Bay Medical Center Pension Plan

FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015 and 2014

Bay Medical Center Pension Plan
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December 31, 2015

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INDEPENDENT AUDITORS REPORT

Board of Trustees
Bay Medical Center Pension Plan
Panama City, Florida

We have audited the accompanying financial statements of Bay Medical Center Pension Plan, which are comprised of the statements of plan net position as of December 31, 2015 and 2014, and the related statements of changes in plan net position for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statement's

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bay Medical Center Pension Plan, as of December 31, 2015 and 2014, and the changes in its financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Adjustments to prior period financial statements

As discussed in note 10 to the financial statements, certain errors resulting in an understatement of amounts previously reported for contributions and contributions receivable as of December 31, 2013 were discovered during the current year. Accordingly, amounts reported for contributions and contributions receivable have been restated in the 2014 financial statements now presented, and an adjustment has been made to the beginning equity for 2014 to correct these errors. Our opinion is not modified with respect to that matter.

Required Supplementary Information

The Governmental Accounting Standards Board (GASB) requires that the schedule of changes in the net pension liability and related ratios, schedule of employer contributions, and schedule of investment returns on pages 19-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, FL
December 13, 2016

December 31,	**2015**	2014 (As Restated)
Assets		
Investments, at fair value		
Money market funds	**$ 1,707,400**	$ 1,716,794
U.S. government and agency bonds	**2,132,918**	2,480,294
Equity mutual funds	**71,045,612**	76,134,926
Equity securities	**11,621,779**	12,196,495
Corporate obligations	**4,180,777**	4,086,210
Total investments	**90,688,486**	96,614,719
Receivables		
Employer contributions	**1,218,798**	1,153,762
Accrued interest and dividends	**36,508**	41,313
Total receivables	**1,255,306**	1,195,075
Total assets	**91,943,792**	97,809,794
Liabilities		
Accounts payable and accrued expenses	**75,592**	-
Total liabilities	**75,592**	**-**
Net position-restricted for pension benefits	**$ 91,868,200**	$ 97,809,794

The accompanying notes are an integral part of these financial statements.

Year Ended December 31,		**2015**		2014 (As Restated)
Additions				
Investment income				
Net (decrease)/appreciation in fair value of investments	**$**	**(791,194)**	$	4,194,675
Dividends		**1,207,479**		1,183,560
Interest		**1,254**		870
Total investment income		**417,539**		5,379,105
Less investment expenses		**(366,647)**		-
Net investment income		**50,892**		5,379,105
Contributions				
Employer		**1,625,102**		1,538,372
Other receipts		**103**		-
Total contributions		**1,625,205**		1,538,372
Total additions		**1,676,097**		6,917,477
Deductions				
Benefits paid to participants		**7,617,691**		7,028,644
Total deductions		**7,617,691**		7,028,644
Net (decrease)/increase in assets available for benefits		**(5,941,594)**		(111,167)
Net position - beginning of the year (as originally stated)		**97,809,794**		96,120,557
Prior period adjustment		**-**		1,800,404
Net position - beginning of the year (as restated)		**97,809,794**		97,920,961
Net position - end of the year	**$**	**91,868,200**	$	97,809,794

The accompanying notes are an integral part of these financial statements.

NOTE 1 – DESCRIPTION OF PLAN

The following description of the Bay Medical Center Pension Plan (the Plan) provides only general information. Participants should refer to the Bay Medical Center Pension Plan Summary Plan Description booklet for a more complete description of the Plan's provisions. These general descriptions of the Plan are for the year ended December 31, 2015.

General Description and Plan Amendments

Effective January 1, 2004, Bay Medical Center (BMC) adopted a resolution, approved by the Board of Trustees, authorizing the merger of the BayMed Staffing, Inc. Pension Plan into the Bay Medical Center Pension Plan (the "Plan"). The Plan is a noncontributory, single-employer defined benefit pension plan, administered by a committee appointed by BMC. Under the provisions of the Plan, the BMC Board of Trustees has the authority to amend the Plan. It is intended that this Plan will be a governmental plan that meets all the applicable requirements of the laws of the State of Florida and the Internal Revenue Code of 1986, as amended from time to time, and will be operated for the exclusive benefit of the Plan's participants and beneficiaries.

