

CITY OF EUSTIS MUNICIPAL FIREFIGHTERS'
PENSION AND RETIREMENT SYSTEM

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2016

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

May 9, 2017

Board of Trustees
City of Eustis
Firefighters' Pension Board
100 West Norton Avenue
Eustis, FL 32726

Re: City of Eustis Municipal Firefighters' Pension and Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Eustis Municipal Firefighters' Pension and Retirement System. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, and 175, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

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

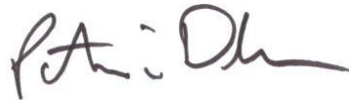
The undersigned is familiar with the immediate and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the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

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Eustis, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Eustis Municipal Firefighters' Pension and Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.



By: _____

Patrick T. Donlan, MAAA, ASA
Enrolled Actuary #17-6595

PTD\lke
Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Eustis Municipal Firefighters’ Pension and Retirement System, performed as of October 1, 2016, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended September 30, 2018.

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

Valuation Date	10/1/2016	10/1/2015
Applicable Plan/Fiscal Year End	<u>9/30/2018</u>	<u>9/30/2017</u>
Total Required Contribution		
% of Total Annual Payroll	60.4%	58.7%
Member Contributions (Est.)		
% of Total Annual Payroll	4.0%	4.0%
Required City and State Cont.		
% of Total Annual Payroll	56.4%	54.7%
State Contribution ²	105,013	105,013
% of Total Annual Payroll	7.7%	7.7%
City Required Contribution		
% of Total Annual Payroll ¹	48.7%	47.0%

¹ The Funding Standard account balance was applied in its entirety to reduce the unfunded accrued liability. The plan is holding no prepaid that can be used to pay future funding requirements.

² The State Contribution reflects the “default” calculation under Chapter 2015-39 Laws of Florida. We applied this effective October 1, 2016. It is important to note that the estimated allowable State Contribution is based on the amount received in 2016. The City may use up to \$94,029.31 (the amount received in 2003) plus half of the excess over the \$94,029.31 to offset their funding requirements. The other half goes towards a share plan.

As requested by the Division of Retirement, the required contribution from the combination of City and State sources for the year ending September 30, 2018, is 56.4% of the actual non-DROP payroll realized in that year. As a budgeting tool, the City may contribute 48.7% of each non-DROP Member's Salary and then make a one-time adjustment to account for the actual State Monies received.


As can be seen, the Total Required Contribution has increased when expressed as a percentage of Total Annual Non-DROP Payroll. Overall, the actuarial experience has been unfavorable over the past year. The primary driver of this loss was termination experience releasing less liability than expected. There was a salary gain due to lower increases than expected that partially offset this loss.


Just as a matter of information, if you look at the estimated required contribution for fiscal 2018, as a percentage of the total payroll of the Firefighters, including estimated pay for the DROP Members, then it would be approximately 45.8% (vs. 48.7% listed above). It is important to point out that the actual requirements are the percentages of non-DROP payroll.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Patrick T. Donlan, EA, ASA, MAAA

By: 
Heidi E. Andorfer, EA, FSA, MAAA

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2015	46.6%
(2) Summary of Contribution Impact by component:	
Change in Available State Money as a Percent of Payroll	0.4%
Investment Return (Actuarial Asset Basis)	0.3%
Salary Increases	-0.7%
Payroll Change effect on UAAL Amortization	-1.2%
Administrative Expense Rate	0.4%
Active Decrements	1.6%
Inactive Mortality	0.3%
Assumption Change	1.1%
Other	<u>-0.1%</u>
Total Change in Contribution	2.1%
(3) Contribution Determined as of October 1, 2016	48.7%

CHANGES SINCE PRIOR VALUATION

Plan Changes Since Prior Valuation

There have been no plan changes since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

The following assumptions were changed since the prior valuation:

- The mortality assumptions were changed to the same rates as used by the Florida Retirement System (FRS) for special risk employees in their July 1, 2015 valuation as required by State Law.
- The payroll growth assumption was reduced from 4.21% to 4.12% based on the 10 year average of payroll growth.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
A. Participant Data			
Actives	22	22	23
Service Retirees	15	15	14
DROP Retirees	1	1	1
Beneficiaries	1	1	1
Disability Retirees	3	3	3
Terminated Vested	<u>15</u>	<u>15</u>	<u>15</u>
Total	57	57	57
Total Annual Payroll	\$1,359,883	\$1,359,883	\$1,263,287
Payroll Under Assumed Ret. Age	1,359,883	1,359,883	1,263,287
Annual Rate of Payments to:			
Service Retirees	427,532	427,532	412,438
DROP Retirees	76,332	76,332	76,332
Beneficiaries	14,207	14,207	14,207
Disability Retirees	76,298	76,298	76,298
Terminated Vested	36,694	36,694	52,091
B. Assets			
Actuarial Value (AVA) ¹	8,270,831	8,270,831	7,485,934
Market Value (MVA) ¹	7,902,059	7,902,059	7,134,067
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	4,204,423	4,195,653	3,665,910
Disability Benefits	364,207	394,274	365,468
Death Benefits	82,456	35,340	31,944
Vested Benefits	1,137,436	1,148,672	1,027,248
Refund of Contributions	39,809	39,895	43,292
Service Retirees	4,622,940	4,431,992	4,327,629
DROP Retirees ¹	978,182	967,760	893,562
Beneficiaries	149,106	140,445	142,861
Disability Retirees	805,189	843,476	852,573
Terminated Vested	188,051	186,553	326,434
Funding Credit Balance	0	0	67,527
Excess State Monies Reserve	0	0	11,144
Share Balance ¹	<u>16,556</u>	<u>16,556</u>	<u>0</u>
Total	12,588,355	12,400,616	11,755,592

