

CITY OF MILTON
GENERAL EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2017

CONTRIBUTIONS APPLICABLE TO THE PLAN/
FISCAL YEAR ENDED SEPTEMBER 30, 2019

November 21, 2017

Ms. Lori McCafferty, Secretary
City of Milton General
Employees' Retirement Board
P.O. Box 909
Milton, FL 32572

Re: City of Milton
General Employees' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Milton General Employees' Retirement System. Included are the related results for GASB Statements No. 67 and No. 68. The funding 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. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Please note that this valuation may not be applicable for any other purposes.

The valuations have 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 Chapter, 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 valuations, we have relied on personnel, plan design, and asset information supplied by 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 total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2016. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2017 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 67 and No. 68.

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.

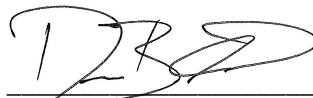
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Milton, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Milton General Employees' 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:



Drew D. Ballard, EA, MAAA
Enrolled Actuary #17-8193

DDB/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Milton General Employees’ Retirement System, performed as of October 1, 2017, 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, 2019.

The contribution requirements, compared with those developed in the October 1, 2016, actuarial valuation, are as follows:

Valuation Date	10/1/2017	10/1/2016
Applicable Plan/Fiscal Year End	<u>9/30/2019</u>	<u>9/30/2018</u>
Total Required Contribution % of Total Annual Payroll	32.9%	32.0%
Member Contributions (Est.) % of Total Annual Payroll	10.0%	10.0%
Balance from City ¹ % of Total Annual Payroll	22.9%	22.0%

¹ At the request of the Division of Retirement, the required contribution from the City for the year ending September 30, 2019 is 22.9% of the actual pensionable payroll realized in that year. The City has a prepaid contribution of \$45,537.49 available to offset the current year’s funding requirements.

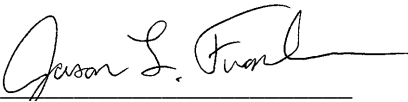
Experience since the last valuation has been less favorable than expected, relative to the Plan’s actuarial assumptions. The principal components of unfavorable experience include more retirements and less terminations than anticipated, and a 7.17% investment return (Actuarial Asset Basis) that was less than the 8.00% assumption. These losses were partially offset by the effect of inactive mortality.

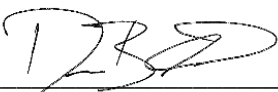
For informational purposes, the City’s funding requirement, when expressed as a percentage of payroll, including an estimate of the annual pay for DROP participants, is approximately 19.4% for the fiscal year ending September 30, 2019. It is important to note that this funding rate is for illustration purposes only. The City should budget based on the information provided above, applied to non-DROP payroll only.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Jason L. Franken, FSA, EA, MAAA

By: 
Drew D. Ballard, EA, MAAA

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2016	22.0%
(2) Summary of Contribution Impact by component:	
Change in Normal Cost Rate	0.2%
Change in Administrative Expense Percentage	-0.1%
Payroll Change Effect on UAAL Amortization	-0.6%
Investment Return (Actuarial Asset Basis)	0.7%
Salary Increases	0.0%
Active Decrements	0.6%
Inactive Mortality	-0.3%
Assumption Change	0.0%
Other	<u>0.4%</u>
Total Change in Contribution	0.9%
(3) Contribution Determined as of October 1, 2017	22.9%

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the rates used in the Florida Retirement System July 1, 2016 valuation from the July 1, 2015 valuation for non-special risk lives.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2017</u>	<u>10/1/2016</u>
A. Participant Data		
Actives	59	58
Service Retirees	29	30
DROP Retirees	9	8
Beneficiaries	9	5
Disability Retirees	3	4
Terminated Vested	<u>5</u>	<u>5</u>
 Total	 114	 110
 Total Annual Payroll	 \$2,306,590	 \$2,220,297
Payroll Under Assumed Ret. Age	2,306,590	2,220,297
 Annual Rate of Payments to:		
Service Retirees	655,231	623,497
DROP Retirees	222,718	237,984
Beneficiaries	118,843	61,292
Disability Retirees	51,667	61,197
Terminated Vested	42,348	42,348
 B. Assets		
Actuarial Value (AVA) ¹	13,754,320	13,124,438
Market Value (MVA) ¹	13,768,481	12,736,260
 C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	6,159,162	6,150,993
Disability Benefits	259,601	231,407
Death Benefits	74,618	95,238
Vested Benefits	264,388	247,242
Refund of Contributions	77,816	73,096
Service Retirees	6,521,472	6,053,718
DROP Retirees ¹	3,391,998	3,379,172
Beneficiaries	1,038,720	538,463
Disability Retirees	458,565	580,552
Terminated Vested	<u>230,555</u>	<u>212,701</u>
Total	18,476,895	17,562,582

C. Liabilities - (Continued)	<u>10/1/2017</u>	<u>10/1/2016</u>
Present Value of Future Salaries	20,338,682	18,668,530
Present Value of Future Member Contributions	2,033,868	1,866,853
Normal Cost (Retirement)	276,778	260,158
Normal Cost (Disability)	13,750	12,222
Normal Cost (Death)	4,293	5,957
Normal Cost (Vesting)	15,439	15,292
Normal Cost (Refunds)	<u>11,844</u>	<u>11,434</u>
Total Normal Cost	322,104	305,063
Present Value of Future Normal Costs	2,750,461	2,469,471
Accrued Liability (Retirement)	3,747,655	4,009,586
Accrued Liability (Disability)	144,356	129,081
Accrued Liability (Death)	40,706	51,142
Accrued Liability (Vesting)	130,104	119,324
Accrued Liability (Refunds)	22,303	19,372
Accrued Liability (Inactives) ¹	<u>11,641,310</u>	<u>10,764,606</u>
Total Actuarial Accrued Liability (EAN AL)	15,726,434	15,093,111
Unfunded Actuarial Accrued Liability (UAAL)	1,972,114	1,968,673
Funded Ratio (AVA / EAN AL)	87.5%	87.0%