Effective January 1, 2008, the Plan was restated to comply with the applicable provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the applicable provisions of various administrative pronouncements promulgated by the Internal Revenue Service. This restatement, approved by the Board of Trustees, also included provisions intended to qualify as good-faith amendments to comply with the applicable provisions of the Pension Protection Act of 2006.

Effective January 1, 2010, the Plan was restated to reflect various amendments, approved by the Board of Trustees, including the reduction of retirement credits, the elimination of certain cost of living adjustments and health insurance subsidies, the removal of the so-called "suspension of benefits" provisions, changing the required beginning date for minimum distribution purposes and the adoption of procedures for qualified domestic relations orders.

Effective January 1, 2011, the Plan was restated to reflect various amendments approved by the Board of Trustees. These amendments cease benefit accruals under Part A of the Plan as of December 31, 2010 and include the following provisions related thereto:

- Credited service after December 31, 2010 is disregarded for purposes of determining the amount of pension benefits under the Plan for purposes of determining entitlement to the increased benefit rate percentage for the special postponed retirement benefit and the early retirement benefit. However, credited service after December 31, 2010 continues for purposes of satisfying the credited service eligibility conditions for attaining normal and early retirement age and participants that ceased to be eligible employees pursuant to the Plan;

- Participant's eligible earnings attributable to periods after December 31, 2010 are disregarded for purposes of determining such participant's final average eligible earnings with respect to the calculation of the amount of pension benefits under the Plan;

NOTE 1 – DESCRIPTION OF PLAN (CONTINUED)

- New participation in the Plan ceases and therefore, effective January 1, 2011, all participants shall only accrue pension benefits under the pension benefit formula contained in Part B of the Plan.

The Plan covered substantially all regular, benefited employees of BMC who have attained the age of 21 and completed one year of service in which 1,000 or more hours of credited service have been earned.

In 2012 various amendments were made to the plan which included, but were not limited to the following:

- All new participation in the Plan ceased on March 31, 2012;

- In order for a participant to receive retirement credits under Section 1.52 for the 2012 plan year, such participant must complete at least 1000 hours of service between January 1, 2012 and March 31, 2012;

- Any participant that does not attain his normal or postponed retirement age on or before March 31, 2012 shall not be eligible for a normal or postponed retirement benefit but may be eligible for an early or deferred vested benefit;

- Any participant that does not attain his early retirement age on or before March 31, 2012 shall not be eligible for an early retirement benefit but shall be eligible for a deferred vested benefit if such participant is 100% vested on or before March 31, 2012 or becomes 100% vested after March 31, 2012 as a result of the "imputed" vesting service provisions;

- Participants whose employment with the employer terminated on March 31, 2012 as the result of sale/lease of the hospital to Bay County Health System, LLC (or one or more entities related thereto) are not eligible for a disability retirement benefit; and

- No preretirement survivor benefit shall be payable with respect to participants dying after March 31, 2012 because these provisions require participants to be employed by the employer on the date of death. However, preretirement survivor benefits may become payable with respect to any participant dying after March 31, 2012 (because these provisions do not require participants to be employed by the employer on the date of death) as long such participant is 100% vested on the date of death (either because the participant was 100% vested on or before March 31, 2012 or becomes 100% vested after March 31, 2012 as a result of the "imputed" vesting service provisions.

Participants entitled to pension benefits, the actuarial present value of which is less than $5,000, shall be paid such amounts in single lump sums, in lieu of and in full satisfaction of benefits entitled under the Plan.

NOTE 1 – DESCRIPTION OF PLAN (CONTINUED)

Effective January 1, 2013, the plan was restated to reflect an amendment approved by the Board of Trustees on December 10, 2012. The purpose of the amendment was to clarify that any participant who was employed by the employer on March 31, 2012 that is 100% vested on or before March 31, 2012 or becomes 100% vested after March 31, 2012 as a result of the "imputed" vesting service provisions of the Plan and is entitled to a deferred vested benefit, may elect to commence payment thereof on the first day of any month following the later of his attainment of age fifty or the date on which he is credited with five years of vesting service.