C. Liabilities - (Continued)	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
Present Value of Future Salaries	10,489,897	10,595,475	10,040,409
Present Value of Future Member Contributions	419,596	423,819	401,616
Normal Cost (Retirement)	158,862	158,673	146,018
Normal Cost (Disability)	26,806	29,026	26,901
Normal Cost (Death)	3,425	1,477	1,351
Normal Cost (Vesting)	50,695	51,348	45,797
Normal Cost (Refunds)	<u>8,770</u>	<u>8,784</u>	<u>8,965</u>
Total Normal Cost	248,558	249,308	229,032
Present Value of Future Normal Costs	1,816,957	1,840,457	1,734,726
Accrued Liability (Retirement)	3,019,855	3,000,586	2,528,966
Accrued Liability (Disability)	165,808	176,976	157,446
Accrued Liability (Death)	57,634	24,529	21,836
Accrued Liability (Vesting)	754,899	758,105	675,029
Accrued Liability (Refunds)	13,178	13,181	15,859
Accrued Liability (Inactives) ¹	6,743,468	6,570,226	6,543,059
Share Balance ¹	16,556	16,556	0
FSA & Excess State Monies Reserve	<u>0</u>	<u>0</u>	<u>78,671</u>
Total Actuarial Accrued Liability (AL)	10,771,398	10,560,159	10,020,866
Unfunded Actuarial Accrued Liability (UAAL)	2,500,567	2,289,328	2,534,932
Funded Ratio (AVA / AL)	76.8%	78.3%	74.7%

D. Actuarial Present Value of Accrued Benefits	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
Vested Accrued Benefits			
Inactives ¹	6,743,468	6,570,226	6,543,059
Share Balance ¹	16,556	16,556	0
Actives	1,644,117	1,635,972	1,221,115
Member Contributions	<u>330,007</u>	<u>330,007</u>	<u>278,330</u>
Total	8,734,148	8,552,761	8,042,504
Non-vested Accrued Benefits	<u>307,936</u>	<u>305,960</u>	<u>350,356</u>
Total Present Value Accrued Benefits (PVAB)	9,042,084	8,858,721	8,392,860
Funded Ratio (MVA / PVAB)	87.4%	89.2%	85.0%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	183,363	0	
New Accrued Benefits	0	320,110	
Benefits Paid	0	(505,459)	
Interest	0	651,210	
Other	<u>0</u>	<u>0</u>	
Total	183,363	465,861	

	New Assump	Old Assump	
Valuation Date	10/1/2016	10/1/2016	10/1/2015
Applicable to Fiscal Year Ending	<u>9/30/2018</u>	<u>9/30/2018</u>	<u>9/30/2017</u>

E. Pension Cost

Normal Cost (with interest)			
% of Total Annual Payroll ²	19.0	19.1	18.9
Change in Available State Money as a Percent of Payroll			
Administrative Expenses (with interest)			
% of Total Annual Payroll ²	2.3	2.3	1.9
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years (as of 10/1/2016, with interest)			
% of Total Annual Payroll ²	39.1	37.9	37.9
Total Required Contribution			
% of Total Annual Payroll ²	60.4	59.3	58.7
Expected Member Contributions			
% of Total Annual Payroll ²	4.0	4.0	4.0
Expected City and State Contribution			
% of Total Annual Payroll ²	56.4	55.3	54.7

F. Past Contributions

Plan Years Ending:	<u>9/30/2016</u>
Total Required Contribution	689,271
City and State Requirement	636,756

Actual Contributions Made:

Members (excluding buyback)	52,516
City	573,724
State (Frozen + 2016 Allocation)	<u>105,013</u>
Total	731,253

G. Net Actuarial (Gain)/Loss 115,202

¹ The asset values and liabilities include accumulated DROP Balances and accumulated Share Balances as of 9/30/2016 and 9/30/2015.

² Contributions developed as of 10/1/2016 are expressed as a percentage of total annual payroll at 10/1/2016 of \$1,359,883.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2016	2,500,567
2017	2,148,907
2018	1,746,382
2023	536,013
2027	239,334
2032	122,120
2036	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	5.51%	6.50%
Year Ended	9/30/2015	5.56%	6.50%
Year Ended	9/30/2014	5.06%	6.50%

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

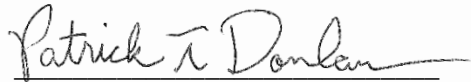
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	7.58%	8.00%
Year Ended	9/30/2015	10.12%	8.00%
Year Ended	9/30/2014	9.31%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	\$1,359,883
	10/1/2006	908,237
(b) Total Increase		49.73%
(c) Number of Years		10.00
(d) Average Annual Rate		4.12%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #17-6595