D. Actuarial Present Value of Accrued Benefits	<u>10/1/2017</u>	<u>10/1/2016</u>
Vested Accrued Benefits		
Inactives ¹	11,641,310	10,764,606
Actives	196,763	434,877
Member Contributions	<u>1,556,461</u>	<u>1,618,785</u>
Total	13,394,534	12,818,268
Non-vested Accrued Benefits	<u>613,757</u>	<u>721,828</u>
Total Present Value Accrued Benefits (PVAB)	14,008,291	13,540,096
Funded Ratio (MVA / PVAB)	98.3%	94.1%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	292,108	
Benefits Paid	(872,231)	
Interest	1,048,318	
Other	<u>0</u>	
Total	468,195	

Valuation Date	10/1/2017	10/1/2016
Applicable to Fiscal Year Ending	<u>9/30/2019</u>	<u>9/30/2018</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll ²	14.5	14.3
Administrative Expenses (with interest) % of Total Annual Payroll ²	2.3	2.4
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years (as of 10/1/2017, with interest) % of Total Annual Payroll ²	16.1	15.3
Total Required Contribution % of Total Annual Payroll ²	32.9	32.0
Expected Member Contributions % of Total Annual Payroll ²	10.0	10.0
Expected City Contribution % of Total Annual Payroll ²	22.9	22.0

F. Past Contributions

Plan Years Ending:	<u>9/30/2017</u>
Total Required Contribution	622,816
City Requirement	410,251
Actual Contributions Made:	
Members (excluding buyback)	212,565
City	<u>410,251</u>
Total	622,816

G. Net Actuarial (Gain)/Loss 131,214

¹ The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2017 and 9/30/2016.

² Contributions developed as of 10/1/2017 are expressed as a percentage of total annual payroll at 10/1/2017 of \$2,306,590.

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2017	1,972,114
2018	1,744,529
2019	1,577,096
2024	1,321,224
2028	822,108
2033	152,793
2037	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	5.76%	5.50%
Year Ended	9/30/2016	4.77%	5.50%
Year Ended	9/30/2015	3.00%	5.50%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	7.17%	8.00%
Year Ended	9/30/2016	7.67%	8.00%
Year Ended	9/30/2015	9.62%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2017	\$2,306,590
	10/1/2007	2,243,608
(b) Total Increase		2.81%
(c) Number of Years		10.00
(d) Average Annual Rate		0.28%

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.



Drew D. Ballard, EA, MAAA
Enrolled Actuary #17-8193

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2016	\$1,968,673
(2) Sponsor Normal Cost developed as of October 1, 2016	83,033
(3) Expected administrative expenses for the year ended September 30, 2017	51,481
(4) Expected interest on (1), (2) and (3)	166,196
(5) Sponsor contributions to the System during the year ended September 30, 2017	410,251
(6) Expected interest on (5)	18,232
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2017 (1)+(2)+(3)+(4)-(5)-(6)	1,840,900
(9) Change to UAAL due to Actuarial (Gain)/Loss	131,214
(10) Unfunded Actuarial Accrued Liability as of October 1, 2017	1,972,114

Type of Base	Date Established	Years Remaining	10/1/2017 Amount	Amortization Amount
Method Change	10/1/2004	17	1,448,670	147,053
Actuarial Loss	10/1/2005	18	410,682	40,575
Actuarial Gain	10/1/2006	19	(428,288)	(41,293)
Actuarial Gain	10/1/2007	20	(203,214)	(19,165)
Actuarial Loss	10/1/2008	1	72,555	72,555
Method Change	10/1/2008	11	151,000	19,585
Actuarial Loss	10/1/2009	2	132,399	68,746
Assumption Change	10/1/2009	12	114,203	14,032
Actuarial Loss	10/1/2010	3	165,652	59,517
Actuarial Loss	10/1/2011	4	128,204	35,840
Actuarial Gain	10/1/2012	5	(28,372)	(6,580)
Assumption Change	10/1/2012	15	194,818	21,075
Software Change	10/1/2013	16	(203,486)	(21,286)
Actuarial Gain	10/1/2013	6	(143,865)	(28,815)
Actuarial Gain	10/1/2014	7	(131,088)	(23,313)
Actuarial Gain	10/1/2015	8	(173,630)	(27,976)
Actuarial Gain	10/1/2016	9	(79,383)	(11,766)
Assumption Change	10/1/2016	19	414,043	39,920
Actuarial Loss	10/1/2017	10	<u>131,214</u>	<u>18,106</u>
			1,972,114	356,810

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2016	\$1,968,673
(2) Expected UAAL as of October 1, 2017	1,840,900
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	107,711
Salary Increases	3,669
Active Decrements	103,864
Inactive Mortality	(48,428)
Other	<u>(35,602)</u>
Increase in UAAL due to (Gain)/Loss	131,214
(4) Actual UAAL as of October 1, 2017	\$1,972,114

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

Female: RP2000 Generational, 100% combined Healthy White Collar, Scale BB

Male: RP2000 Generational, 50% Combined Healthy White Collar / 50% Combined Healthy Blue Collar, Scale BB

Healthy Inactive Lives:

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

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB

Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years

Male: 100% RP2000 Disabled Male setback four years

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption 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, 2016 FRS actuarial valuation report. We feel this assumption sufficiently accommodates future mortality improvements.