Effective December 8, 2014, the plan was amended to reflect an amendment approved by the Board of Trustees on December 8, 2014. The purpose of the amendment was to: (a) comply with the requirements of IRS Notice 2014-19 relating to same-sex marriages as well as certain requirements of Florida Law that void spousal beneficiary designations after divorce; (b) clarify once benefit distributions commence, a participant (i) cannot change forms of benefit payment and, (ii) cannot change his beneficiary (subject to one exception for ten year term certain annuity payments); and (c) increase the lump sum payment threshold from $5,000 to $10,000, whereby if a participant’s or beneficiary’s actuarial equivalent value is $10,00 or less, they may receive their entre benefit in one lump sum payment.

Plan membership

At December 31, 2015, pension plan membership consisted of the following:

Inactive plan members entitled to but not receiving benefits	1,081
Inactive plan members or beneficiaries currently receiving benefits	628
Total	1,709

Vesting

Vesting in the Plan was based on years of service, including credit for years of service prior to the effective date of the Plan. A participant was 100% vested after five years of credited service. In addition, a participant became fully vested upon attainment of normal retirement age.

Pension Benefits

Employees with five or more years of service are entitled to annual pension benefits beginning at normal retirement age (62) equal to 1.6% of the participant’s final average eligible earnings for each year of credited service. As of December 31, 2015 there were 628 participants receiving benefits and 1,081 participants not yet receiving benefits.

NOTE 1 – DESCRIPTION OF PLAN (CONTINUED)

Death and Disability Benefits

If an active employee died after normal retirement age (62), a death benefit equal to the value of the employee's accumulated pension benefits is paid to the employee's beneficiary. If an active employee became totally disabled after 10 years of service, they receive annual disability benefits equal to the normal retirement benefits they have accumulated as of the time they become disabled.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared on the accrual method of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Interest income is recognized when earned. The Plan presents in the statement of changes in plan net position available for plan benefits, the net appreciation/depreciation in fair value of its investments, which consists of realized gains or losses and the unrealized appreciation/depreciation on those investments.

Contributions

Bay Medical Center is required to make contributions to fund the Plan at such times and amounts as the actuary shall certify to the employer as being required. Participant contributions to the Plan are not permitted.

Benefits Paid

Benefits are recorded and recognized when paid.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative and Investment Expenses

Pursuant to the Plan document, administrative expenses and professional fees are paid by the Plan, unless the Plan sponsor, Bay Medical Center, elects to pay such expenses. For the years ended December 31, 2015 and 2014, the Plan incurred investment fees of $366,647 and $0, respectively. Bay Medical Center elected to pay all other administrative expenses related to the Plan.

Subsequent events

Management of the Plan has evaluated for subsequent events through December 13, 2016, which is the date on which the financial statements were available to be issued.

NOTE 3 – FUNDING POLICY

Bay Medical Center's funding policy for the Plan is to contribute each year an amount that is not less than the minimum required contribution established under Chapter 112 of the Florida Statutes. The required contribution for the Plan year ended December 31, 2015 was determined as part of the January 1, 2015 actuarial valuation. Bay Medical Center's contributions to the Plan for the year ended December 31, 2015 met the minimum funding requirements of Chapter 112 of the Florida Statutes.

No amendment to the Plan, however, can cause any reduction in the accrued pension of any participant or the elimination or reduction of certain protected benefits (such as early retirement benefits and optional forms of benefit payments) with respect to accrued pensions as of the later of the adoption date or effective date of the amendment, except as allowed by law.

The money which Bay Medical Center has contributed towards financing the Plan must be used to provide the benefits to the Plan participants and may not be returned except for contributions made as a result of a mistake of fact.