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2015	\$2,467,405
(2) Sponsor Normal Cost developed as of October 1, 2015	178,501
(3) Expected administrative expenses for the year ended September 30, 2016	23,681
(4) Expected interest on (1), (2) and (3)	212,620
(5) Sponsor contributions to the System during the year ended September 30, 2016	678,737
(6) Expected interest on (5)	23,772
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	2,179,698
(8) Chapter 2015-39 Allocation from Excess State Monies Reserve	(5,572)
(9) Change to UAAL due to Assumption Change	211,239
(10) Change to UAAL due to Actuarial (Gain)/Loss	115,202
(11) Unfunded Actuarial Accrued Liability as of October 1, 2016	2,500,567

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2016 <u>Amount</u>	Amortization <u>Amount</u>
Method Change	10/1/2004	18	\$193,521	\$14,412
Actuarial Loss	10/1/2004	12	168,730	17,059
Actuarial Loss	10/1/2005	12	371,835	37,593
Actuarial Gain	10/1/2006	12	(350,822)	(35,468)
Actuarial Gain	10/1/2007	12	(17,105)	(1,729)
Actuarial Loss	10/1/2008	2	219,807	111,914
Method Change	10/1/2008	12	176,260	17,820
Actuarial Loss	10/1/2009	3	313,217	108,248
Actuarial Loss	10/1/2010	4	265,746	70,126
Assum Changes	10/1/2010	14	83,163	7,454
Actuarial Loss	10/1/2013	7	1,002,539	159,408
Software Change	10/1/2013	17	(254,072)	(19,709)
Actuarial Gain	10/1/2014	8	(303,308)	(42,942)
Actuarial Loss	10/1/2015	9	310,187	39,719
Actuarial Loss	10/1/2016	10	115,202	13,507
Chapter 2015-39	10/1/2016	5	(5,572)	(1,197)
Assum Changes	10/1/2016	20	<u>211,239</u>	<u>14,624</u>
			2,500,567	510,839

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2015	\$2,467,405
(2) Expected UAAL as of October 1, 2016	2,179,698
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	31,891
Salary Increases	(83,366)
Active Decrements	178,262
Inactive Mortality	31,062
Other	<u>(42,647)</u>
Increase in UAAL due to (Gain)/Loss	115,202
Chapter 2015-39 Allocation from Excess State Monies Reserve	(5,572)
Assumption Changes	<u>211,239</u>
(4) Actual UAAL as of October 1, 2016	\$2,500,567

ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

Mortality Rate

Healthy Lives:

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

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

Disabled Lives:

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

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

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2015 FRS actuarial valuation report for special risk employees. Prior year, the RP2000 Combined Healthy Table - Sex Distinct was used for healthy lives, with disabled lives set forward 5 years. We feel this assumption sufficiently accommodates future mortality improvements.

Interest Rate

8.00% per year compounded annually, net of investment related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

Retirement Age

Earlier of:

- a) Age 55 and the completion of 10 years of service, or
- b) Age 52 and the completion of 25 years of service.

Members who are eligible to retire on the valuation date are assumed to work one additional year. We feel that this assumption is reasonable based on the plan provisions.

Early Retirement

Commencing at eligibility for Early Retirement, members are assumed to retire with an immediate benefit at the rate of 5.00% per year. We feel that this assumption is reasonable based on the plan provisions.

Disability Rate	See table below (1205). It is assumed that 66.67% of disabilities are in the line of duty. This is based on the results of an actuarial experience study issued June 10, 2010.
Termination Rate	See table below (1304). This is based on the results of an actuarial experience study issued June 10, 2010.
Salary Increases	6.50% per year until the assumed retirement age; see table below. Projected benefit is also increased by 5.00% to account for non-regular compensation. This is based on the results of an actuarial experience study issued June 10, 2010.
Administrative Expenses	Average over previous 2 years.
Payroll Growth	4.12% for 10/1/2016 Valuation (4.21% as of 10/1/2015).
Funding Method	Entry Age Normal Actuarial Cost Method.
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.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as % of Salary at Age 55</u>
20	0.14%	14.00%	11.03%
30	0.18	10.70	20.71
40	0.30	7.70	38.88
50	1.00	1.75	72.99

GLOSSARY

Total Annual Payroll is the projected annual rate of pay for the fiscal year following the valuation date of all covered Members.

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

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

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1993	29,098.00	_____%
1994	27,704.00	-4.8%
1995	26,841.00	-3.1%
1996	27,462.00	2.3%
1997	32,185.00	17.2%
1998	46,987.00	46.0%
1999	37,705.21	-19.8%
2000	43,827.38	16.2%
2001	46,377.71	5.8%
2002	43,434.00	-6.3%
2003	54,751.82	26.1%
2004	53,532.74	-2.2%
2005	60,043.32	12.2%
2006	65,916.92	9.8%
2007	76,903.55	16.7%
2008	99,201.43	29.0%
2009	102,764.07	3.6%
2010	85,818.43	-16.5%
2011	85,151.47	-0.8%
2012	85,206.79	0.1%
2013	95,824.03	12.5%
2014	90,690.37	-5.4%
2015	101,738.84	12.2%
2016	115,997.48	14.0%