Previously, the non-special risk rates from the July 1, 2015 FRS actuarial valuation report were used.

Interest Rate

8.00% per year compounded annually, net of investment related expenses. This assumption is in line with the national average for public programs and is reasonable based on the asset allocation.

Retirement Age

Earlier of Age 65 and 10 years of service or the completion of 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel that this assumption is reasonable based on the plan provisions.

Early Retirement

Commencing at eligibility for Early Retirement (age 55 with 10 years of service), Members are assumed to retire with an immediate benefit at the rate of 1% per year.

Disability Rate

See table on following page (1201).

Termination Rate	See table below(T3A).
Salary Increases	5.50% per year until the assumed Retirement age; see table below. This assumption was developed from those used by other plans containing general municipal employees.
Administrative Expenses	\$51,168 based on the prior year's actual expenses.
Payroll Growth	0.00%, utilized for amortizing the unfunded actuarial accrued liabilities.
Marital Status	100% of Members are assumed to be married.
Spouse's Age	Males are assumed to be three years older than females.
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>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 60</u>
20	6.64%	0.03%	11.75%
30	4.93	0.04	20.06
40	4.04	0.07	34.27
50	2.17	0.18	58.54

VALUATION NOTES

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.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Actuarial Accrued Liability (UAAL) is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service. Under the Entry Age Normal Actuarial Cost Method, there is also a new UAAL created each year equal to the actuarial gain or loss for that year.

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.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	586,404.50	586,404.50
Cash	106.78	106.78
Total Cash and Equivalents	586,511.28	586,511.28
Receivables:		
Member Contributions in Transit	8,299.02	8,299.02
City Contributions in Transit	16,017.09	16,017.09
Investment Income	33,344.13	33,344.13
Total Receivable	57,660.24	57,660.24
Investments:		
Fixed	4,093,670.46	4,082,145.96
Equities	6,542,480.51	7,586,983.50
Pooled/Common/Commingled Funds:		
Real Estate	1,421,759.54	1,500,717.06
Total Investments	12,057,910.51	13,169,846.52
Total Assets	12,702,082.03	13,814,018.04
<u>LIABILITIES</u>		
Payables:		
Prepaid City Contribution	45,537.49	45,537.49
Total Liabilities	45,537.49	45,537.49
NET POSITION RESTRICTED FOR PENSIONS	12,656,544.54	13,768,480.55

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017
Market Value Basis

ADDITIONS

Contributions:

Member	212,565.16	
City	410,250.76	

Total Contributions		622,815.92
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Investment Income:

Net Realized Gain (Loss)	462,165.55		
Unrealized Gain (Loss)	597,004.61		
Net Increase in Fair Value of Investments		1,059,170.16	
Interest & Dividends		370,772.07	
Less Investment Expense ¹		(97,139.54)	

Net Investment Income		1,332,802.69
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Total Additions		1,955,618.61
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DEDUCTIONS

Distributions to Members:

Benefit Payments	762,727.19	
Lump Sum DROP Distributions	109,503.44	
Refunds of Member Contributions	0.00	

Total Distributions		872,230.63
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Administrative Expense		51,167.80
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Total Deductions		923,398.43
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Net Increase in Net Position		1,032,220.18
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		12,736,260.37
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End of the Year		13,768,480.55
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¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2017

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	
09/30/2014	9.19%	
09/30/2015	1.41%	
09/30/2016	7.77%	
09/30/2017	10.55%	
Annualized Rate of Return for prior four (4) years:		7.17%
(A) 10/01/2016 Actuarial Assets:		\$13,124,437.59
(I) Net Investment Income:		
1. Interest and Dividends	370,772.07	
2. Realized Gains (Losses)	462,165.55	
3. Change in Actuarial Value	194,667.17	
4. Investment Related Expenses	(97,139.54)	
Total		930,465.25
(B) 10/01/2017 Actuarial Assets:		\$13,754,320.33
Actuarial Asset Rate of Return = 2I/(A+B-I):		7.17%
10/01/2017 Limited Actuarial Assets:		\$13,754,320.33
10/01/2017 Market Value of Assets:		\$13,768,480.55
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$107,710.76)

¹Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2017
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	212,565.16	
City	410,250.76	
 Total Contributions		 622,815.92
 Earnings from Investments:		
Interest & Dividends	370,772.07	
Net Realized Gain (Loss)	462,165.55	
Change in Actuarial Value	194,667.17	
 Total Earnings and Investment Gains		 1,027,604.79

EXPENDITURES

Distributions to Members:		
Benefit Payments	762,727.19	
Lump Sum DROP Distributions	109,503.44	
Refunds of Member Contributions	0.00	
 Total Distributions		 872,230.63
 Expenses:		
Investment related ¹	97,139.54	
Administrative	51,167.80	
 Total Expenses		 148,307.34
 Change in Net Assets for the Year		 629,882.74
 Net Assets Beginning of the Year		 13,124,437.59
 Net Assets End of the Year ²		 13,754,320.33

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

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2016 to September 30, 2017

Beginning of the Year Balance	713,727.23
Plus Additions	273,932.60
Investment Return Earned	46,439.87
Less Distributions	(109,503.44)
End of the Year Balance	924,596.26

Note: Investment Return Earned is based on available data through June 30, 2017.

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2017

(1)	Total Required Contribution Rate	29.3%
(2)	Pensionable Payroll Derived from Member Contributions	\$2,125,651.60
(3)	Total Required Contribution (1) x (2)	622,815.92
(4)	Less Actual Member Contributions	<u>(212,565.16)</u>
(5)	Equals Required City Contribution for Fiscal 2017	410,250.76
(6)	Less 2016 Prepaid Contribution	(45,538.07)
(7)	Less Actual City Contributions	<u>(410,250.18)</u>
(8)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2017	(\$45,537.49)

STATISTICAL DATA

	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>	<u>10/1/2017</u>
<u>Actives</u>				
Number	57	61	58	59
Average Current Age	46.1	45.4	45.8	45.8
Average Age at Employment	36.0	36.0	36.5	37.1
Average Past Service	10.1	9.4	9.3	8.7
Average Annual Salary	\$38,441	\$38,051	\$38,281	\$39,095
<u>Service Retirees</u>				
Number	26	28	30	29
Average Current Age	69.3	70.1	69.6	68.6
Average Annual Benefit	\$20,105	\$20,742	\$20,783	\$22,594
<u>DROP Retirees</u>				
Number	10	8	8	9
Average Current Age	57.0	54.5	55.7	58.4
Average Annual Benefit	\$26,179	\$29,591	\$29,748	\$24,746
<u>Beneficiaries</u>				
Number	4	4	5	9
Average Current Age	67.1	68.1	70.9	70.3
Average Annual Benefit	\$11,830	\$11,830	\$12,258	\$13,205
<u>Disability Retirees</u>				
Number	3	4	4	3
Average Current Age	60.6	62.0	63.0	67.5
Average Annual Benefit	\$13,675	\$15,299	\$15,299	\$17,222
<u>Terminated Vested</u>				
Number	5	5	5	5
Average Current Age ¹	54.2	55.2	56.2	57.2
Average Annual Benefit ¹	\$10,587	\$10,587	\$10,587	\$10,587

¹ The Average Annual Benefit and Current Age 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	1	0	0	0	0	0	0	0	1
25 - 29	0	0	0	2	0	1	0	0	0	0	0	3
30 - 34	1	0	2	1	0	2	1	1	0	0	0	8
35 - 39	0	0	2	1	0	2	3	1	0	0	0	9
40 - 44	1	0	1	1	0	2	0	0	1	0	0	6
45 - 49	0	0	0	1	2	1	0	1	0	0	0	5
50 - 54	2	0	0	2	0	1	4	2	0	0	0	11
55 - 59	0	0	1	2	0	0	1	5	1	0	0	10
60 - 64	1	0	0	1	0	1	0	3	0	0	0	6
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	5	0	6	12	2	10	9	13	2	0	0	59

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2016	58
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
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	(1)
f. DROP	<u>(3)</u>
g. Continuing participants	54
h. New entrants	<u>5</u>
i. Total active life participants in valuation	59

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	30	8	5	4	5	52
Retired	1	(2)	0	0	0	(1)
DROP	2	3	0	0	0	5
Vested Deferred	0	0	0	0	0	0
Death, With Survivor	(3)	0	4	(1)	0	0
Death, No Survivor	(1)	0	0	0	0	(1)
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	29	9	9	3	5	55

SUMMARY OF CURRENT PLAN
(Through Ordinance 1449-17)

ELIGIBILITY	Full-time employees who are classified as fulltime General Employees of the City enter the Plan on January 1 or July 1 after 6 months of employment.
CREDITED SERVICE	Total years and fractional parts of years of eligible service with the City as a General Employee.
SALARY	Total compensation, including overtime, but excluding bonuses, plus all tax-deferred, tax-sheltered and tax-exempt items of income. For service earned after July 1, 2011, Salary shall not include more than 300 hours of overtime per fiscal year. Salary will include the lesser of the amount of sick or annual leave time accrued on July 1, 2011 or the actual amount for which the retiree receives payment at retirement.
AVERAGE FINAL COMPENSATION	1/12 th of the arithmetic average of salary for the highest five of the ten years of service immediately preceding the retirement or termination of the Member.
NORMAL RETIREMENT	
Date	Earlier of age 65 and 10 years of Credited Service or 25 years of Credited Service, regardless of age.
Benefit Amount	2.50% of Average Final Compensation times Credited Service, with a maximum of 100% of Average Final Compensation.
Form of Benefit	Life Annuity (options available).
EARLY RETIREMENT	
Eligibility	Age 55 and 10 years of Credited Service.
Benefit	Accrued benefit, reduced actuarially to reflect early commencement of benefits.
VESTING (TERMINATION)	
Schedule	100% after 10 years of Credited Service.

Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date, or refund of Member Contributions. Non-vested terminated Members receive a refund of Member Contributions.
DISABILITY BENEFIT	
Eligibility	10 years of Credited Service, with total and permanent disability.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Accrued benefit payable for life.
PRE-RETIREMENT DEATH	Refund of Accumulated Member Contributions.
MEMBER CONTRIBUTIONS	10% of Salary.
CITY CONTRIBUTIONS	Remaining amount necessary for payment of current costs and amortization of the past service liability, with a minimum of 6% of salaries.
BOARD OF TRUSTEES	<ul style="list-style-type: none"> a.) Two legal residents appointed by the City Council, b.) Three Members of the Plan. c.) All Board Members serve three-year terms.
DEFERRED RETIREMENT OPTION PLAN	
Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 84 months.
Rate of Return	At member's election either: a) 6.50% annual interest, compounded monthly, or b) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs) credited each fiscal quarter. Member may change election once during DROP period. For years 6 and 7 in DROP interest shall be credited equal to the net investment return realized for that quarter but not less than 0% or greater than 6.5%.
Distribution	Cash lump sum (options available) at termination of employment.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	586,404
Cash	107
Total Cash and Equivalents	586,511
Receivables:	
Member Contributions in Transit	8,299
City Contributions in Transit	16,017
Investment Income	33,344
Total Receivable	57,660
Investments:	
Fixed	4,082,146
Equities	7,586,984
Pooled/Common/Commingled Funds:	
Real Estate	1,500,717
Total Investments	13,169,847
Total Assets	13,814,018
<u>LIABILITIES</u>	
Payables:	
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	13,814,018