NOTE 4 – PLAN TERMINATION

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by state regulations, generally to provide the following benefits:

> If the Plan is completely terminated, accruals of additional benefits under the Plan will cease. Benefits already earned under the Plan at the time of such termination, to the extent then funded, will become fully vested. The assets of the Plan will be allocated to pay such earned benefits. If excess assets remain after all of the Plan's liabilities for such earned benefits are satisfied, those excess assets will be returned to Bay Medical Center.

NOTE 5 – INVESTMENTS

Rate of Return

For the years ended December 31, 2015 and 2014, the annual money weighted rate of return on the Plan investments, net of pension plan investment expense, was 0.14% and 5.75%, respectively. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment policies described below provide guidelines for the credit ratings of specific types of investments. Presented below is the rating as of year ended for each investment type.

The Plan had the following investments as rated by Moody's.

As of December 31, 2015

Investment Type	Fair Value	Credit Rating (if applicable)
Stif & Money Market Funds	$ 1,707,400	N/A
Equity Securities	11,621,779	N/A
Mutual Funds	71,045,612	N/A
U.S. Government & Agency Bonds	2,132,918	Aaa
Corporate Obligations	57,294	AA1
Corporate Obligations	39,548	AA2
Corporate Obligations	284,882	AA3
Corporate Obligations	637,874	A1
Corporate Obligations	921,510	A2
Corporate Obligations	1,136,283	A3
Corporate Obligations	886,488	BAA1
Corporate Obligations	216,898	BAA2
Total Investments	$ 90,688,486	

NOTE 5 – INVESTMENTS (CONTINUED)

As of December 31, 2014

Investment Type		Fair Value	Credit Rating (if applicable)
Stif & Money Market Funds	$	1,716,794	N/A
Equity Securities		12,196,495	N/A
Mutual Funds		76,134,926	N/A
U.S. Government & Agency Bonds		2,180,141	N/A
U.S. Government & Agency Bonds		300,153	Aaa
Corporate Obligations		935,192	A3
Corporate Obligations		1,045,841	A2
Corporate Obligations		893,064	A1
Corporate Obligations		765,197	BAA1
Corporate Obligations		446,916	BAA2
Total Investments	$	96,614,719	

As of December 31, 2015 and 2014, the Plan did not hold any investments that were considered to be a credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. The Plan’s investment policies do not provide specific restrictions as to maturity length of investments. Information about sensitivity of the fair values of the Plan’s investments to market interest rate fluctuations is provided below, using the segmented time distribution method.

NOTE 5 – INVESTMENTS (CONTINUED)

As of December 31, 2015

Investment Type		Fair Value	Years to Maturity (if applicable)
Stif & Money Market Funds *	$	1,707,400	N/A
Equity Securities *		11,621,779	N/A
Mutual Funds *		71,045,612	N/A
U.S. Government & Agency Bonds		990,668	< 2 years
U.S. Government & Agency Bonds		490,119	2 - 5 years
U.S. Government & Agency Bonds		59,752	5 -10 years
U.S. Government & Agency Bonds		592,379	> 10 years
Corporate Obligations		398,128	< 2 years
Corporate Obligations		1,119,051	2 - 5 years
Corporate Obligations		2,097,398	5 -10 years
Corporate Obligations		566,200	> 10 years
Total Investments	$	90,688,486	

* Included but not required to be presented by maturity date.

As of December 31, 2014

Investment Type		Fair Value	Years to Maturity (if applicable)
Stif & Money Market Funds *	$	1,716,794	N/A
Equity Securities *		12,196,495	N/A
Mutual Funds *		76,134,926	N/A
U.S. Government & Agency Bonds		1,825,262	2 - 5 years
U.S. Government & Agency Bonds		655,032	> 10 years
Corporate Obligations		213,196	< 2 years
Corporate Obligations		1,469,569	2 - 5 years
Corporate Obligations		1,565,571	5 -10 years
Corporate Obligations		837,874	> 10 years
Total Investments	$	96,614,719	

* Included but not required to be presented by maturity date.

NOTE 5 – INVESTMENTS (CONTINUED)

Investment Policy

The investment policy of the Plan is established and amended by the Board of Trustees. The Bay Medical Pension Fund seeks to provide post-retirement benefits to the covered employees of Bay Medical Center (the "Sponsor") who are entitled to receive benefits under the Plan. The Plan's overall goal is to pay benefits as promised by the Plan in such a way that the cost and risk are manageable for the Sponsor.

The general investment objective is to obtain a total rate of return that achieves the actuarial interest rate assumption on an annual basis year after year. The total rate of return is defined as interest and dividend income plus realized and unrealized capital gains and/or losses.

Portfolio assets shall be managed as a balanced portfolio comprised of two major components: an equity portion and a fixed income portion. The expected role of Plan equity investments will be to maximize the long-term real growth of portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of portfolio equity investments.

The long-term strategic asset allocation guidelines, determined by the Board to be the most appropriate, given the Fund's long-term objectives and short-term constraints are approximately 65 percent equity and 35 percent fixed income investments. The Board may authorize asset allocation changes of 10 percent around this normal policy, i.e., equities may range from 55 percent to 75 percent, fixed income from 25 percent to 45 percent. The Board will provide flexibility to the investment managers and the managers may recommend asset allocation changes within these ranges to the Board at any time.

Allowable Investments Classes

1. Bonds, notes, or other obligations of (i) the United States, its organized territories, or its agencies, or (ii) of any state, county, city, district, or other local government entity or agency of a state or territory of the United States.

2. Commercial paper, time drafts or bills of exchange drawn on and accepted by a commercial bank that are accepted by a member bank of the Federal Reserve System.

3. Negotiable certificates of deposit issued by domestic or foreign financial institutions in United States dollars.

4. Short-term obligations purchased individually or in pooled accounts or other collective investment funds, for the purpose of providing liquidity to any fund or portfolio.

5. Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq.

NOTE 5 – INVESTMENTS (CONTINUED)

6. Notes secured by first mortgages, insured or guaranteed by the Federal Housing Administration or the United States Department of Veterans Affairs.

7. Mortgage securities, which represent participation in or are collateralized by mortgage loans secured by real property. Such securities must be issued by an agency of or enterprise sponsored by the United States Government, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation.

8. Group annuity contracts of the pension investment type with insurers licensed to do business in Florida that are rated investment grade by at least one nationally recognized rating service.

9. Certain interests in real property and related personal property, as defined in Section 215.47(2)(e), Florida Statues.

10. Fixed-income obligations issued by foreign governments or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities.

11. Rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.

12. Asset-backed securities.

13. Common stock, preferred stock, and interest-bearing obligations of a corporation having an option to convert into common stock.

14. Interest-bearing obligations with a fixed maturity of any corporation or commercial entity within the United States.

15. Corporate obligations and securities of any kind of a foreign corporation or a foreign commercial entity having its principal office located in any country other than the United States or its possessions or territories.

16. Futures and options, provided the instruments for such purpose are traded on a securities exchange or board of trade regulated by the Securities and Exchange Commission or the Commodity Futures Trading Commission.

17. Notwithstanding the above, any investment or investment class authorized by Section 112.661, Florida Statutes, provided that if such investment is made pursuant to Section 215.47(6), Florida Statues, such investment must be authorized by a written resolution of the Board.

NOTE 5 – INVESTMENTS (CONTINUED)

Diversification Policy

Diversification across and within asset classes is the primary means by which the Board expects the portfolio to avoid undue risk of large losses over long time periods. To protect the portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Board will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:

1. With the exception of fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of total portfolio assets.

2. With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or investment company (mutual fund) shall comprise more than 20% of total portfolio assets.

3. With respect to fixed income investments, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB or Moody's Baa or higher).

In addition, all investments within each asset class and sub-asset class shall meet such other standards of prudent diversification and risk management as the Board may from time to time adopt.

Fair Value of Investments

Investments are reported at fair value, based on quoted market prices.

Concentration of Investments

The following lists investments in organizations that represent 5% or more of the Plan's net assets at December 31, 2015:

- 11.8% Russell Concentrated Equity Fund - $10,856,277
- 7.2% Vanguard Total Stock Market Index Fund - $6,624,723
- 11.6% Russell Multi MGR Bond Fund (Core) - $10,685,230
- 7.6% Vanguard Total Bond Market Index Fund - $6,938,692

NOTE 6 – NET PENSION LIABILITY

The components of the net pension liability at December 31, 2015 and 2014 were as follows:

	2015	2014
Total pension liability	**$ 110,380,557**	$ 109,464,942
Plan fiduciary net position	**(91,943,792)**	(97,809,794)
Net pension liability	**$ 18,436,765**	$ 11,655,148
Plan fiduciary net position as a percentage of the total pension liability:	**83.30%**	89.35%

Significant Actuarial Assumption

The total pension liability as of December 31, 2015 was determined based on a roll-forward of entry age normal liabilities from the January 1, 2015 actuarial assumption, applied to all periods included in the measurement.

Mortality

For healthy participants, the RP 2000 Combined Mortality Table projected to 2018 with Scale AA was used with separate rates for males and females. For disabled participants, the IRS RR 96-7 table for post 1994 disabilities.

Inflation

3.0%

Investment Return

7.5%, compounded annually.

Lump sum conversion basis for cash balance participants

5.0% per year.

Salary Increase Factors

None - severance date not later than March 31, 2012.

Cost-of-Living Increases

3.0%

NOTE 6 – NET PENSION LIABILITY (CONTINUED)

Discount Rate

A discount rate of 7.5% was used to measure the total pension liability. This discount rate was based on the expected rate of return on Plan investments of 7.5%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current member contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member contribution rate. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected expected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the TPL.

Assumption Changes

In 2014 assumed retirement ages were updated. In 2013 the method used for determining the actuarial value of assets was updated to market value. In 2012 investment return was updated to 7.5%, compounded annually. Employee withdrawal rates, salary increase factors, disability rates and assumed retirement ages were updated. In 2011 healthy lives mortality table was updated to project mortality improvements to 2018.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

	Measurement Date: 12/31/2015		
	1% Decrease	Current Discount Rate	1% Increase
Discount rate	6.5%	7.5%	8.5%
Net pension liability	29,254,897	$ 18,436,765	9,218,660

	Measurement Date: 12/31/2014		
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.5%	7.5%	8.5%
NPL	22,682,419	$ 11,655,148	2,289,391

NOTE 7 – TAX STATUS

The Internal Revenue Service has determined and informed the Plan by a letter dated August 27, 2002 that the Plan was designed in accordance with the applicable sections of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

NOTE 8 – RISKS AND UNCERTAINTIES

Plan contributions are made and the actuarial benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements. Additionally, the projection of benefits for financial reporting purposes does not incorporate the potential effects of legal or contractual funding limitations.

NOTE 9 – RELATED PARTY TRANSACTIONS

Certain Plan investments money market funds are managed by SunTrust Bank N.A. SunTrust Bank N.A. is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

Fees paid during the year by the Plan sponsor for investment management, actuarial and other professional services rendered by parties-in-interest were based on customary and reasonable rates for such services.

The sponsor provides certain accounting and management services to the Plan at no cost to the Plan.

NOTE 10 – PRIOR PERIOD ADJUSTMENT

Subsequent to the issuance of the prior year financial statements, it was determined that the Plan's employer contributions recorded in the prior years did not reflect the entire amount of employer contributions approved by the board in accordance with their actuarial studies. The difference between what was recorded as income and what was approved should have been recorded as contributions receivable as it was received subsequent to year end. The effect of this error was an understatement of assets for the plan as of December 31, 2013 of $1,800,404. As a result, an increase in the beginning net position, as of December 31, 2013, has been reflected in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

Years ended December 31,	2015	2014	2013
Total pension liability			
Interest	$ 7,966,699	$ 7,882,274	$ 7,394,877
Differences between expected and actual experiences	566,504	1,756,490	4,176,894
Changes of assumptions	-	4,365,444	(118,392)
Benefit payments, including refunds of member contributions	(7,617,588)	(7,028,644)	(7,007,729)
Net change in total pension liability	915,615	6,975,564	4,445,650
Total pension liability - beginning	109,464,942	102,489,378	98,043,728
Total pension liability - ending (a)	110,380,557	109,464,942	102,489,378
Plan fiduciary net position			
Contributions - employer	1,625,102	1,538,372	2,400,542
Net investment income	126,484	5,379,105	14,717,357
Benefit payments, including refunds of member contributions	(7,617,588)	(7,028,644)	(7,007,729)
Other	-	-	2,873
Net change in plan fiduciary net position	(5,866,002)	(111,167)	10,113,043
Plan fiduciary net position - beginning	97,809,794	97,920,961	87,807,918
Plan fiduciary net position - ending (b)	91,943,792	97,809,794	97,920,961
Net Pension Liability - ending (a) - (b)	$ 18,436,765	$ 11,655,148	$ 4,568,417
Plan fiduciary net position as a percentage of the total pension liability	83.30%	89.35%	95.54%
Covered-employee payroll	-	-	-
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A
Notes to Schedule:			
Valuation Date	1/1/15	1/1/14	1/1/13

Only years 2013 to 2015 was available. The Plan will continue to present information for years available until a full 10-year trend is compiled.

See page 21 for assumption changes in 2015. No benefit changes in 2015.

See independent auditors report.

Years ended December 31,	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 1,625,062	$ 1,388,975	$ 1,732,484	$ 1,853,911	$ 1,282,800	$ 2,675,573
Contributions in relation to the actuarially determined contribution	1,625,102	1,538,372	2,400,542	7,387,252	1,342,800	3,181,200
Contribution deficiency (excess)	$ (40)	$ (149,397)	$ (668,058)	$ (5,533,341)	$ (60,000)	$ (505,627)
Covered-employee payroll	$ -	$ -	$ -	$ 67,145,281	$ 72,018,281	$ 64,389,170
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	11.00%	1.86%	4.94%

Notes to Schedule:

Only years 2010 to 2015 data was available. The Plan will continue to present information for years available until a full 10-year trend is compiled.

See independent auditors report.

Valuation date:	Actuarially determined contributions are calculated using a valuation date as of the beginning of the plan year (each January 1st).

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Amortization period	15 years
Asset valuation method	Market value of assets
Inflation	3.0%
Salary increases	N/A
Investment return	7.5%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	For healthy participants, the RP 2000 combined mortality table projected to 2018 with Scale AA was used with separate rates for males and females. For disabled participants, the IRS RR 96-7 table for post 1994 disabilities.
Cost-of-living increases	3.0%

Other information:

Benefit changes

Effective March 31, 2012, the cash balance plan was frozen and interest credits were applied to the retirement account on the last day of each Plan year, one year of credited service will be earned if the employee had worked 1,000 hours through March 31, 2012 and one month of imputed credit service will be earned on the first day of each month ending on the date of death. Disability benefits are no longer provided under the Plan. The Plan was closed to new entrants and no compensation will be considered after March 31, 2012. No retirement credits will be earned after March 31, 2012 and one year of vesting service will be earned upon survival to December 31, 2012. In 2011, the conversion benefit formula was frozen effective December 31, 2010 and participants will continue to earn additional benefits under the cash balance formula. Additional service accruals may be earned towards the unreduced early retirement option at 30 years but will not be counted towards the increased multiplier under the special postponed retirement benefit or due to working past 30 years.

Assumption changes

In 2014, assumed retirement ages were updated. In 2013, the method used for determining the actuarial value of assets was updated to market value. In 2012, investment return was updated to 7.5%, compounded annually. Employee withdrawal rates, salary increase factors, disability rates and assumed retirement ages were updated. In 2011, the healthy lives mortality table was updated to project mortality improvements to 2018.

Year Ended December 31,	2015	2014
Annual money-weighted rate of return, net of investment expense	0.14%	5.75%

Notes to Schedule:

Only 2015 and 2014 data was available. The Plan will continue to present information for years available until a full 10-year trend is compiled.