85	242,692	89,567	332,259
10/1/02	9/30/04	344,491	28.55	89,567	7.42	254,924	21.13	254,924	89,567	344,491
10/1/03	9/30/05	416,081	30.92	89,567	6.65	326,514	24.27	329,610	89,567	419,177
10/1/04	9/30/06	385,934	28.65	89,567	6.65	296,367	22.00	296,367	111,869	408,236
10/1/05	9/30/07	373,152	29.95	111,869	8.98	261,283	20.97	261,283	111,869	373,152
10/1/06	9/30/08	455,550	31.19	111,869	7.66	343,681	23.53	343,681	111,869	455,550
10/1/07	9/30/09	494,656	31.09	111,869	7.03	382,787	24.06	383,992	110,664	494,656
10/1/08	9/30/10	545,299 ¹	31.90	110,664	6.47	434,635	25.43	365,588	106,640	472,228
10/1/09	9/30/11	568,874 ¹	33.38	106,640	6.26	462,234	27.12	338,670	102,347	441,017
10/1/10	9/30/12	475,066 ¹	32.01	102,347	6.90	372,719	25.11	292,337	90,235	382,572
10/1/11	9/30/13	424,324	32.86	90,235	6.99	334,089	25.87	336,851	87,473	424,324
10/1/12	9/30/14	604,876	49.25	0	0.00	604,876	49.25	604,876	0	604,876
10/1/13	9/30/15	602,818	53.07	0	0.00	602,818	53.07	602,818	0	602,818
10/1/14	9/30/16	509,592	44.22	0	0.00	509,592	44.22	509,592	0	509,592
10/1/15	9/30/17	437,580	40.71	0	0.00	437,580	40.71	N/A	N/A	N/A
10/1/16	9/30/18	388,896	37.28	0	0.00	388,896	37.28	N/A	N/A	N/A

¹ The required contributions shown are estimated dollar amounts. The actual contribution made is based on a percent of payroll figure.

Recent History of Required and Actual Contributions



ACTUARIAL ASSUMPTIONS AND COST METHOD

Valuation Methods

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using the **Aggregate Method**. The excess of the Actuarial Present Value of Projected Benefits of the group included in the valuation, over the sum of the Actuarial Value of Assets and the Actuarial Present Value of Future Member Contributions (if any) is allocated as a level percentage of earnings of the group between the valuation date and the assumed retirement age. This allocation is performed for the group as a whole, not as a sum of individual allocations. The portion of this Actuarial Present Value allocated to a specific year is called the Employer Normal Cost.

Under this method, actuarial gains and losses, plan amendments, and changes in actuarial assumptions and methods reduce or increase future Normal Costs.

Actuarial Value of Assets - The Actuarial Value of Assets phase in the difference between the expected actuarial value and actual market value of assets at the rate of 20% per year. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section.

Economic Assumptions

The investment return rate assumed in the valuations is 7.4% per year, compounded annually (net after investment expenses).

The **Inflation Rate** assumed in this valuation is 3% per year. The Inflation Rate is defined to be the expected long-term rate of increases in the prices of goods and services.

The assumed **real rate of return** over inflation is defined to be the portion of total investment return that is more than the assumed inflation rate. Considering other economic assumptions, the 7.4% investment return rate translates to an assumed real rate of return over inflation of 4.4%.

Pay increase assumptions for individual active members are shown below. Part of the assumption for each age is for productivity, merit and/or seniority increases, and 3% recognizes inflation.

The rates of salary increase are assumed to be 5% per year (including inflation). This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Projected retirement benefits are increased by a certain percentage to allow for a lump sum of unused leave pay in the calculation of final average earnings. The percentage is unique for each member, and it is calculated by dividing the balance of each member's unused leave hours as of December 1, 2011 by (2,080 hours × 3 years, or 6,240).

Demographic Assumptions

The mortality table is RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) in their July 1, 2016 actuarial valuation, as mandated by Florida House Bill 1309.

FRS Healthy Post-Retirement Mortality for Special Risk Class Members

Sample Attained Ages (in 2016)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.54 %	0.23 %	33.78	38.21
55	0.67	0.32	29.14	33.19
60	0.91	0.48	24.56	28.29
65	1.32	0.75	20.17	23.56
70	2.04	1.25	16.05	19.10
75	3.31	2.12	12.34	15.04
80	5.45	3.55	9.15	11.43

This assumption is used to measure the probabilities of each payment being made after retirement.

FRS Healthy Pre-Retirement Mortality for Special Risk Class Members

Sample Attained Ages (in 2016)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.23 %	0.15 %	34.77	38.56
55	0.39	0.24	29.65	33.42
60	0.72	0.40	24.77	28.40
65	1.24	0.71	20.21	23.58
70	2.04	1.25	16.05	19.10
75	3.31	2.12	12.34	15.04
80	5.45	3.55	9.15	11.43

This assumption is used to measure the probabilities of active members dying prior to retirement.

For disabled retirees, the mortality table used was 60% of the RP-2000 for Disabled Annuitants and 40% of the RP-2000 Annuitant Mortality Table with a White Collar adjustment, set back 4 years for males and set forward 2 years for females, with no provision being made for future mortality improvements. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) in their July 1, 2016 actuarial valuation, as mandated by Florida House Bill 1309.

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	1.67 %	0.91 %	23.74	27.06
55	2.03	1.26	20.77	23.37
60	2.47	1.67	17.91	19.90
65	3.07	2.24	15.15	16.62
70	3.90	3.18	12.52	13.58
75	5.30	4.60	10.02	10.86
80	7.59	6.66	7.80	8.48

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Number of Years After First Eligibility for Normal Retirement	Probability of Normal Retirement
0	80 %
1	40 %
2	40 %
3	40 %
4	40 %
5+	100 %

The rate of retirement is 5% for each year of eligibility for early retirement.

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	% of Active Members Separating Within Next Year
20	6.0%
25	5.7%
30	5.0%
35	3.8%
40	2.6%
45	1.6%
50	0.8%
55	0.3%
60	0.2%

Rates of disability among active members (75% of future disability retirements are assumed to be service-connected).

Sample Ages	% Becoming Disabled within Next Year
20	0.14 %
25	0.15 %
30	0.18 %
35	0.23 %
40	0.30 %
45	0.51 %
50	1.00 %
55	1.55 %

Changes from Previous Valuation – The investment return assumption was lowered from 7.5% to 7.4%. In addition, the mortality assumption was changed from the RP-2000 Combined Healthy Participant Table for males and females with mortality improvements projected to all future years after 2000 using Scale AA to the mortality assumption used by the Florida Retirement System (FRS) for Special Risk Class members in their actuarial valuation as of July 1, 2016.

Miscellaneous and Technical Assumptions

<i>Administrative & Investment Expenses</i>	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the average of the expenses over the previous two years. Assumed administrative expenses are added to the Normal Cost.
<i>Benefit Service</i>	Exact fractional service is used to determine the amount of benefit payable.
<i>Decrement Operation</i>	Disability and mortality decrements operate during retirement eligibility.
<i>Decrement Timing</i>	Decrements of all types are assumed to occur at the beginning of the year.
<i>Eligibility Testing</i>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<i>Forfeitures</i>	For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
<i>Incidence of Contributions</i>	Employer contributions are assumed to be made in equal installments at the end of each quarter. Member contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
<i>Marriage Assumption</i>	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<i>Normal Form of Benefit</i>	Ten year certain and life annuity is the normal form of benefit.
<i>Pay Increase Timing</i>	Middle of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
<i>Service Credit Accruals</i>	It is assumed that members accrue one year of service credit per year.

GLOSSARY

<i>Actuarial Accrued Liability (AAL)</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<i>Actuarial Cost Method</i>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value (APV)</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits (APVFB)</i>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<i>Actuarial Valuation</i>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 67.
<i>Actuarial Value of Assets</i>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially determined employer contribution (ADEC).
<i>Actuarially Determined Employer Contribution (ADEC)</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The ADEC consists of the Employer Normal Cost and Amortization Payment.

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution or ADEC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.
<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.

<i>GASB</i>	Governmental Accounting Standards Board.
<i>GASB No. 67 and GASB No. 68</i>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.
<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Open Amortization Period</i>	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Valuation Date</i>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

SECTION C

PENSION FUND INFORMATION

Statement of Plan Assets at Market Value

Item	September 30	
	2016	2015
A. Cash and Cash Equivalents (Operating Cash)	\$ -	\$ -
B. Receivables		
1. Member Contributions	\$ -	\$ -
2. Employer Contributions	-	-
3. State Contributions	-	-
4. Investment Income and Other Receivables	23,374	42,423
5. Total Receivables	\$ 23,374	\$ 42,423
C. Investments		
1. Short Term Investments	\$ 193,299	\$ 353,675
2. Domestic Equities	9,647,528	8,452,795
3. International Equities	-	-
4. Domestic Fixed Income	6,436,113	6,115,208
5. International Fixed Income	-	-
6. Real Estate	-	-
7. Other Securities	-	-
8. Total Investments	\$ 16,276,940	\$ 14,921,678
D. Liabilities		
1. Benefits Payable	\$ -	\$ -
2. Prepaid Employer Contribution	-	-
3. Accrued Expenses and Other Payables	-	-
4. Total Liabilities	\$ -	\$ -
E. Total Market Value of Assets Available for Benefits	\$ 16,300,314	\$ 14,964,101
F. Reserves		
1. State Contribution Reserve	\$ -	\$ -
2. DROP Accounts	(1,808,372)	(1,417,899)
3. Supplemental Benefit Reserve	(19,770)	(22,643)
4. Total Reserves	\$ (1,828,142)	\$ (1,440,542)
G. Market Value Net of Reserves	\$ 14,472,172	\$ 13,523,559
H. Allocation of Investments		
1. Short Term Investments	1.2%	2.4%
2. Domestic Equities	59.3%	56.6%
3. International Equities	0.0%	0.0%
4. Domestic Fixed Income	39.5%	41.0%
5. International Fixed Income	0.0%	0.0%
6. Real Estate	0.0%	0.0%
7. Other Securities	0.0%	0.0%
8. Total Investments	100.0%	100.0%

Reconciliation of Plan Assets

Item	September 30	
	2016	2015
A. Market Value of Assets at Beginning of Year	\$ 14,964,101	\$ 14,511,444
B. Revenues and Expenditures		
1. Contributions		
a. Member Contributions	\$ 52,066	\$ 56,311
b. Employer Contributions	509,592	602,818
c. State Contributions	-	-
d. Purchased Service Credit	-	-
e. Total	<u>\$ 561,658</u>	<u>\$ 659,129</u>
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 405,551	\$ 408,785
b. Net Realized Gains/(Losses)	134,046	-
c. Net Unrealized Gains/(Losses)	585,038	(264,829)
d. Investment Expenses	<u>(71,606)</u>	<u>(76,267)</u>
e. Net Investment Income	\$ 1,053,029	\$ 67,689
3. Benefits and Refunds		
a. Regular Monthly Benefits	\$ (248,379)	\$ (235,631)
b. Refunds	-	(16,234)
c. Supplemental Benefit Reserve Distributions	(1,437)	-
d. DROP Distributions	-	-
e. Total	<u>\$ (249,816)</u>	<u>\$ (251,865)</u>
4. Administrative and Miscellaneous Expenses	\$ (28,658)	\$ (22,296)
5. Transfers	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 16,300,314	\$ 14,964,101
D. Reserves		
1. State Contribution Reserve	\$ -	\$ -
2. DROP Accounts	(1,808,372)	(1,417,899)
3. Supplemental Benefit Reserve	<u>(19,770)</u>	<u>(22,643)</u>
4. Total Reserves	\$ (1,828,142)	\$ (1,440,542)
E. Market Value Net of Reserves	\$ 14,472,172	\$ 13,523,559

Reconciliation of DROP Accounts

Year Ended 9/30	Balance at Beginning of Year	Credits	Premium Tax		Distributions	Balance at End of Year
			Credits	Interest		
2010	\$ 0	\$ 87,512	\$ 3,632	\$ 2,588	\$ (1,424)	\$ 92,308
2011	92,308	162,202	4,014	11,018	(1,084)	268,458
2012	268,458	225,933	0	25,328	0	519,719
2013	519,719	232,301	0	41,882	0	793,902
2014	793,902	238,859	0	59,933	0	1,092,694
2015	1,092,694	245,615	0	79,590	0	1,417,899
2016	1,417,899	286,601	1,436	102,436	0	1,808,372

Reconciliation of Supplemental Benefit Reserve

Year Ended 9/30	Balance at Beginning of Year	Payments Credited to Accounts	Distributions to Retirees	Distributions to DROP Members	Balance at End of Year
2010	\$ 33,668	\$ 0	\$ (3,379)	\$ (3,632)	\$ 26,657
2011	26,657	0	0	(4,014)	22,643
2012	22,643	0	0	0	22,643
2013	22,643	0	0	0	22,643
2014	22,643	0	0	0	22,643
2015	22,643	0	0	0	22,643
2016	22,643	0	(1,437)	(1,436)	19,770

Development of Actuarial Value of Assets

Valuation Date – September 30	2015	2016	2017	2018	2019	2020
A. Actuarial Value of Assets Beginning of Year	\$ 13,731,469	\$ 15,185,714				
B. Market Value End of Year	14,964,101	16,300,314				
C. Market Value Beginning of Year	14,511,444	14,964,101				
D. Non-Investment/Administrative Net Cash Flow	384,968	283,184				
E. Investment Income						
E1. Actual Market Total: B-C-D	67,689	1,053,029				
E2. Assumed Rate of Return	7.50%	7.50%	7.40%	7.30%	7.20%	7.10%
E3. Assumed Amount of Return	1,044,296	1,149,548				
E4. Amount Subject to Phase-In: E1-E3	(976,607)	(96,519)				
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.2 x E4	(195,321)	(19,304)				
F2. First Prior Year	97,420	(195,321)	\$ (19,304)			
F3. Second Prior Year	(28,438)	97,420	(195,321)	\$ (19,304)		
F4. Third Prior Year	324,292	(28,438)	97,420	(195,321)	\$ (19,304)	
F5. Fourth Prior Year	(172,972)	324,292	(28,441)	97,420	(195,323)	\$ (19,303)
F6. Total Phase-Ins	24,981	178,649	(145,646)	(117,205)	(214,627)	(19,303)
G. Actuarial Value of Assets End of Year						
G1. Preliminary Actuarial Value of Assets End of Year:						
A+D+E3+F6	\$ 15,185,714	\$ 16,797,095				
G2. Upper Corridor Limit: 120%*B	17,956,921	19,560,377				
G3. Lower Corridor Limit: 80%*B	11,971,281	13,040,251				
G4. Actuarial Value of Assets End of Year	15,185,714	16,797,095				
G5. State Contribution Reserve	-	-				
G6. DROP Accounts	(1,417,899)	(1,808,372)				
G7. Supplemental Benefit Reserve	(22,643)	(19,770)				
G8. Final Actuarial Value of Assets End of Year	13,745,172	14,968,953				
H. Difference between Market & Actuarial Value of Assets	(221,613)	(496,781)				
I. Actuarial Rate of Return	7.68%	8.67%				
J. Market Value Rate of Return	0.46%	6.97%				
K. Ratio of Actuarial Value of Assets to Market Value	101.48%	103.05%				

Year Ended	Investment Rate of Return	
	Market Value*	Actuarial Value
9/30/79	N/A	6.1 %
9/30/80	N/A	6.1
9/30/81	2.4 %	10.9
9/30/82	21.5	12.1
9/30/83	12.6	11.4
9/30/84	9.9	10.6
9/30/85	9.8	9.6
9/30/86	7.4	7.4
9/30/87	(6.1)	(0.5)
9/30/88	8.4	8.0
9/30/89	16.3	13.0
9/30/90	9.6	8.3
9/30/91	13.0	10.4
9/30/92	13.0	10.0
9/30/93	7.1	9.2
9/30/94	(0.6)	6.4
9/30/95	9.6	6.6
9/30/96	5.5	5.6
9/30/97	17.1	6.4
9/30/98	2.8	5.0
9/30/99	10.7	6.7
9/30/00	19.0	10.2
9/30/01	(12.7)	4.5
9/30/02	(6.5)	1.3
9/30/03	11.7	1.8
9/30/04	10.4	2.1
9/30/05	13.3	2.7
9/30/06	7.6	6.5
9/30/07	11.2	10.1
9/30/08	(13.0)	4.3
9/30/09	1.2	2.4
9/30/10	8.9	6.8
9/30/11	(1.2)	5.3
9/30/12	26.2	8.6
9/30/13	5.9	7.7
9/30/14	11.0	9.3
9/30/15	0.5	7.7
9/30/16	7.0	8.7

Average Returns:

Last 5 Years	9.8 %	8.4 %
Last 10 Years	5.3 %	7.1 %
All Years	7.2 %	7.0 %

* Net of investment expenses after 2005.

The above rates are based on the retirement system's financial information reported to the actuary. They may differ from figures that the investment consultant reports, in part because of differences in the handling of administrative and investment expenses, and in part because of differences in the handling of cash flows.

SECTION D

FINANCIAL ACCOUNTING INFORMATION

FASB NO. 35 INFORMATION

A. Valuation Date	October 1, 2016	October 1, 2015
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 8,222,104	\$ 7,612,445
b. Terminated Vested Members	53,600	194,521
c. Other Members	<u>5,430,585</u>	<u>4,555,081</u>
d. Total	13,706,289	12,362,047
2. Non-Vested Benefits	473,451	753,532
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	14,179,740	13,115,579
4. Accumulated Contributions of Active Members	602,056	574,359
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	13,115,579	12,253,056
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	0	0
b. Change in Actuarial Assumptions	147,703	0
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	1,451,438	1,360,003
d. Benefits Paid (Net Basis)	<u>(534,980)</u>	<u>(497,480)</u>
e. Net Increase	1,064,161	862,523
3. Total Value at End of Period	14,179,740	13,115,579
D. Market Value of Assets	14,472,172	13,523,559
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
GASB Statement No. 67**

Fiscal year ending September 30,	<u>2017*</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service Cost	\$ 335,631	\$ 347,080	\$ 368,970	\$ 363,710
Interest	1,282,226	1,215,355	1,128,981	1,040,362
Benefit Changes	-	-	-	-
Difference between actual & expected experience	(95,597)	(223,168)	(73,552)	(8,567)
Assumption Changes	138,003	-	-	-
Benefit Payments	(616,410)	(249,816)	(235,631)	(231,806)
Refunds	(6,195)	-	(16,234)	-
Net Change in Total Pension Liability	<u>1,037,658</u>	<u>1,089,451</u>	<u>1,172,534</u>	<u>1,163,699</u>
Total Pension Liability - Beginning	<u>17,072,018</u>	<u>15,982,567</u>	<u>14,810,033</u>	<u>13,646,334</u>
Total Pension Liability - Ending (a)	<u>\$ 18,109,676</u>	<u>\$ 17,072,018</u>	<u>\$ 15,982,567</u>	<u>\$ 14,810,033</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 437,580	\$ 509,592	\$ 575,679	\$ 632,015
Contributions - Member	52,153	52,066	56,311	56,194
Net Investment Income	1,200,364	1,053,029	67,689	1,414,787
Benefit Payments	(616,410)	(249,816)	(235,631)	(231,806)
Refunds	(6,195)	-	(16,234)	-
Administrative Expense	(25,477)	(28,658)	(22,296)	(16,786)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>1,042,015</u>	<u>1,336,213</u>	<u>425,518</u>	<u>1,854,404</u>
Plan Fiduciary Net Position - Beginning	<u>16,300,314</u>	<u>14,964,101</u>	<u>14,538,583</u>	<u>12,684,179</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,342,329</u>	<u>\$ 16,300,314</u>	<u>\$ 14,964,101</u>	<u>\$ 14,538,583</u>
Net Pension Liability - Ending (a) - (b)	767,347	771,704	1,018,466	271,450
Plan Fiduciary Net Position as a Percentage				
of Total Pension Liability	95.76 %	95.48 %	93.63 %	98.17 %
Covered Payroll	\$ 1,043,062	\$ 1,041,328	\$ 1,128,134	\$ 1,123,880
Net Pension Liability as a Percentage				
of Covered Payroll	73.57 %	74.11 %	90.28 %	24.15 %

* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY
GASB Statement No. 67

FY Ending September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$ 14,810,033	\$ 14,538,583	\$ 271,450	98.17%	\$ 1,123,880	24.15%
2015	15,982,567	14,964,101	1,018,466	93.63%	1,128,134	90.28%
2016	17,072,018	16,300,314	771,704	95.48%	1,041,328	74.11%
2017*	18,109,676	17,342,329	767,347	95.76%	1,043,062	73.57%

* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

NOTES TO SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY
GASB Statement No. 67

Valuation Date: October 1, 2016
Measurement Date: September 30, 2017

Methods and Assumptions Used to Determine Net Pension Liability:

Actuarial Cost Method	Entry Age Normal
Inflation	3.00%
Salary Increases	5.00%
Investment Rate of Return	7.40%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Fully generational RP-2000 Mortality Table for annuitants with future improvements in mortality projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For disabled retirees, the mortality table used was 60% of the RP-2000 Mortality Table for disabled annuitants with ages set back 4 years for males and set forward 2 years for females, and 40% of the RP-2000 Mortality Table for healthy annuitants with a 100% white collar adjustment, with no provision being made for future mortality improvements. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) in their July 1, 2016 actuarial valuation, as mandated by Florida House Bill 1309 (codified in Chapter 2015-157).

Other Information:

Notes See Discussion of Valuation Results from October 1, 2016 Actuarial Valuation Report.

SCHEDULE OF CONTRIBUTIONS
GASB Statement No. 67

<u>FY Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 604,876	\$ 632,015	\$ (27,139)	\$ 1,123,880	56.24%
2015	602,818	575,679	27,139	1,128,134	51.03%
2016	509,592	509,592	-	1,041,328	48.94%
2017*	437,580	437,580	-	1,043,062	41.95%

*** These figures are estimates only. Actual figures will be provided after the end of the fiscal year.**

NOTES TO SCHEDULE OF CONTRIBUTIONS
GASB Statement No. 67

Valuation Date: October 1, 2015
Notes Actuarially determined contributions are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Aggregate
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	5-year smoothed market
Inflation	3.00%
Salary Increases	5.00%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA.

Other Information:

Notes See Discussion of Valuation Results in the October 1, 2015 Actuarial Valuation Report.

**SINGLE DISCOUNT RATE
GASB Statement No. 67**

A single discount rate of 7.40% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these 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 (7.40%) was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan’s net pension liability, calculated using a single discount rate of 7.40%, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption*

1% Decrease	Current Single Discount Rate Assumption	1% Increase
6.40%	7.40%	8.40%
\$3,076,663	\$767,347	(\$1,090,250)

* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

SECTION E

MISCELLANEOUS INFORMATION

RECONCILIATION OF MEMBERSHIP DATA		
	From 10/1/15 To 10/1/16	From 10/1/14 To 10/1/15
A. Active Members		
1. Number Included in Last Valuation	21	23
2. New Members Included in Current Valuation	0	0
3. Non-Vested Employment Terminations	0	(1)
4. Vested Employment Terminations	0	0
5. Service Retirements	(1)	0
6. DROP Retirements	0	(1)
7. Disability Retirements	0	0
8. Deaths	0	0
9. Other	0	0
10. Number Included in This Valuation	<u>20</u>	<u>21</u>
B. Terminated Vested Members		
1. Number Included in Last Valuation	2	2
2. Additions from Active Members	0	0
3. Lump Sum Payments/Refund of Contributions	0	0
4. Payments Commenced	(1)	0
5. Deaths	0	0
6. Other	0	0
7. Number Included in This Valuation	<u>1</u>	<u>2</u>
C. DROP Plan Members		
1. Number Included in Last Valuation	7	6
2. Additions from Active Members	0	1
3. Retirements	0	0
4. Deaths Resulting in No Further Payments	0	0
5. Other	0	0
6. Number Included in This Valuation	<u>7</u>	<u>7</u>
D. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	13	13
2. Additions from Active Members	1	0
3. Additions from Terminated Vested Members	1	0
4. Additions from DROP Plan	0	0
5. Deaths Resulting in No Further Payments	(1)	0
6. Deaths Resulting in New Survivor Benefits	0	0
7. End of Certain Period - No Further Payments	0	0
8. Other	0	0
9. Number Included in This Valuation	<u>14</u>	<u>13</u>

ACTIVE PARTICIPANT SCATTER

Age Group	Years of Service to Valuation Date									Totals
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20 & Up	
20-24 NO.	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0
25-29 NO.	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0
30-34 NO.	0	0	0	0	0	1	1	0	0	2
TOT PAY	0	0	0	0	0	40,639	51,837	0	0	92,476
AVG PAY	0	0	0	0	0	40,639	51,837	0	0	46,238
35-39 NO.	0	0	0	0	0	1	2	0	0	3
TOT PAY	0	0	0	0	0	49,700	90,789	0	0	140,489
AVG PAY	0	0	0	0	0	49,700	45,394	0	0	46,830
40-44 NO.	0	0	0	0	0	1	0	5	0	6
TOT PAY	0	0	0	0	0	45,990	0	284,063	0	330,053
AVG PAY	0	0	0	0	0	45,990	0	56,813	0	55,009
45-49 NO.	0	0	0	0	0	1	4	1	1	7
TOT PAY	0	0	0	0	0	45,551	203,058	54,108	63,578	366,295
AVG PAY	0	0	0	0	0	45,551	50,764	54,108	63,578	52,328
50-54 NO.	0	0	0	0	0	1	0	1	0	2
TOT PAY	0	0	0	0	0	41,369	0	46,939	0	88,308
AVG PAY	0	0	0	0	0	41,369	0	46,939	0	44,154
55-59 NO.	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0
60-64 NO.	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0
TOT NO.	0	0	0	0	0	5	7	7	1	20
TOT AMT	0	0	0	0	0	223,249	345,684	385,110	63,578	1,017,621
AVG AMT	0	0	0	0	0	44,650	49,383	55,016	63,578	50,881

INACTIVE PARTICIPANT SCATTER

Age	Terminated Vested		Disabled		Retirees and Beneficiaries	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 45	1	\$9,010	0	\$0	0	\$0
45-49	0	0	0	0	2	51,777
50-54	0	0	0	0	3	120,033
55-59	0	0	0	0	3	77,924
60-64	0	0	0	0	6	129,982
65-69	0	0	0	0	3	124,055
70-74	0	0	0	0	3	41,235
75-79	0	0	0	0	1	8,813
80-84	0	0	0	0	0	0
85-89	0	0	0	0	0	0
90 & Up	0	0	0	0	0	0
Total	1	\$9,010	0	\$0	21	\$553,819

SECTION F

SUMMARY OF PLAN PROVISIONS

CITY OF SEBRING
POLICE OFFICERS' RETIREMENT TRUST FUND

SUMMARY OF PLAN PROVISIONS

A. Ordinances

The Plan was established under the Code of Ordinances for the City of Sebring, Florida, Chapter 2, Article III, Division 3, and was most recently amended under Ordinance No. 1362 passed and adopted August 20, 2013. The Plan is also governed by certain provisions of Chapter 185, Florida Statutes, Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

B. Effective Date

1967

C. Plan Year

October 1 through September 30

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

All regular full time police officers hired before January 1, 2013 participate in the Plan as a condition of employment.

F. Credited Service

Service is measured as the total number of years and parts of years during the period of employment with the City as a police officer. In certain cases, previous state, county or military service is included. No service is credited for any periods of employment for which the member received a refund of their contributions.

G. Compensation

Total compensation as reported on Form W-2 including payments for unused accumulated leave time plus all tax deferred, tax sheltered or tax exempt items of income derived from elective employee payroll deductions or salary reductions. Effective December 1, 2011, the amount of overtime included in compensation is limited to 300 hours per year. The amount of accumulated unused leave hours included in compensation is limited to the lesser of the balance as of December 1, 2011 or the balance at retirement.

H. Average Final Compensation (AFC)

The average of Compensation over the highest 3 years out of the last 10 years of Credited Service immediately preceding termination or retirement.

I. Normal Retirement

Eligibility: A member may retire on the first day of the month coincident with or next following the earlier of:

- (1) 20 years of Credited Service regardless of age, or
- (2) age 52 and 10 years of Credited Service (5 years of Credited Service for members hired prior to 10/1/98)

Benefit: 3.0% of AFC multiplied by Credited Service with a maximum of 90% of AFC.

Members who were employed on or before November 17, 1995 and have attained age 60 are eligible for a benefit equal to 60% of AFC.

Supplemental Benefit: All members retiring under Normal or Early Retirement will receive a supplemental benefit equal to \$10 per month for each full year of Credited Service payable for the life of the retiree.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: 3% increase effective each October 1st for service retirees who retire after 9/1/98. The increase is prorated for those receiving benefits for less than 1 year. The COLA is not applied to the Supplemental Benefit.

J. Early Retirement

Eligibility: A member may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 45 and 10 years of Credited Service (5 years of Credited Service for members hired prior to 10/1/98).

Benefit: The Normal Retirement Benefit is reduced by 3.0% for each year by which the Early Retirement date precedes the Normal Retirement date.

Supplemental Benefit: All members retiring under Normal or Early Retirement will receive a supplemental benefit equal to \$10 per month for each full year of Credited Service payable for the life of the retiree.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: 3% increase effective each October 1st for service retirees who retire after 9/1/98. The increase is prorated for those receiving benefits for less than 1 year. The COLA is not applied to the Supplemental Benefit.

K. Delayed Retirement

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

L. Service Connected Disability

Eligibility: Any member who becomes totally and permanently disabled and unable to render useful and efficient service as a police officer as a result from an act occurring in the performance of service for the City is immediately eligible for a disability benefit.

Benefit: Accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability with a minimum equal to 42% of AFC.

Normal Form of Benefit: 10 Years Certain and Life thereafter; or until recovery from disability. Other options are also available.

COLA: Service Connected Disabilities after 9/1/98 receive a 3% increase effective each October 1st following the date the member would have had 20 years of Credited Service had they not become disabled.

M. Non-Service Connected Disability

Eligibility: Any member with 10 years of Credited Service (5 years of Credited Service for members hired prior to 10/1/98) who becomes totally and permanently disabled and unable to render useful and efficient service as a police officer is eligible for a disability benefit.

Benefit: Accrued Normal Retirement Benefit taking into account compensation earned and service credited as of the date of disability with a maximum equal to 50% of AFC and a minimum equal to 25% of AFC.

Normal Form of Benefit: 10 Years Certain and Life thereafter; or until recovery from disability. Other options are also available.

COLA: None

N. Death in the Line of Duty

Eligibility: Any vested member whose death is determined to be the result of a service incurred injury is eligible for survivor benefits.

Benefit: The beneficiary will receive the member's Accrued Normal Retirement Benefit taking into account compensation earned and service credited as of the date of death. At the option of the beneficiary, the benefit may begin prior to the member's Normal Retirement date but, if so elected, the benefit will be actuarially reduced for Early Retirement.

Normal Form of Benefit: 10 Years Certain; other options are also available.

COLA: For Line of Duty Deaths after 9/1/98, beneficiaries will receive a 3% increase effective each October 1st. The increase is prorated for those receiving benefits for less than 1 year.

The designated beneficiary of any non-vested member will receive a refund of the member's accumulated contributions.

O. Other Pre-Retirement Death

Eligibility: Any vested member is eligible for survivor benefits.

Benefit: The beneficiary will receive the member's Accrued Normal Retirement Benefit taking into account compensation earned and service credited as of the date of death. At the option of the beneficiary, the benefit may begin prior to the member's Normal Retirement date but, if so elected, the benefit will be actuarially reduced for Early Retirement.

Normal Form of Benefit: 10 Years Certain; other options are also available.

COLA: For Other Pre-Retirement Deaths after 9/1/98, beneficiaries will receive a 3% increase effective each October 1st. The increase is prorated for those receiving benefits for less than 1 year.

The designated beneficiary of any non-vested member will receive a refund of the member's accumulated contributions.

P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

Q. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are a Single Life Annuity or the 50%, 66 2/3%, 75% and 100% Joint and Survivor Annuity options. A Social Security option is also available for members retiring prior to the time they are eligible for Social Security retirement benefits.

R. Vested Termination

Eligibility: A member has earned a non-forfeitable right to Plan benefits after the completion of 10 years of Credited Service (5 years of Credited Service for members hired before 10/1/98) provided they elect to leave their accumulated contributions in the fund.

Benefit: The benefit is the member's accrued Normal Retirement Benefit as of the date of termination. Benefit is payable at the member's Early or Normal Retirement date which will be determined by the member's actual years of Credited Service as of the termination date. Benefits will be reduced for Early Retirement when applicable.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: None; unless the member is eligible for Early Retirement as of the date of termination.

Non-vested members terminating employment will receive a refund of their own accumulated contributions.

S. Refunds

Eligibility: All members terminating employment with less than 10 years of Credited Service (5 years of Credited Service for members hired prior to 10/1/98) are eligible. Optionally, vested members may elect a refund in lieu of the vested benefits otherwise due.

Benefit: Refund of the member's contributions.

T. Member Contributions

5.0% of Compensation

U. Employer Contributions

Any remaining amount determined by the actuary needed to fund the Plan properly according to State laws.

V. Cost of Living Increases

3% increase effective each October 1st for service retirees who retire after 9/1/98; includes service connected disability retirees starting 20 years after date of hire; non-service disability retirees do not receive a COLA. The COLA will not be applied to the Supplemental Benefit.

W. 13th Check

A 13th Check is payable each year on December 1 to eligible retirees, DROP members, and beneficiaries based on excess State revenue over the base amount of \$111,869. Vested terminated members and their beneficiaries are excluded. The annual allocation is based on each member's credited service. The 13th Check is added to the DROP accounts for members participating in the DROP.

The State Contribution Reserve of \$33,668 as of September 30, 2007 was allocated to members who accrued service between January 19, 2006 and December 31, 2007 based on each member's credited service.

Since the Plan was closed effective January 1, 2013, the Plan has forfeited the receipt of Chapter 185 revenue.

X. Deferred Retirement Option Plan

Eligibility: Plan members who have met one of the following criteria are eligible for the DROP:

- (1) 20 years of Credited Service regardless of age, or
- (2) age 52 and 10 years of Credited Service (5 years of Credited Service for members hired prior to 10/1/98)

Members who meet eligibility must submit a written election to participate in the DROP.

Benefit: The member's Credited Service and AFC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and AFC.

Supplemental

Benefit: All members retiring under Normal or Early Retirement will receive a supplemental benefit equal to \$10 per month for each full year of Credited Service payable for the life of the retiree.

Maximum

DROP Period: 7 years

Interest

Credited: Members elect to have the DROP account credited quarterly at one of the following interest rates:

- (1) the rate applicable to the Florida Retirement System's DROP for the immediately preceding calendar quarter (currently 6.5%), or
- (2) the rate realized by the pension plan's trust fund.

Normal Form

of Benefit: Lump Sum; other options are also available.

COLA: 3% increase effective each October 1st for service retirees who retire after 9/1/98. The increase is prorated for those receiving benefits for less than 1 year. The COLA is not applied to the Supplemental Benefit.

Y. Other Ancillary Benefits

There are no ancillary retirement type benefits not required by statutes but which might be deemed a City of Sebring Police Officers' Retirement Trust Fund liability if continued beyond the availability of funding by the current funding source.

Z. Changes from Previous Valuation

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