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017
Market Value Basis

ADDITIONS

Contributions:

Member	212,565
City	410,250

Total Contributions		622,815
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Investment Income:

Net Increase in Fair Value of Investments	1,059,170
Interest & Dividends	370,772
Less Investment Expense ¹	(97,139)

Net Investment Income		1,332,803
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Total Additions		1,955,618
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DEDUCTIONS

Distributions to Members:

Benefit Payments	762,727
Lump Sum DROP Distributions	109,503
Refunds of Member Contributions	0

Total Distributions		872,230
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Administrative Expense		51,168
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Total Deductions		923,398
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Net Increase in Net Position		1,032,220
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		12,781,798
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End of the Year		13,814,018
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¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2017)

Plan Description

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a.) Two legal residents appointed by the City Council,
- b.) Three Members of the Plan.
- c.) All Board Members serve three-year terms.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	47
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	5
Active Plan Members	58
	110

Benefits Provided

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

Normal Retirement:

Date: Earlier of age 65 and 10 years of Credited Service or 25 years of Credited Service, regardless of age.

Benefit Amount: 2.50% of Average Final Compensation times Credited Service, with a maximum of 100% of Average Final Compensation.

Early Retirement:

Eligibility: Age 55 and 10 years of Credited Service.

Benefit: Accrued benefit, reduced actuarially to reflect early commencement of benefits.

Vesting (Termination):

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date, or refund of Member Contributions. Non-vested terminated Members receive a refund of Member Contributions.

Disability Benefit:

Eligibility: 10 years of Credited Service, with total and permanent disability.

Benefit: Accrued benefit payable for life.

Pre-Retirement Death:

Refund of Accumulated Member Contributions.

Contributions

Member Contributions: 10% of Salary.

City Contributions: Remaining amount necessary for payment of current costs and amortization of the past service liability, with a minimum of 6% of salaries.

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Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	52.00%
International equity	10.00%
Domestic Fixed Income	27.50%
Real Estate	10.00%
Cash	0.50%
<u>Total</u>	<u>100.00%</u>

Concentrations:

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

Rate of Return:

For the year ended September 30, 2017, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 10.55 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 84 months.

Rate of Return: At member's election either: a) 6.50% annual interest, compounded monthly, or b) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs) credited each fiscal quarter. Member may change election once during DROP period. For years 6 and 7 in DROP interest shall be credited equal to the net investment return realized for that quarter but not less than 0% or greater than 6.5%.

The DROP balance as September 30, 2017 is \$924,596¹.

¹ Investment Return Earned is based on available data through June 30, 2017.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2017 were as follows:

Total Pension Liability	\$ 15,609,720
Plan Fiduciary Net Position	\$ (13,814,018)
Sponsor's Net Pension Liability	<u>\$ 1,795,702</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	88.50%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	5.50%
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, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years.

Male: 100% RP2000 Disabled Male setback four years.

The date of the most recent experience study for which significant assumptions are based upon is not available.

The Long-Term Expected Rate of Return on Pension Plan investments can be 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 2017 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 geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2017 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.5%
International equity	8.5%
Domestic Fixed Income	2.5%
Real Estate	4.5%
Cash	0.0%

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	Current Discount Rate	1% Increase
	7.00%	8.00%	9.00%
Sponsor's Net Pension Liability	\$ 3,337,782	\$ 1,795,702	\$ 489,484

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

	09/30/2017	09/30/2016	09/30/2015
Total Pension Liability			
Service Cost	313,360	318,891	300,174
Interest	1,203,306	1,131,940	1,107,941
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(198,798)	(39,135)	(64,838)
Changes of assumptions	-	444,060	-
Benefit Payments, including Refunds of Employee Contributions	(872,230)	(1,044,056)	(1,079,979)
Net Change in Total Pension Liability	445,638	811,700	263,298
Total Pension Liability - Beginning	15,164,082	14,352,382	14,089,084
Total Pension Liability - Ending (a)	<u>\$ 15,609,720</u>	<u>\$ 15,164,082</u>	<u>\$ 14,352,382</u>
Plan Fiduciary Net Position			
Contributions - Employer	410,250	538,937	463,611
Contributions - Employee	212,565	229,488	211,695
Net Investment Income	1,332,803	938,420	173,587
Benefit Payments, including Refunds of Employee Contributions	(872,230)	(1,044,056)	(1,079,979)
Administrative Expense	(51,168)	(51,481)	(33,907)
Net Change in Plan Fiduciary Net Position	1,032,220	611,308	(264,993)
Plan Fiduciary Net Position - Beginning	12,781,798	12,170,490	12,435,483
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,814,018</u>	<u>\$ 12,781,798</u>	<u>\$ 12,170,490</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,795,702</u>	<u>\$ 2,382,284</u>	<u>\$ 2,181,892</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.50%	84.29%	84.80%
Covered Employee Payroll ¹	\$ 2,125,652	\$ 2,294,878	\$ 2,534,951
Net Pension Liability as a percentage of Covered Employee Payroll	84.48%	103.81%	86.07%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Changes of assumptions:

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

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

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

	09/30/2014	09/30/2013
Total Pension Liability		
Service Cost	299,907	277,692
Interest	1,073,644	1,025,082
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	(810,211)	(625,717)
Net Change in Total Pension Liability	563,340	677,057
Total Pension Liability - Beginning	13,525,744	12,848,687
Total Pension Liability - Ending (a)	<u>\$ 14,089,084</u>	<u>\$ 13,525,744</u>
Plan Fiduciary Net Position		
Contributions - Employer	515,239	431,650
Contributions - Employee	216,487	212,636
Net Investment Income	1,056,606	1,289,483
Benefit Payments, including Refunds of Employee Contributions	(810,211)	(625,717)
Administrative Expense	(30,596)	(22,136)
Net Change in Plan Fiduciary Net Position	947,525	1,285,916
Plan Fiduciary Net Position - Beginning	11,487,958	10,202,042
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,435,483</u>	<u>\$ 11,487,958</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,653,601</u>	<u>\$ 2,037,786</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.26%	84.93%
Covered Employee Payroll ¹	\$ 2,164,868	\$ 2,126,357
Net Pension Liability as a percentage of Covered Employee Payroll	76.38%	95.83%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	410,250	493,399	463,611	515,239	431,650
Contributions in relation to the Actuarially Determined Contributions	410,250	538,937	463,611	515,239	431,650
Contribution Deficiency (Excess)	\$ -	\$ (45,538)	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 2,125,652	\$ 2,294,878	\$ 2,534,951	\$ 2,164,868	\$ 2,126,357
Contributions as a percentage of Covered Employee Payroll	19.30%	23.48%	18.29%	23.80%	20.30%

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Notes to Schedule

Valuation Date: 10/01/2015

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: 22 year (as of 10/01/2015).
- Mortality: RP 2000 Combined Healthy (sex distinct), projected to valuation year using scale AA. Disabled lives are set forward 5 years. We feel this assumption accommodates expected mortality improvements.
- Interest Rate: 8.00% per year compounded annually, net of investment related expenses. This assumption is in line with the national average for public programs and is reasonable based on the asset allocation.
- Retirement Age: Earlier of Age 65 and 10 years of service or the completion of 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel that this assumption is reasonable based on the plan provisions.
- Early Retirement: Commencing at eligibility for Early Retirement (age 55 with 10 years of service), Members are assumed to retire with an immediate benefit at the rate of 1% per year.
- Disability Rates: See table below (1201).
- Termination Rates: See table below (T3A).
- Salary Increases: 5.50% per year until the assumed Retirement age; see table below. This assumption was developed from those used by other plans containing general municipal employees.
- Payroll Growth: 0.00%, utilized for amortizing the unfunded actuarial accrued liabilities.
- Marital Status: 100% of Members are assumed to be married.
- Spouse's Age: Males are assumed to be three years older than females.
- 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:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	6.64%	0.03%
30	4.93%	0.04%
40	4.04%	0.07%
50	2.17%	0.18%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Annual Money-Weighted Rate of Return					
Net of Investment Expense	10.55%	7.77%	1.41%	9.19%	12.60%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2018)

General Information about the Pension Plan

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a.) Two legal residents appointed by the City Council,
- b.) Three Members of the Plan.
- c.) All Board Members serve three-year terms.

Full-time employees who are classified as fulltime General Employees of the City enter the Plan on January 1 or July 1 after 6 months of employment.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	47
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	5
Active Plan Members	58
	110
	110

Benefits Provided

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

Normal Retirement:

Date: Earlier of age 65 and 10 years of Credited Service or 25 years of Credited Service, regardless of age.

Benefit Amount: 2.50% of Average Final Compensation times Credited Service, with a maximum of 100% of Average Final Compensation.

Early Retirement:

Eligibility: Age 55 and 10 years of Credited Service.

Benefit: Accrued benefit, reduced actuarially to reflect early commencement of benefits.

Vesting (Termination):

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date, or refund of Member Contributions. Non-vested terminated Members receive a refund of Member Contributions.

Disability Benefit:

Eligibility: 10 years of Credited Service, with total and permanent disability.

Benefit: Accrued benefit payable for life.

Pre-Retirement Death:

Refund of Accumulated Member Contributions.

Contributions

Member Contributions: 10% of Salary.

City Contributions: Remaining amount necessary for payment of current costs and amortization of the past service liability, with a minimum of 6% of salaries.

Net Pension Liability

The measurement date is September 30, 2017.

The measurement period for the pension expense was October 1, 2016 to September 30, 2017.

The reporting period is October 1, 2017 through September 30, 2018.

The Sponsor's Net Pension Liability was measured as of September 30, 2017.

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, 2016 updated to September 30, 2017 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	5.50%
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, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years.

Male: 100% RP2000 Disabled Male setback four years.

The date of the most recent experience study for which significant assumptions are based upon is not available.

The Long-Term Expected Rate of Return on Pension Plan investments can be 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 2017 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 geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2017 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	52.00%	7.50%
International equity	10.00%	8.50%
Domestic Fixed Income	27.50%	2.50%
Real Estate	10.00%	4.50%
Cash	0.50%	0.00%
<u>Total</u>	<u>100.00%</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 Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2017	\$ 15,164,082	\$ 12,781,798	\$ 2,382,284
Changes for a Year:			
Service Cost	313,360	-	313,360
Interest	1,203,306	-	1,203,306
Differences between Expected and Actual Experience	(198,798)	-	(198,798)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	410,250	(410,250)
Contributions - Employee	-	212,565	(212,565)
Net Investment Income	-	1,332,803	(1,332,803)
Benefit Payments, including Refunds of Employee Contributions	(872,230)	(872,230)	-
Administrative Expense	-	(51,168)	51,168
Net Changes	445,638	1,032,220	(586,582)
Reporting Period Ending September 30, 2018	\$ 15,609,720	\$ 13,814,018	\$ 1,795,702

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	\$ 3,337,782	\$ 1,795,702	\$ 489,484

Pension Plan Fiduciary Net Position.

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

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

For the year ended September 30, 2017, the Sponsor has recognized a Pension Expense of \$505,731. On September 30, 2017, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	75,837
Changes of assumptions	370,050	-
Net difference between Projected and Actual Earnings on Pension Plan investments	443,162	-
Employer contributions subsequent to the measurement date	410,250	-
Total	\$ 1,223,462	\$ 75,837

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year ended September 30, 2017. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:		
2018	\$	193,465
2019	\$	193,465
2020	\$	221,850
2021	\$	61,108
2022	\$	67,487
Thereafter	\$	-

**PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
FISCAL YEAR SEPTEMBER 30, 2018**

For the year ended September 30, 2018, the Sponsor will recognize a Pension Expense of \$440,622.

On September 30, 2018, 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	-	224,174
Changes of assumptions	296,040	-
Net difference between Projected and Actual Earnings on Pension Plan investments	48,555	-
Employer contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ 224,174

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2018.

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

Year ended September 30:		
2019	\$	95,876
2020	\$	124,261
2021	\$	(36,481)
2022	\$	(30,102)
2023	\$	(33,133)
Thereafter	\$	-

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

Reporting Period Ending Measurement Date	09/30/2018 09/30/2017	09/30/2017 09/30/2016	09/30/2016 09/30/2015
Total Pension Liability			
Service Cost	313,360	318,891	300,174
Interest	1,203,306	1,131,940	1,107,941
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(198,798)	(39,135)	(64,838)
Changes of assumptions	-	444,060	-
Benefit Payments, including Refunds of Employee Contributions	(872,230)	(1,044,056)	(1,079,979)
Net Change in Total Pension Liability	445,638	811,700	263,298
Total Pension Liability - Beginning	15,164,082	14,352,382	14,089,084
Total Pension Liability - Ending (a)	<u>\$ 15,609,720</u>	<u>\$ 15,164,082</u>	<u>\$ 14,352,382</u>
Plan Fiduciary Net Position			
Contributions - Employer	410,250	538,937	463,611
Contributions - Employee	212,565	229,488	211,695
Net Investment Income	1,332,803	938,420	173,587
Benefit Payments, including Refunds of Employee Contributions	(872,230)	(1,044,056)	(1,079,979)
Administrative Expense	(51,168)	(51,481)	(33,907)
Net Change in Plan Fiduciary Net Position	1,032,220	611,308	(264,993)
Plan Fiduciary Net Position - Beginning	12,781,798	12,170,490	12,435,483
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,814,018</u>	<u>\$ 12,781,798</u>	<u>\$ 12,170,490</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,795,702</u>	<u>\$ 2,382,284</u>	<u>\$ 2,181,892</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.50%	84.29%	84.80%
Covered Employee Payroll ¹	\$ 2,125,652	\$ 2,294,878	\$ 2,534,951
Net Pension Liability as a percentage of Covered Employee Payroll	84.48%	103.81%	86.07%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Changes of assumptions:

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

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

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

Reporting Period Ending	09/30/2016	09/30/2014
Measurement Date	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability		
Service Cost	299,907	277,692
Interest	1,073,644	1,025,082
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(810,211)</u>	<u>(625,717)</u>
Net Change in Total Pension Liability	563,340	677,057
Total Pension Liability - Beginning	13,525,744	12,848,687
Total Pension Liability - Ending (a)	<u><u>\$ 14,089,084</u></u>	<u><u>\$ 13,525,744</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	515,239	431,650
Contributions - Employee	216,487	212,636
Net Investment Income	1,056,606	1,289,483
Benefit Payments, including Refunds of Employee Contributions	(810,211)	(625,717)
Administrative Expense	<u>(30,596)</u>	<u>(22,136)</u>
Net Change in Plan Fiduciary Net Position	947,525	1,285,916
Plan Fiduciary Net Position - Beginning	11,487,958	10,202,042
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 12,435,483</u></u>	<u><u>\$ 11,487,958</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 1,653,601</u></u>	<u><u>\$ 2,037,786</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.26%	84.93%
Covered Employee Payroll ¹	\$ 2,164,868	\$ 2,126,357
Net Pension Liability as a percentage of Covered Employee Payroll	76.38%	95.83%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	410,250	493,399	463,611	515,239	431,650
Contributions in relation to the Actuarially Determined Contributions	410,250	538,937	463,611	515,239	431,650
Contribution Deficiency (Excess)	\$ -	\$ (45,538)	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 2,125,652	\$ 2,294,878	\$ 2,534,951	\$ 2,164,868	\$ 2,126,357
Contributions as a percentage of Covered Employee Payroll	19.30%	23.48%	18.29%	23.80%	20.30%

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Notes to Schedule

Valuation Date: 10/01/2015

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: 22 year (as of 10/01/2015).
- Mortality: RP 2000 Combined Healthy (sex distinct), projected to valuation year using scale AA. Disabled lives are set forward 5 years. We feel this assumption accommodates expected mortality improvements.
- Interest Rate: 8.00% per year compounded annually, net of investment related expenses. This assumption is in line with the national average for public programs and is reasonable based on the asset allocation.
- Retirement Age: Earlier of Age 65 and 10 years of service or the completion of 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel that this assumption is reasonable based on the plan provisions.
- Early Retirement: Commencing at eligibility for Early Retirement (age 55 with 10 years of service), Members are assumed to retire with an immediate benefit at the rate of 1% per year.
- Disability Rates: See table below (1201).
- Termination Rates: See table below (T3A).
- Salary Increases: 5.50% per year until the assumed Retirement age; see table below. This assumption was developed from those used by other plans containing general municipal employees.
- Payroll Growth: 0.00%, utilized for amortizing the unfunded actuarial accrued liabilities.
- Marital Status: 100% of Members are assumed to be married.
- Spouse's Age: Males are assumed to be three years older than females.
- 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:	% Terminating	% Becoming
	During the	Disabled During
Age	Year	the Year
20	6.64%	0.03%
30	4.93%	0.04%
40	4.04%	0.07%
50	2.17%	0.18%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,181,892	\$ 139,190	\$ 1,181,904	\$ -
Employer Contributions made after September 30, 2016	-	-	410,250	-
Total Pension Liability Factors:				
Service Cost	318,891	-	-	318,891
Interest	1,131,940	-	-	1,131,940
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(39,135)	39,135	-	-
Current year amortization of experience difference	-	(17,329)	-	(17,329)
Change in assumptions about future economic or demographic factors or other inputs	444,060	-	444,060	-
Current year amortization of change in assumptions	-	-	(74,010)	74,010
Benefit Payments	(1,044,056)	-	-	-
Net change	<u>811,700</u>	<u>21,806</u>	<u>780,300</u>	<u>1,507,512</u>
Plan Fiduciary Net Position:				
Contributions - Employer	538,937	-	(538,937)	-
Contributions - Employee	229,488	-	-	(229,488)
Projected Net Investment Income	960,555	-	-	(960,555)
Difference between projected and actual earnings on Pension Plan investments	(22,135)	-	22,135	-
Current year amortization	-	(28,387)	(165,168)	136,781
Benefit Payments	(1,044,056)	-	-	-
Administrative Expenses	(51,481)	-	-	51,481
Net change	<u>611,308</u>	<u>(28,387)</u>	<u>(681,970)</u>	<u>(1,001,781)</u>
Ending Balance	<u>\$ 2,382,284</u>	<u>\$ 132,609</u>	<u>\$ 1,280,234</u>	<u>\$ 505,731</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2018

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,382,284	\$ 132,609	\$ 1,280,234	\$ -
Employer Contributions made after September 30, 2017	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	313,360	-	-	313,360
Interest	1,203,306	-	-	1,203,306
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(198,798)	198,798	-	-
Current year amortization of experience difference	-	(50,461)	-	(50,461)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(74,010)	74,010
Benefit Payments	(872,230)	-	-	-
Net change	<u>445,638</u>	<u>148,337</u>	<u>(74,010)</u>	<u>1,540,215</u>
Plan Fiduciary Net Position:				
Contributions - Employer	410,250	-	(410,250)	-
Contributions - Employee	212,565	-	-	(212,565)
Projected Net Investment Income	1,010,521	-	-	(1,010,521)
Difference between projected and actual earnings on Pension Plan investments	322,282	322,282	-	-
Current year amortization	-	(92,844)	(165,169)	72,325
Benefit Payments	(872,230)	-	-	-
Administrative Expenses	(51,168)	-	-	51,168
Net change	<u>1,032,220</u>	<u>229,438</u>	<u>(575,419)</u>	<u>(1,099,593)</u>
Ending Balance	<u>\$ 1,795,702</u>	<u>\$ 510,384</u>	<u>TBD</u>	<u>\$ 440,622</u>

* Employer Contributions subsequent to the measurement date made after September 30, 2017 but made on or before September 30, 2018 need to be added.

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)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2014	\$ (141,932)	5	\$ (28,387)	\$ (28,386)	\$ (28,386)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 803,708	5	\$ 160,741	\$ 160,742	\$ 160,742	\$ 160,742	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 22,135	5	\$ 4,427	\$ 4,427	\$ 4,427	\$ 4,427	\$ 4,427	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (322,282)	5	\$ -	\$ (64,458)	\$ (64,456)	\$ (64,456)	\$ (64,456)	\$ (64,456)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 136,781	\$ 72,325	\$ 72,327	\$ 100,713	\$ (60,029)	\$ (64,456)	\$ -	\$ -	\$ -	\$ -

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)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2016	\$ 444,060	6	\$ 74,010	\$ 74,010	\$ 74,010	\$ 74,010	\$ 74,010	\$ 74,010	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 74,010	\$ 74,010	\$ 74,010	\$ 74,010	\$ 74,010	\$ 74,010	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2015	\$ (64,838)	6	\$ (10,807)	\$ (10,806)	\$ (10,806)	\$ (10,806)	\$ (10,806)	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (39,135)	6	\$ (6,522)	\$ (6,522)	\$ (6,522)	\$ (6,523)	\$ (6,523)	\$ (6,523)	\$ -	\$ -	\$ -	\$ -
2017	\$ (198,798)	6	\$ -	\$ (33,133)	\$ (33,133)	\$ (33,133)	\$ (33,133)	\$ (33,133)	\$ (33,133)	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (17,329)	\$ (50,461)	\$ (50,461)	\$ (50,462)	\$ (50,462)	\$ (39,656)	\$ (33,133)	\$ -	\$ -	\$ -