EXCESS STATE MONIES RESERVE

	Regular Distribution			Special Distribution		
	Actual State <u>Contribution</u>	Applicable "Frozen" <u>Amount</u>	Excess State Monies <u>Reserve</u>	Actual State <u>Contribution</u>	Applicable "Frozen" <u>Amount</u>	Excess State Monies <u>Reserve</u>
1998	\$35,051.46	\$35,051.46	\$0.00	\$0.00	\$0.00	\$0.00
1999	34,871.40	35,051.46	0.00	2,833.81	2,833.81	0.00
2000	38,051.10	37,544.46	506.64	5,776.28	2,833.81	2,942.47
2001	40,727.22	40,727.22	0.00	5,650.49	2,881.05	2,769.44
2002	43,433.58	40,727.22	2,706.36	7,260.38	2,881.05	4,379.33
2003	48,478.80	40,727.22	7,751.58	6,273.02	2,881.05	3,391.97
2004	47,360.32	110,068.27	0.00	6,172.42	10,000.00	0.00
2005	50,813.59	110,068.27	0.00	9,229.73	10,000.00	0.00
2006	53,497.38	100,068.27	0.00	12,419.54	20,000.00	0.00
2007	59,762.58	100,068.27	0.00	17,140.97	20,000.00	0.00
2008	68,315.95	89,182.79	0.00	30,885.48	30,885.48	0.00
2009	72,338.91	89,643.11	0.00	30,425.16	30,425.16	0.00
2010	72,062.56	106,312.40	0.00	13,755.87	13,755.87	0.00
2011	70,030.95	104,947.75	0.00	15,120.52	15,120.52	0.00
2012	69,874.61	104,736.09	0.00	15,332.18	15,332.18	0.00
2013	75,664.26	99,908.50	0.00	20,159.77	20,159.77	0.00
2014	72,325.32	101,703.22	0.00	18,365.05	18,365.05	0.00
2015	78,984.54	97,313.97	<u>0.00</u>	22,754.30	22,754.30	<u>0.00</u>
			10,964.58			13,483.21
					10,964.58	
					<u>13,483.21</u>	
					24,447.79	
					<u>(13,304.24)</u>	
					11,143.55	
					<u>(5,571.77)</u>	
					5,571.78	
					115,997.48	
					94,029.31	
					105,013.40	
					10,984.08	
					16,555.86	

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	188,550.40	188,550.40
Total Cash and Equivalents	188,550.40	188,550.40
Receivables:		
Member Contributions in Transit	5,867.43	5,867.43
City Contributions in Transit	64,179.14	64,179.14
State Contributions	104,443.76	104,443.76
Investment Income	3,780.40	3,780.40
Total Receivable	178,270.73	178,270.73
Investments:		
Stocks	2,609,982.73	2,747,115.65
Mutual Funds:		
Fixed Income	2,929,237.51	3,006,153.90
Equity	1,568,081.41	1,781,968.08
Total Investments	7,107,301.65	7,535,237.63
Total Assets	7,474,122.78	7,902,058.76
 <u>LIABILITIES</u>		
Total Liabilities	0.00	0.00
NET POSITION RESTRICTED FOR PENSIONS	7,474,122.78	7,902,058.76

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

ADDITIONS

Contributions:		
Member		52,515.92
City		573,723.50
State		115,997.48
Total Contributions		742,236.90
Investment Income:		
Net Realized Gain (Loss)	125,409.75	
Unrealized Gain (Loss)	179,059.43	
Net Increase in Fair Value of Investments		304,469.18
Interest & Dividends		286,788.77
Less Investment Expense ¹		(32,603.02)
Net Investment Income		558,654.93
Total Additions		1,300,891.83
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments		505,459.16
Lump Sum DROP Distributions		0.00
Refunds of Member Contributions		0.00
Total Distributions		505,459.16
Administrative Expense		27,441.07
Total Deductions		532,900.23
Net Increase in Net Position		767,991.60
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		7,134,067.16
End of the Year		7,902,058.76

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

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2016

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return ¹	
09/30/2013	14.38%	
09/30/2014	9.07%	
09/30/2015	-0.42%	
09/30/2016	7.83%	
Annualized Rate of Return for prior four (4) years:		7.58%
(A) 10/01/2015 Actuarial Assets:		\$7,485,934.36
(I) Net Investment Income:		
1. Interest and Dividends	286,788.77	
2. Realized Gains (Losses)	125,409.75	
3. Change in Actuarial Value	195,964.79	
4. Investment Related Expenses	(32,603.02)	
Total		575,560.29
(B) 10/01/2016 Actuarial Assets:		\$8,270,831.32
Actuarial Asset Rate of Return = 2I/(A+B-I):		7.58%
10/01/2016 Limited Actuarial Assets:		\$8,270,831.32
10/01/2016 Market Value of Assets:		\$7,902,058.76
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$31,891.20)

¹ Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	52,515.92	
City	573,723.50	
State	115,997.48	
 Total Contributions		 742,236.90
Earnings from Investments:		
Interest & Dividends	286,788.77	
Net Realized Gain (Loss)	125,409.75	
Change in Actuarial Value	195,964.79	
 Total Earnings and Investment Gains		 608,163.31

EXPENDITURES

Distributions to Members:		
Benefit Payments	505,459.16	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	0.00	
 Total Distributions		 505,459.16
Expenses:		
Investment related ¹	32,603.02	
Administrative	27,441.07	
 Total Expenses		 60,044.09
 Change in Net Assets for the Year		 784,896.96
 Net Assets Beginning of the Year		 7,485,934.36
 Net Assets End of the Year ²		 8,270,831.32

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

² Net Assets may be limited for actuarial consideration.

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

Beginning of the Year Balance	54,636.44
Plus Additions	76,331.52
Investment Return Earned	7,872.43
Less Distributions	0.00
End of the Year Balance	138,840.39

STATISTICAL DATA ¹

	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>
<u>Actives</u>				
Number	28	22	23	22
Average Current Age	36.4	37.2	35.4	35.8
Average Age at Employment	26.5	27.9	27.6	27.1
Average Past Service	9.8	9.3	7.8	8.7
Average Annual Salary	\$44,128	\$54,810	\$54,926	\$61,813
<u>Service Retirees</u>				
Number	14	13	14	15
Average Current Age	N/A	N/A	65.8	66.1
Average Annual Benefit	\$26,638	\$26,501	\$29,460	\$28,502
<u>DROP Retirees</u>				
Number	0	0	1	1
Average Current Age	N/A	N/A	52.9	53.9
Average Annual Benefit	N/A	N/A	\$76,332	\$76,332
<u>Beneficiaries</u>				
Number	0	1	1	1
Average Current Age	N/A	N/A	62.2	63.2
Average Annual Benefit	N/A	\$14,207	\$14,207	\$14,207
<u>Disability Retirees</u>				
Number	2	2	3	3
Average Current Age	N/A	N/A	45.6	46.6
Average Annual Benefit	\$28,426	\$28,426	\$25,433	\$25,433
<u>Terminated Vested</u>				
Number	11	16	15	15
Average Current Age	N/A	N/A	38.7	39.3
Average Annual Benefit ²	\$8,564	\$13,023	\$13,023	\$12,231

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

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

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	1	2	1	0	0	4	0	0	0	0	0	8
30 - 34	0	0	0	0	0	2	1	0	0	0	0	3
35 - 39	0	0	0	0	0	1	2	0	0	0	0	3
40 - 44	0	0	0	0	0	1	2	1	1	0	0	5
45 - 49	0	1	0	0	0	0	0	0	0	0	0	1
50 - 54	0	0	0	1	0	0	0	0	1	0	0	2
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	3	1	1	0	8	5	1	2	0	0	22

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2015	23
b. Terminations	
i. Vested (partial or full) with deferred benefits	(2)
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>0</u>
g. Continuing participants	21
h. New entrants/rehires	<u>1</u>
i. Total active life participants in valuation	22

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	14	1	1	3	15	34
Retired	1	0	0	0	(1)	0
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	2	2
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	(1)	(1)
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	15	1	1	3	15	35

SUMMARY OF CURRENT PLAN
(Through Ordinance 05-24)

<u>Eligibility</u>	All regular uniformed members of the Fire Department; includes active volunteers. Optional participation for the Fire Chief.
<u>Salary</u>	Total Compensation for services rendered, including payments of accumulated leave at retirement.
<u>Average Final Compensation (AFC)</u>	One twelfth of the average of the 5 best years of the last 10 years of Salary (10 best of career for volunteers).
<u>Credited Service</u>	Years and fractional parts of years of service with the City as a Firefighter (with Member contributions when required).
<u>Normal Retirement</u>	
Date	The earlier of: a) age 55 and the completion of 10 years of Credited Service, or b) age 52 and the completion of 25 years of Credited Service.
Benefit	4.00% of AFC times Credited Service.
Form of Benefit	10 Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Date	Age 50 and the completion of 10 years of Credited Service.
Benefit	Determined as for Normal Retirement and reduced 3.00% per year.
Form of Benefit	10 Year Certain and Life Annuity (options available).
<u>Disability Benefit</u>	
Eligibility	Total and permanent as determined by the Board (medical proof required).
Benefit	Benefit accrued to date of disability. Minimum benefit for Service Incurred is 65% of AFC, for Non-Service Incurred is 25% of AFC.
Duration	Payable for life, with 10 years guaranteed, or until recovery (as determined by the Board) (optional forms of income are available).

Death Benefit

Pre-Retirement

Not Vested

Refund of Member Contributions.

Vested

Beneficiary receives the benefit otherwise payable to the firefighter on the date the firefighter would have reached Normal or Early Retirement.

Post-Retirement

According to optional form of benefit selected.

Termination of Employment

Less than 10 years

Refund of Member Contributions without interest.

10 or more

Refund of Contributions or Accrued benefit payable at retirement age.

Member Contributions

Amount

2.00% of Salary: November 1, 2004 – October 31, 2005
3.00% of Salary: November 1, 2005 – October 31, 2006
4.00% of Salary: After October 31, 2006.

Deferred Retirement Option Plan

Eligibility

Eligibility for Normal Retirement.

Participation

Not to exceed 60 months.

Rate of Return

At Member's election:

- (1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or
- (2) Interest Rate credited to Members of the Florida Retirement System DROP, compounded monthly.

Members may elect to change form of return once during their DROP participation.

Form of Distribution

Cash lump sum (options available).

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	188,550
Total Cash and Equivalents	188,550
Receivables:	
Member Contributions in Transit	5,868
City Contributions in Transit	64,179
State Contributions	104,444
Investment Income	3,780
Total Receivable	178,271
Investments:	
Stocks	2,747,116
Mutual Funds:	
Fixed Income	3,006,154
Equity	1,781,968
Total Investments	7,535,238
Total Assets	7,902,059
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	7,902,059

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

ADDITIONS

Contributions:

Member	52,516	
City	573,724	
State	115,997	
 Total Contributions		 742,237
 Investment Income:		
Net Increase in Fair Value of Investments	304,469	
Interest & Dividends	286,789	
Less Investment Expense ¹	(32,603)	
 Net Investment Income		 558,655
 Total Additions		 1,300,892

DEDUCTIONS

Distributions to Members:

Benefit Payments	505,459	
Lump Sum DROP Distributions	0	
Refunds of Member Contributions	0	
 Total Distributions		 505,459
 Administrative Expense		 27,441
 Total Deductions		 532,900
 Net Increase in Net Position		 767,992
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		7,134,067
 End of the Year		 7,902,059

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

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2016)

Plan Description

Plan Administration

The City of Eustis Municipal Firefighters' Pension and Retirement System is a single-employer defined benefit pension Plan administered by a Board of Trustees. The Board consists of five Trustees, two of whom are appointed by the City Commission, two of whom are full-time Firefighters, elected by a majority of the Members of the Plan, and a fifth Member elected by the other four and appointed by Commission.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	19
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	15
Active Plan Members	23
	57
	57

Benefits Provided

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

Normal Retirement:

Date: The earlier of: a) age 55 and the completion of 10 years of Credited Service, or b) age 52 and the completion of 25 years of Credited Service.

Benefit: 4.00% of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 50 and the completion of 10 years of Credited Service.

Benefit: Determined as for Normal Retirement and reduced 3.00% per year.

Disability:

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

Benefit: Benefit accrued to date of disability. Minimum benefit for Service Incurred is 65% of AFC, for Non-Service Incurred is 25% of AFC.

Pre-Retirement Death Benefits:

Not Vested: Refund of Member Contributions.

Vested: Beneficiary receives the benefit otherwise payable to the firefighter on the date the firefighter would have reached Normal or Early Retirement.

Termination of Employment:

Less than 10 years: Refund of Member Contributions without interest.

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

Contributions

Member Contributions:

2.00% of Salary: November 1, 2004 - October 31, 2005.

3.00% of Salary: November 1, 2005 - October 31, 2006.

4.00% of Salary: After October 31, 2006.

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

Investments

Investment Policy:

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

Asset Class	Target Allocation
Domestic Equity	45%
International Equity	15%
Domestic Fixed Income	40%
Total	100%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2016, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 7.83 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: Eligibility for Normal Retirement.

Participation: Not to exceed 60 months.

Rate of Return: At Member's election:

- (1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or
- (2) Interest Rate credited to Members of the Florida Retirement System DROP, compounded monthly.

Members may elect to change form of return once during their DROP participation.

The DROP balance as September 30, 2016 is \$138,840.

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	\$ 10,584,730
Plan Fiduciary Net Position	\$ (7,902,059)
Sponsor's Net Pension Liability	<u>\$ 2,682,671</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	74.66%

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	2.50%
Salary Increases	6.50%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated June 10, 2010.

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 2.50%.

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:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.5%
International Equity	8.5%
Domestic Fixed Income	2.5%

GASB 67

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 8.00 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 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Sponsor's Net Pension Liability	\$ 4,035,548	\$ 2,682,671	\$ 1,567,103

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

	09/30/2016	09/30/2015	09/30/2014
Total Pension Liability			
Service Cost	232,480	214,156	224,459
Interest	749,472	739,529	700,345
Change in Excess State Money	(11,144)	-	-
Share Plan Allocation	16,556	-	-
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	507,014	(379,106)	-
Changes of assumptions	196,022	-	-
Benefit Payments, including Refunds of Employee Contributions	(505,459)	(431,789)	(417,602)
Net Change in Total Pension Liability	1,184,941	142,790	507,202
Total Pension Liability - Beginning	9,399,789	9,256,999	8,749,797
Total Pension Liability - Ending (a)	<u>\$ 10,584,730</u>	<u>\$ 9,399,789</u>	<u>\$ 9,256,999</u>
Plan Fiduciary Net Position			
Contributions - Employer	573,724	470,563	319,298
Contributions - State	115,997	101,739	90,690
Contributions - Employee	52,516	48,705	46,422
Net Investment Income	558,655	(29,631)	578,075
Benefit Payments, including Refunds of Employee Contributions	(505,459)	(431,789)	(417,602)
Administrative Expense	(27,441)	(33,661)	(13,700)
Net Change in Plan Fiduciary Net Position	767,992	125,926	603,183
Plan Fiduciary Net Position - Beginning	7,134,067	7,008,141	6,404,958
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,902,059</u>	<u>\$ 7,134,067</u>	<u>\$ 7,008,141</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,682,671</u>	<u>\$ 2,265,722</u>	<u>\$ 2,248,858</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	74.66%	75.90%	75.71%
Covered Employee Payroll ¹	\$ 1,312,898	\$ 1,340,415	\$ 1,160,547
Net Pension Liability as a percentage of Covered Employee Payroll	204.33%	169.03%	193.78%

Notes to Schedule:

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

Changes of assumptions:

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

The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	636,756	540,620	417,796
Contributions in relation to the Actuarially Determined Contributions	678,737	572,302	417,796
Contribution Deficiency (Excess)	\$ (41,981)	\$ (31,682)	\$ -
Covered Employee Payroll ¹	\$ 1,312,898	\$ 1,340,415	\$ 1,160,547
Contributions as a percentage of Covered Employee Payroll	51.70%	42.70%	36.00%

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

Notes to Schedule

Valuation Date: 10/01/2014
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 20 Years (as of 10/01/2014).
 Mortality: RP2000 Combined Healthy Table - Sex Distinct. Disableds set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
 Interest Rate: 8.0% per year compounded annually, net of investment related expenses.
 Retirement Age: Earlier of a) Age 55 and the completion of 10 years of service, or b) Age 52 and the completion of 25 years of service. Members who are eligible to retire on the valuation date are assumed to work one additional year.
 Disability Rate: See table below (1205). It is assumed that 66.67% of disabilities are in the line of duty.
 Termination Rate: See table below (1304).
 Salary Increases: 6.5% per year until the assumed retirement age. Projected benefit is also increased by 5.00% to account for non-regular compensation.
 Early Retirement: Commencing at eligibility for Early Retirement, members are assumed to retire with an immediate benefit at the rate of 5.00% per year.
 Payroll Growth: 5.00% for the 10/01/2014 Valuation.
 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.

Termination and Disability Rate Table:	% Becoming Disabled During	% Terminating During the
	the Year	Year
Age		
20	0.14%	14.00%
30	0.18%	10.70%
40	0.30%	7.70%
50	1.00%	1.75%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return			
Net of Investment Expense	7.83%	-0.42%	9.07%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2016)

General Information about the Pension Plan

Plan Description

The City of Eustis Municipal Firefighters' Pension and Retirement System is a single-employer defined benefit pension Plan administered by a Board of Trustees. The Board consists of five Trustees, two of whom are appointed by the City Commission, two of whom are full-time Firefighters, elected by a majority of the Members of the Plan, and a fifth Member elected by the other four and appointed by Commission.

All regular uniformed members of the Fire Department, including active volunteers, participate as a condition of employment (optional for the Fire Chief).

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	19
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	15
Active Plan Members	23
	57
	57

Benefits Provided

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

Normal Retirement:

Date: The earlier of: a) age 55 and the completion of 10 years of Credited Service, or b) age 52 and the completion of 25 years of Credited Service.

Benefit: 4.00% of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 50 and the completion of 10 years of Credited Service.

Benefit: Determined as for Normal Retirement and reduced 3.00% per year.

Disability:

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

Benefit: Benefit accrued to date of disability. Minimum benefit for Service Incurred is 65% of AFC, for Non-Service Incurred is 25% of AFC.

Pre-Retirement Death Benefits:

Not Vested: Refund of Member Contributions.

Vested: Beneficiary receives the benefit otherwise payable to the firefighter on the date the firefighter would have reached Normal or Early Retirement.

Termination of Employment:

Less than 10 years: Refund of Member Contributions without interest.

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

Contributions

Member Contributions:

2.00% of Salary: November 1, 2004 - October 31, 2005.

3.00% of Salary: November 1, 2005 - October 31, 2006.

4.00% of Salary: After October 31, 2006.

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

Net Pension Liability

The measurement date is September 30, 2016.

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

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

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

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

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	6.50%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated June 10, 2010.

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 2.50%.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	45%	7.50%
International Equity	15%	8.50%
Domestic Fixed Income	40%	2.50%
Total	<u>100%</u>	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 8.00 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	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2015	\$ 9,399,789	\$ 7,134,067	\$ 2,265,722
Changes for a Year:			
Service Cost	232,480	-	232,480
Interest	749,472	-	749,472
Change in Excess State Money	(11,144)	-	(11,144)
Share Plan Allocation	16,556	-	16,556
Differences between Expected and Actual Experience	507,014	-	507,014
Changes of assumptions	196,022	-	196,022
Changes of benefit terms	-	-	-
Contributions - Employer	-	573,724	(573,724)
Contributions - State	-	115,997	(115,997)
Contributions - Employee	-	52,516	(52,516)
Net Investment Income	-	558,655	(558,655)
Benefit Payments, including Refunds of Employee Contributions	(505,459)	(505,459)	-
Administrative Expense	-	(27,441)	27,441
Net Changes	1,184,941	767,992	416,949
Balances at September 30, 2016	\$ 10,584,730	\$ 7,902,059	\$ 2,682,671

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	7.00%	8.00%	9.00%
Sponsor's Net Pension Liability	\$ 4,035,548	\$ 2,682,671	\$ 1,567,103

Pension Plan Fiduciary Net Position.

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

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$587,561.

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	380,261	189,554
Changes of assumptions	147,017	-
Net difference between Projected and Actual Earnings on Pension Plan investments	374,259	-
Total	\$ 901,537	\$ 189,554

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	\$	204,371
2018	\$	204,373
2019	\$	299,150
2020	\$	4,089
2021	\$	-
Thereafter	\$	-

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

	09/30/2016	09/30/2015	09/30/2014
Total Pension Liability			
Service Cost	232,480	214,156	224,459
Interest	749,472	739,529	700,345
Change in Excess State Money	(11,144)	-	-
Share Plan Allocation	16,556	-	-
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	507,014	(379,106)	-
Changes of assumptions	196,022	-	-
Benefit Payments, including Refunds of Employee Contributions	(505,459)	(431,789)	(417,602)
Net Change in Total Pension Liability	1,184,941	142,790	507,202
Total Pension Liability - Beginning	9,399,789	9,256,999	8,749,797
Total Pension Liability - Ending (a)	<u>\$ 10,584,730</u>	<u>\$ 9,399,789</u>	<u>\$ 9,256,999</u>
Plan Fiduciary Net Position			
Contributions - Employer	573,724	470,563	319,298
Contributions - State	115,997	101,739	90,690
Contributions - Employee	52,516	48,705	46,422
Net Investment Income	558,655	(29,631)	578,075
Benefit Payments, including Refunds of Employee Contributions	(505,459)	(431,789)	(417,602)
Administrative Expense	(27,441)	(33,661)	(13,700)
Net Change in Plan Fiduciary Net Position	767,992	125,926	603,183
Plan Fiduciary Net Position - Beginning	7,134,067	7,008,141	6,404,958
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,902,059</u>	<u>\$ 7,134,067</u>	<u>\$ 7,008,141</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,682,671</u>	<u>\$ 2,265,722</u>	<u>\$ 2,248,858</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	74.66%	75.90%	75.71%
Covered Employee Payroll ¹	\$ 1,312,898	\$ 1,340,415	\$ 1,160,547
Net Pension Liability as a percentage of Covered Employee Payroll	204.33%	169.03%	193.78%

Notes to Schedule:

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

Changes of assumptions:

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

The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	636,756	540,620	417,796
Contributions in relation to the Actuarially Determined Contributions	678,737	572,302	417,796
Contribution Deficiency (Excess)	\$ (41,981)	\$ (31,682)	\$ -
Covered Employee Payroll ¹	\$ 1,312,898	\$ 1,340,415	\$ 1,160,547
Contributions as a percentage of Covered Employee Payroll	51.70%	42.70%	36.00%

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

Notes to Schedule

Valuation Date: 10/01/2014

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 20 Years (as of 10/01/2014).
 Mortality: RP2000 Combined Healthy Table - Sex Distinct. Disableds set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
 Interest Rate: 8.0% per year compounded annually, net of investment related expenses.
 Retirement Age: Earlier of a) Age 55 and the completion of 10 years of service, or b) Age 52 and the completion of 25 years of service. Members who are eligible to retire on the valuation date are assumed to work one additional year.
 Disability Rate: See table below (1205). It is assumed that 66.67% of disabilities are in the line of duty.
 Termination Rate: See table below (1304).
 Salary Increases: 6.5% per year until the assumed retirement age. Projected benefit is also increased by 5.00% to account for non-regular compensation.
 Early Retirement: Commencing at eligibility for Early Retirement, members are assumed to retire with an immediate benefit at the rate of 5.00% per year.
 Payroll Growth: 5.00% for the 10/01/2014 Valuation.
 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.

Termination and Disability Rate Table:	% Becoming Disabled During the Year	% Terminating During the Year
	Age	Year
	20	0.14%
	30	14.00%
	40	10.70%
	50	7.70%
		1.75%

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,265,722	\$ 284,330	\$ 477,204	\$ -
Total Pension Liability Factors:				
Service Cost	232,480	-	-	232,480
Interest	749,472	-	-	749,472
Change in Excess State Money	(11,144)	-	-	(11,144)
Share Plan Allocation	16,556	-	-	16,556
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	507,014	-	507,014	-
Current year amortization of experience difference	-	(94,776)	(126,753)	31,977
Change in assumptions about future economic or demographic factors or other inputs	196,022	-	196,022	-
Current year amortization of change in assumptions	-	-	(49,005)	49,005
Benefit Payments	(505,459)	-	-	(505,459)
Net change	<u>1,184,941</u>	<u>(94,776)</u>	<u>527,278</u>	<u>562,887</u>
Plan Fiduciary Net Position:				
Contributions - Employer	573,724	-	-	-
Contributions - State	115,997	-	-	-
Contributions - Employee	52,516	-	-	(52,516)
Net Investment Income	579,099	-	-	(579,099)
Difference between projected and actual earnings on Pension Plan investments	(20,444)	-	20,444	-
Current year amortization	-	-	(123,389)	123,389
Benefit Payments	(505,459)	-	-	505,459
Administrative Expenses	(27,441)	-	-	27,441
Other	-	-	-	-
Net change	<u>767,992</u>	<u>-</u>	<u>(102,945)</u>	<u>24,674</u>
Ending Balance	<u><u>\$ 2,682,671</u></u>	<u><u>\$ 189,554</u></u>	<u><u>\$ 901,537</u></u>	<u><u>\$ 587,561</u></u>

AMORTIZATION SCHEDULE - INVESTMENTS

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

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2015	\$ 596,505	5	\$ 119,301	\$ 119,301	\$ 119,301	\$ 119,301	\$ 119,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 20,444	5	\$ -	\$ 4,088	\$ 4,089	\$ 4,089	\$ 4,089	\$ 4,089	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 119,301	\$ 123,389	\$ 123,390	\$ 123,390	\$ 123,390	\$ 4,089	\$ -	\$ -	\$ -	\$ -	\$ -

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)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2015	\$ -	4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 196,022	4	\$ -	\$ 49,005	\$ 49,005	\$ 49,006	\$ 49,006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ 49,005	\$ 49,005	\$ 49,006	\$ 49,006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATON 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)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2015	\$ (379,106)	4	\$ (94,776)	\$ (94,776)	\$ (94,777)	\$ (94,777)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 507,014	4	\$ -	\$ 126,753	\$ 126,753	\$ 126,754	\$ 126,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (94,776)	\$ 31,977	\$ 31,976	\$ 31,977	\$ 126,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -