

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	4,175
Prepaid Benefits	70,732
Money Market	276,660
Cash	3,042
Total Cash and Equivalents	354,609
Receivables:	
From Broker for Investments Sold	9,231
Investment Income	19,457
Total Receivable	28,688
Investments:	
U. S. Bonds and Bills	959,029
Federal Agency Guaranteed Securities	913,620
Corporate Bonds	1,335,947
Stocks	3,474,771
Mutual Funds:	
Equity	3,189,959
Total Investments	9,873,326
Total Assets	10,256,623
<u>LIABILITIES</u>	
Payables:	
Administrative Expenses	8,306
To Broker for Investments Purchased	6,923
Total Liabilities	15,229
NET POSITION RESTRICTED FOR PENSIONS	10,241,394

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

ADDITIONS

## Contributions:

Town	738,676	
Total Contributions		738,676
Investment Income:		
Net Increase in Fair Value of Investments	637,279	
Interest & Dividends	212,565	
Less Investment Expense <sup>1</sup>	(52,262)	
Net Investment Income		797,582
Total Additions		1,536,258

DEDUCTIONS

## Distributions to Members:

Benefit Payments	835,443	
Lump Sum DROP Distributions	190,055	
Lump Sum Cashout Distributions	65,618	
Total Distributions		1,091,116
Administrative Expense		37,853
Total Deductions		1,128,969
Net Increase in Net Position		407,289

## NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		9,834,105
End of the Year		10,241,394

<sup>1</sup>Investment 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 Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees. The Board shall consist of seven Trustees, five of whom, unless otherwise prohibited by law, must be registered voters and residents of the town, who shall be appointed by the Longboat Key Town Commission, and two of whom shall be appointed by the Town Manager.

*Plan Membership as of October 1, 2015:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	45
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	6
Active Plan Members	11
	62

*Benefits Provided*

**The information below is for historical reference only.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

The Plan provides retirement, termination, and death benefits.

Normal Retirement:

Eligibility: Earlier of 1) Age 62 or 2) Age 55 and the completion of 30 years of Credited Service.

Benefit: 2.75% of Average Final Compensation times Years of Credited Service. The benefit is frozen as of September 30, 2013.

Early Retirement:

Date: Attainment of age 50 and the completion of 15 years of Credited Service.

Benefit: Accrued benefit reduced 3.0% for each year preceding the Normal Retirement Date.

Death Benefit:

Not Vested: Refund of Member Contributions.

Vested: Accrued benefit paid to Beneficiary for 120 months at Member's otherwise Early (reduced) or Normal Retirement Date.

Termination of Employment:

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

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

Members are 100% vested on September 30, 2013.

*Contributions*

Employee: None.

Town: Amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years, as per 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>
Domestic Equity	45%
International Equity	15%
Fixed Income	25%
Real Estate	10%
Master Limited Partnerships	5%
<u>Total</u>	<u>100%</u>

*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 8.25 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: Within 12 months following satisfaction of Normal Retirement requirements (age 62 or age 55 and 30 years of Credited Service.) New DROP Participants are not allowed after September 30, 2013.

Participation: Not to exceed 60 months.

Rate of Return: At election of Member (may change once during the DROP period) either: 1) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), or 2) 6.5%. Earnings are credited each fiscal quarter.

The DROP balance as September 30, 2016 is \$478,009.

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	\$ 15,117,159
Plan Fiduciary Net Position	\$ (10,241,394)
Sponsor's Net Pension Liability	<u>\$ 4,875,765</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	67.75%

*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	2.30%
Salary Increases	None
Discount Rate	7.00%
Investment Rate of Return	7.00%

*Mortality Rate Healthy Lives:*

Mortality Table - RP2000 Fully Generational with Scale BB, with collar and annuitant adjustments as follows:

Males – 50% Annuitant White Collar, 50% Annuitant Blue Collar.

Females – 100% Annuitant White Collar.

*Mortality Rate Disabled Lives:*

Mortality Table - RP2000 without projection, with the following adjustments:

Males – 100% Disabled Male with four year setback

Females – 100% Disabled Female with two year set forward.

The most recent actuarial experience study used to review the other significant assumptions was dated March, 7, 2008.

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 2.30%.

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
Domestic Equity	7.80%
International Equity	7.30%
Fixed Income	2.45%
Real Estate	3.78%
Master Limited Partnerships	6.50%

Discount Rate:

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Sponsor's Net Pension Liability	\$ 5,882,120	\$ 4,875,765	\$ 3,671,171

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

	<u>09/30/2016</u>	<u>09/30/2015</u>
Total Pension Liability		
Service Cost	753	2,151
Interest	988,019	1,008,600
Changes of benefit terms	(327,798)	-
Differences between Expected and Actual Experience	51,519	34,090
Changes of assumptions	508,618	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,091,116)</u>	<u>(928,199)</u>
Net Change in Total Pension Liability	129,995	116,642
Total Pension Liability - Beginning	<u>14,987,164</u>	<u>14,870,522</u>
Total Pension Liability - Ending (a)	<u><u>\$ 15,117,159</u></u>	<u><u>\$ 14,987,164</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	738,676	704,515
Contributions - Employee	-	-
Net Investment Income	797,582	(101,832)
Benefit Payments, including Refunds of Employee Contributions	(1,091,116)	(928,199)
Administrative Expense	<u>(37,853)</u>	<u>(44,104)</u>
Net Change in Plan Fiduciary Net Position	407,289	(369,620)
Plan Fiduciary Net Position - Beginning	9,834,105	10,203,725
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 10,241,394</u></u>	<u><u>\$ 9,834,105</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 4,875,765</u></u>	<u><u>\$ 5,153,059</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	67.75%	65.62%
Covered Employee Payroll <sup>1</sup>	\$ 1,198,776	\$ 1,763,906
Net Pension Liability as a percentage of Covered Employee Payroll	406.73%	292.14%

**Notes to Schedule:**

<sup>1</sup> 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 benefit terms:*

For measurement date 09/30/2016, amounts reported as changes of benefit terms resulted from Ordinance 2016-22, adopted and effective July 5, 2016, provided a lump sum cash out option to active Members and prior Vested participants who were due a deferred monthly benefit.

*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.

The inflation assumption rate was lowered from 3.00% to 2.30%, 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	2,197	2,053
Interest	999,070	976,287
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(801,953)</u>	<u>(504,068)</u>
Net Change in Total Pension Liability	199,314	474,272
Total Pension Liability - Beginning	<u>14,671,208</u>	<u>14,196,936</u>
Total Pension Liability - Ending (a)	<u>\$ 14,870,522</u>	<u>\$ 14,671,208</u>
Plan Fiduciary Net Position		
Contributions - Employer	597,459	986,240
Contributions - Employee	-	153,500
Net Investment Income	896,778	865,756
Benefit Payments, including Refunds of Employee Contributions	(801,953)	(504,068)
Administrative Expense	<u>(49,855)</u>	<u>(23,491)</u>
Net Change in Plan Fiduciary Net Position	642,429	1,477,937
Plan Fiduciary Net Position - Beginning	<u>9,561,296</u>	<u>8,083,359</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,203,725</u>	<u>\$ 9,561,296</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,666,797</u>	<u>\$ 5,109,912</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	68.62%	65.17%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	N/A



SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	738,676	704,515	597,459	986,240
Contributions in relation to the Actuarially Determined Contributions	738,676	704,515	597,459	986,240
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll <sup>1</sup>	\$ 1,198,776	\$ 1,763,906	N/A	N/A
Contributions as a percentage of Covered Employee Payroll	61.62%	39.94%	N/A	N/A

<sup>1</sup> 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. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 28 Years (as of 10/01/2014).

Mortality: RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA.

Termination Rates: Table 1305, see sample rates below.

Age	% Terminating During the Year
20	17.2%
30	15.0%
40	8.2%
50	1.7%

Retirement Age: Earlier of age 62 or age 55 and completion of 30 years of Credited Service. Also, any Member who has reached normal Retirement is assumed to continue employment for one additional year.

Early Retirement: 5% per year, for each year of eligibility, beginning at Age 50 with 15 years of Credited Service.

Interest Rate: 7.0% per year, compounded annually, net of investment related expenses.

Salary Increases: None.

Payroll Growth: None.

Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

SCHEDULE OF INVESTMENT RETURNS

Last 10 Fiscal Years

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return				
Net of Investment Expense	8.25%	-1.01%	9.53%	10.30%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2017)

General Information about the Pension Plan

*Plan Description*

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees. The Board shall consist of seven Trustees, five of whom, unless otherwise prohibited by law, must be registered voters and residents of the town, who shall be appointed by the Longboat Key Town Commission, and two of whom shall be appointed by the Town Manager. Full-time employees hired before September 30, 2013 become Members as a condition of employment.

*Plan Membership as of October 1, 2015:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	45
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	6
Active Plan Members	11
	62
	62

*Benefits Provided*

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

The Plan provides retirement, termination, and death benefits.

Normal Retirement:

Eligibility: Earlier of 1) Age 62 or 2) Age 55 and the completion of 30 years of Credited Service.

Benefit: 2.75% of Average Final Compensation times Years of Credited Service. The benefit is frozen as of September 30, 2013.

Early Retirement:

Date: Attainment of age 50 and the completion of 15 years of Credited Service.

Benefit: Accrued benefit reduced 3.0% for each year preceding the Normal Retirement Date.

Death Benefit:

Not Vested: Refund of Member Contributions.

Vested: Accrued benefit paid to Beneficiary for 120 months at Member's otherwise Early (reduced) or Normal Retirement Date.

Termination of Employment:

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

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

Members are 100% vested on September 30, 2013.

*Contributions*

Employee: None.

Town: Amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years, as per 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, 2016 through September 30, 2017.

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	2.30%
Salary Increases	None
Discount Rate	7.00%
Investment Rate of Return	7.00%

#### *Mortality Rate Healthy Lives:*

Mortality Table - RP2000 Fully Generational with Scale BB, with collar and annuitant adjustments as follows:

Males – 50% Annuitant White Collar, 50% Annuitant Blue Collar.

Females – 100% Annuitant White Collar.

#### *Mortality Rate Disabled Lives:*

Mortality Table - RP2000 without projection, with the following adjustments:

Males – 100% Disabled Male with four year setback

Females – 100% Disabled Female with two year set forward.

The most recent actuarial experience study used to review the other significant assumptions was dated March, 7, 2008.

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 2.30%.

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
Domestic Equity	45%	7.80%
International Equity	15%	7.30%
Fixed Income	25%	2.45%
Real Estate	10%	3.78%
Master Limited Partnerships	5%	6.50%
Total	100%	

**Discount Rate:**

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

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

## CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2016	\$ 14,987,164	\$ 9,834,105	\$ 5,153,059
Changes for a Year:			
Service Cost	753	-	753
Interest	988,019	-	988,019
Differences between Expected and Actual Experience	51,519	-	51,519
Changes of assumptions	508,618	-	508,618
Changes of benefit terms	(327,798)	-	(327,798)
Contributions - Employer	-	738,676	(738,676)
Net Investment Income	-	797,582	(797,582)
Benefit Payments, including Refunds of Employee Contributions	(1,091,116)	(1,091,116)	-
Administrative Expense	-	(37,853)	37,853
Net Changes	129,995	407,289	(277,294)
Reporting Period Ending September 30, 2017	\$ 15,117,159	\$ 10,241,394	\$ 4,875,765

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability	\$ 5,882,120	\$ 4,875,765	\$ 3,671,171

*Pension Plan Fiduciary Net Position.*

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

**FINAL PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED  
INFLOWS OF RESOURCES RELATED TO PENSIONS  
FISCAL YEAR SEPTEMBER 30, 2016**

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$475,397.

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	22,726	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	503,543	-
Employer Contributions subsequent to the measurement date	738,676	-
<b>Total</b>	<b>\$ 1,264,945</b>	<b>\$ -</b>

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

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

Year ended September 30:

2017	\$ 125,430
2018	\$ 125,429
2019	\$ 114,066
2020	\$ 161,344
2021	\$ -
Thereafter	\$ -

**PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND  
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS  
FISCAL YEAR SEPTEMBER 30, 2017**

For the year ended September 30, 2017, the Sponsor will recognize a Pension Expense of \$405,027.

On September 30, 2017, 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	37,123	-
Changes of assumptions	254,309	-
Net difference between Projected and Actual Earnings on Pension Plan investments	291,192	-
Employer Contributions subsequent to the measurement date	TBD	-
<b>Total</b>	TBD	\$ -

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer Contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2017.

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

Year ended September 30:		
2018	\$	380,927
2019	\$	89,495
2020	\$	136,773
2021	\$	(24,571)
2022	\$	-
Thereafter	\$	-



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

Reporting Period Ending	09/30/2017	09/30/2016
Measurement Date	<u>09/30/2016</u>	<u>09/30/2015</u>
Total Pension Liability		
Service Cost	753	2,151
Interest	988,019	1,008,600
Changes of benefit terms	(327,798)	-
Differences between Expected and Actual Experience	51,519	34,090
Changes of assumptions	508,618	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,091,116)</u>	<u>(928,199)</u>
Net Change in Total Pension Liability	129,995	116,642
Total Pension Liability - Beginning	<u>14,987,164</u>	<u>14,870,522</u>
Total Pension Liability - Ending (a)	<u>\$ 15,117,159</u>	<u>\$ 14,987,164</u>
Plan Fiduciary Net Position		
Contributions - Employer	738,676	704,515
Contributions - Employee	-	-
Net Investment Income	797,582	(101,832)
Benefit Payments, including Refunds of Employee Contributions	(1,091,116)	(928,199)
Administrative Expense	<u>(37,853)</u>	<u>(44,104)</u>
Net Change in Plan Fiduciary Net Position	407,289	(369,620)
Plan Fiduciary Net Position - Beginning	<u>9,834,105</u>	<u>10,203,725</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,241,394</u>	<u>\$ 9,834,105</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,875,765</u>	<u>\$ 5,153,059</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	67.75%	65.62%
Covered Employee Payroll <sup>1</sup>	\$ 1,198,776	\$ 1,763,906
Net Pension Liability as a percentage of Covered Employee Payroll	406.73%	292.14%

**Notes to Schedule:**

<sup>1</sup> 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 benefit terms:*

For measurement date 09/30/2016, amounts reported as changes of benefit terms resulted from Ordinance 2016-22, adopted and effective July 5, 2016, provided a lump sum cash out option to active Members and prior Vested participants who were due a deferred monthly benefit.

*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.

The inflation assumption rate was lowered from 3.00% to 2.30%, 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

Reporting Period Ending	09/30/2015	09/30/2014
Measurement Date	09/30/2014	09/30/2013
Total Pension Liability		
Service Cost	2,197	2,053
Interest	999,070	976,287
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	(801,953)	(504,068)
Net Change in Total Pension Liability	199,314	474,272
Total Pension Liability - Beginning	14,671,208	14,196,936
Total Pension Liability - Ending (a)	<u>\$ 14,870,522</u>	<u>\$ 14,671,208</u>
Plan Fiduciary Net Position		
Contributions - Employer	597,459	986,240
Contributions - Employee	-	153,500
Net Investment Income	896,778	865,756
Benefit Payments, including Refunds of Employee Contributions	(801,953)	(504,068)
Administrative Expense	(49,855)	(23,491)
Net Change in Plan Fiduciary Net Position	642,429	1,477,937
Plan Fiduciary Net Position - Beginning	9,561,296	8,083,359
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,203,725</u>	<u>\$ 9,561,296</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,666,797</u>	<u>\$ 5,109,912</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	68.62%	65.17%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	N/A

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	738,676	704,515	597,459	986,240
Contributions in relation to the Actuarially Determined Contributions	738,676	704,515	597,459	986,240
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll <sup>1</sup>	\$ 1,198,776	\$ 1,763,906	N/A	N/A
Contributions as a percentage of Covered Employee Payroll	61.62%	39.94%	N/A	N/A

<sup>1</sup> 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. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 28 Years (as of 10/01/2014).

Mortality: RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA.

Termination Rates: Table 1305, see sample rates below.

Age	% Terminating During the Year
20	17.2%
30	15.0%
40	8.2%
50	1.7%

Retirement Age: Earlier of age 62 or age 55 and completion of 30 years of Credited Service. Also, any Member who has reached normal Retirement is assumed to continue employment for one additional year.

Early Retirement: 5% per year, for each year of eligibility, beginning at Age 50 with 15 years of Credited Service.

Interest Rate: 7.0% per year, compounded annually, net of investment related expenses.

Salary Increases: None.

Payroll Growth: None.

Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

FINAL COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 4,666,797	\$ 189,111	\$ 704,515	\$ -
Employer Contributions made after 09/30/2015	-	-	738,676	-
Total Pension Liability Factors:				
Service Cost	2,151	-	-	2,151
Interest	1,008,600	-	-	1,008,600
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	34,090	-	34,090	-
Current year amortization of experience difference	-	-	(11,364)	11,364
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(928,199)	-	-	(928,199)
Net change	<u>116,642</u>	<u>-</u>	<u>761,402</u>	<u>93,916</u>
Plan Fiduciary Net Position:				
Contributions - Employer	704,515	-	(704,515)	-
Net Investment Income	704,888	-	-	(704,888)
Difference between projected and actual earnings on Pension Plan investments	(806,720)	-	806,720	-
Current year amortization	-	(47,278)	(161,344)	114,066
Benefit Payments	(928,199)	-	-	928,199
Administrative Expenses	(44,104)	-	-	44,104
Net change	<u>(369,620)</u>	<u>(47,278)</u>	<u>(59,139)</u>	<u>381,481</u>
Ending Balance	<u>\$ 5,153,059</u>	<u>\$ 141,833</u>	<u>\$ 1,406,778</u>	<u>\$ 475,397</u>

**PRELIMINARY COMPONENTS OF PENSION EXPENSE**  
**FISCAL YEAR SEPTEMBER 30, 2017**

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 5,153,059	\$ 141,833	\$ 1,406,778	\$ -
Employer Contributions made after 09/30/2016	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	753	-	-	753
Interest	988,019	-	-	988,019
Changes in benefit terms	(327,798)	-	-	(327,798)
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	51,519	-	51,519	-
Current year amortization of experience difference	-	-	(37,122)	37,122
Change in assumptions about future economic or demographic factors or other inputs	508,618	-	508,618	-
Current year amortization of change in assumptions	-	-	(254,309)	254,309
Benefit Payments	(1,091,116)	-	-	(1,091,116)
Net change	<u>129,995</u>	<u>-</u>	<u>268,706</u>	<u>(138,711)</u>
Plan Fiduciary Net Position:				
Contributions - Employer	738,676	-	(738,676)	-
Net Investment Income	674,727	-	-	(674,727)
Difference between projected and actual earnings on Pension Plan investments	122,855	122,855	-	-
Current year amortization	-	(71,848)	(161,344)	89,496
Benefit Payments	(1,091,116)	-	-	1,091,116
Administrative Expenses	(37,853)	-	-	37,853
Net change	<u>407,289</u>	<u>51,007</u>	<u>(900,020)</u>	<u>543,738</u>
Ending Balance	<u>\$ 4,875,765</u>	<u>\$ 192,840</u>	<u>TBD</u>	<u>\$ 405,027</u>

\* Employer Contributions subsequent to the measurement date made after September 30, 2016 but made on or before September 30, 2017 need to be added.

Town of Longboat Key General Employees' Retirement System

AMORTIZATION SCHEDULE - INVESTMENTS

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

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ (236,389)	5	\$ (47,278)	\$ (47,278)	\$ (47,277)	\$ (47,278)	\$ (47,278)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 806,720	5	\$ -	\$ 161,344	\$ 161,344	\$ 161,344	\$ 161,344	\$ 161,344	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (122,855)	5	\$ -	\$ -	\$ (24,571)	\$ (24,571)	\$ (24,571)	\$ (24,571)	\$ (24,571)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (47,278)	\$ 114,066	\$ 89,496	\$ 89,495	\$ 89,495	\$ 136,773	\$ (24,571)	\$ -	\$ -	\$ -	\$ -

Town of Longboat Key General Employees' Retirement System  
 AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ -	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ -	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 508,618	2	\$ -	\$ -	\$ 254,309	\$ 254,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ -	\$ 254,309	\$ 254,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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	\$ -	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 34,090	3	\$ -	\$ 11,364	\$ 11,363	\$ 11,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 51,519	2	\$ -	\$ -	\$ 25,759	\$ 25,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ 11,364	\$ 37,122	\$ 37,123	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -