

CITY OF OCOEE  
MUNICIPAL GENERAL EMPLOYEES' RETIREMENT TRUST FUND  
ACTUARIAL VALUATION  
AS OCTOBER 1, 2018  
CONTRIBUTIONS APPLICABLE TO THE  
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2020  
GASB 67/68 DISCLOSURE INFORMATION  
AS OF SEPTEMBER 30, 2018



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS

January 29, 2019

Board of Trustees  
City of Ocoee  
Municipal General Employees' Trust Fund  
Ocoee, FL 34761-2258

Re: City of Ocoee Municipal General Employees' Retirement Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Ocoee Municipal General Employees' Retirement Trust Fund. 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. Use of the results for other purposes may not be applicable and may produce significantly different results.

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 reflect laws and regulations issued to date pursuant to the provisions of Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuations, 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. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by the City of Ocoee, 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, 2017. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2018 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 Ocoee, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Municipal General Employees' Retirement Trust Fund. 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 us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By:   
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Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #17-7778

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

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Ocoee Municipal General Employees' Retirement Trust Fund, performed as of October 1, 2018, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2020.

The contribution requirements, compared with those set forth in the October 1, 2017 actuarial valuation report, are as follows:

Valuation Date Applicable to Fiscal Year Ending	10/1/2018 <u>9/30/2020</u>	10/1/2017 <u>9/30/2019</u>
Minimum Required Contribution % of Projected Annual Payroll	16.23%	17.82%
Member Contributions (Est.) % of Projected Annual Payroll	7.36%	7.37%
City Required Contribution <sup>2</sup> % of Projected Annual Payroll	8.87%	10.45%

<sup>1</sup> Please note that the City has access to a prepaid contribution of \$16,782.88 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2019.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of favorable experience included more turnover than expected and an average salary increase of 4.24% which fell short of the 4.65% assumption. There were no significant sources of unfavorable experience.

## CHANGES SINCE PRIOR VALUATION

### Plan Changes

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

### Actuarial Assumption/Method Changes

The payroll growth assumption, utilized for purposes of amortizing the Unfunded Actuarial Accrued Liability, was lowered from 1.96% to 1.36% per year. This reduction complies with the requirements of Part VII of Chapter 112, Florida Statutes, whereby the use of a payroll growth assumption is limited to the Plan's actual ten-year payroll growth average, determined as of the valuation date.

## CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2017	10.45%
(2) Summary of Contribution Impact by component:	
Change in Normal Cost Rate	-0.6%
Change in Administrative Expense Percentage	0.4%
Payroll Change Effect on UAAL Amortization	0.1%
Investment Return (Actuarial Asset Basis)	-0.1%
Salary Increases	-0.3%
Active Decrements	-0.2%
Inactive Mortality	0.1%
Amortization Charge Fully Recognized	-1.1%
Mandated Reduction in Payroll Growth Assumption	0.1%
Other	<u>0.0%</u>
Total Change in Contribution	-1.58%
(3) Contribution Determined as of October 1, 2018	8.87%

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2018</u>	<u>10/1/2017</u>
<b>A. Participant Data</b>		
Actives	184	192
Service Retirees	94	84
DROP Retirees	4	3
Beneficiaries	12	10
Terminated Vested	<u>90</u>	<u>75</u>
 Total	 384	 364
 Total Annual Payroll	 \$9,047,441	 \$9,147,858
Payroll Under Assumed Ret. Age	9,047,441	9,147,858
 Annual Rate of Payments to:		
Service Retirees	1,580,764	1,394,841
DROP Retirees	152,851	118,943
Beneficiaries	96,522	93,726
Terminated Vested	512,698	437,005
 <b>B. Assets</b>		
Actuarial Value (AVA) <sup>1</sup>	39,178,307	36,438,580
Market Value (MVA) <sup>1</sup>	40,761,356	37,252,555
 <b>C. Liabilities</b>		
 Present Value of Benefits		
Actives		
Retirement Benefits	23,494,041	24,195,602
Death Benefits	295,788	300,450
Vested Benefits	639,273	709,443
Refund of Contributions	337,385	235,770
Service Retirees	16,035,575	14,262,905
DROP Retirees <sup>1</sup>	1,974,244	1,507,585
Beneficiaries	665,367	665,263
Terminated Vested	<u>3,300,557</u>	<u>2,724,906</u>
 Total	 46,742,230	 44,601,924



C. Liabilities - (Continued)	<u>10/1/2018</u>	<u>10/1/2017</u>
Present Value of Future Salaries	60,951,152	59,972,766
Present Value of Future Member Contributions	4,500,715	4,419,993
Normal Cost (Retirement)	939,398	1,008,599
Normal Cost (Death)	17,448	18,507
Normal Cost (Vesting)	54,852	66,452
Normal Cost (Refunds)	<u>67,145</u>	<u>45,671</u>
Total Normal Cost	1,078,843	1,139,229
Present Value of Future Normal Costs	5,899,951	5,937,760
Accrued Liability (Retirement)	18,289,880	18,921,537
Accrued Liability (Death)	206,052	209,454
Accrued Liability (Vesting)	294,963	318,614
Accrued Liability (Refunds)	75,641	53,900
Accrued Liability (Inactives) <sup>1</sup>	<u>21,975,743</u>	<u>19,160,659</u>
Total Actuarial Accrued Liability (EAN AL)	40,842,279	38,664,164
Unfunded Actuarial Accrued Liability (UAAL)	1,663,972	2,225,584
Funded Ratio (AVA / EAN AL)	95.9%	94.2%

D. Actuarial Present Value of Accrued Benefits	<u>10/1/2018</u>	<u>10/1/2017</u>
Vested Accrued Benefits		
Inactives <sup>1</sup>	21,975,743	19,160,659
Actives	9,052,091	9,616,305
Member Contributions	<u>4,738,840</u>	<u>4,795,170</u>
Total	35,766,674	33,572,134
Non-vested Accrued Benefits	<u>146,936</u>	<u>104,534</u>
Total Present Value Accrued Benefits (PVAB)	35,913,610	33,676,668
Funded Ratio (MVA / PVAB)	113.5%	110.6%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	1,355,619	
Benefits Paid	(1,664,134)	
Interest	2,545,457	
Other	<u>0</u>	
Total	2,236,942	

Valuation Date	10/1/2018	10/1/2017
Applicable to Fiscal Year Ending	<u>9/30/2020</u>	<u>9/30/2019</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll <sup>2</sup>	12.39	12.94
Administrative Expenses (with interest) % of Total Annual Payroll <sup>2</sup>	1.15	0.80
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 23 years (as of 10/1/2018, with interest) % of Total Annual Payroll <sup>2</sup>	2.69	4.08
Minimum Required Contribution % of Total Annual Payroll <sup>2</sup>	16.23	17.82
Expected Member Contributions % of Total Annual Payroll <sup>2</sup>	7.36	7.37
Expected City Contribution % of Total Annual Payroll <sup>2</sup>	8.87	10.45

F. Past Contributions

Plan Years Ending:	<u>9/30/2018</u>
City Requirement	971,105
Actual Contributions Made:	
Members (excluding buyback)	664,834
City	<u>971,105</u>
Total	1,635,939

G. Net Actuarial (Gain)/Loss (298,645)

<sup>1</sup> The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2018 and 9/30/2017.

<sup>2</sup> Contributions developed as of 10/1/2018 are expressed as a percentage of total annual payroll at 10/1/2018 of \$9,047,441.

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2018	1,663,972
2019	1,540,790
2020	1,574,333
2025	1,860,617
2031	1,250,381
2036	4,863
2041	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2018	4.24%	4.65%
Year Ended 9/30/2017	6.04%	4.71%
Year Ended 9/30/2016	2.79%	4.71%
Year Ended 9/30/2015	2.74%	4.68%
Year Ended 9/30/2014	4.27%	4.70%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended 9/30/2018	9.79%	7.89%	7.75%
Year Ended 9/30/2017	11.75%	7.67%	7.75%
Year Ended 9/30/2016	8.82%	7.87%	7.75%
Year Ended 9/30/2015	1.47%	9.14%	7.75%
Year Ended 9/30/2014	8.92%	8.46%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2018	\$9,047,441
	10/1/2008	7,904,794
(b) Total Increase		14.46%
(c) Number of Years		10.00
(d) Average Annual Rate		1.36%

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.



Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #17-7778

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, 2017	\$2,225,584
(2) Sponsor Normal Cost developed as of October 1, 2017	465,032
(3) Expected administrative expenses for the year ended September 30, 2018	70,099
(4) Expected interest on (1), (2) and (3)	211,239
(5) Sponsor contributions to the System during the year ended September 30, 2018	971,105
(6) Expected interest on (5)	38,232
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2018 (1)+(2)+(3)+(4)-(5)-(6)	1,962,617
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	(298,645)
(10) Unfunded Actuarial Accrued Liability as of October 1, 2018	1,663,972

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2018 Amount</u>	<u>Amortization Amount</u>
	10/1/1991	3	153,180	54,211
	10/1/1995	7	117,851	20,075
	10/1/1996	8	497,525	76,278
method change	10/1/2005	17	731,202	67,095
prior losses	10/1/2005	10	586,492	76,044
benefit change	10/1/2005	17	346,474	31,792
actuarial gain	10/1/2006	10	(560,700)	(72,700)
benefit change	10/1/2006	18	991,108	88,085
actuarial gain	10/1/2007	10	(160,409)	(20,799)
benefit change	10/1/2007	19	136,433	11,777
method change	10/1/2008	10	(129,850)	(16,836)
benefit change	10/1/2008	20	114,852	9,653
actuarial loss	10/1/2009	1	155,378	155,378
assum. change	10/1/2009	11	91,978	11,142
actuarial loss	10/1/2010	2	4,229	2,179
actuarial loss	10/1/2011	3	399,468	141,374
benefit change	10/1/2011	23	(76,624)	(6,019)
actuarial gain	10/1/2012	4	(643,477)	(175,908)
assum. change	10/1/2012	14	289,866	29,891

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2018 <u>Amount</u>	Amortization <u>Amount</u>
actuarial gain	10/1/2013	5	(350,172)	(78,848)
assum. changes	10/1/2013	15	(1,355,455)	(133,907)
actuarial gain	10/1/2014	6	(342,310)	(66,112)
actuarial gain	10/1/2015	7	(131,563)	(22,410)
actuarial gain	10/1/2016	8	(257,315)	(39,450)
assum. changes	10/1/2016	18	1,152,285	102,409
actuarial loss	10/1/2017	9	202,171	28,332
actuarial gain	10/1/2018	10	<u>(298,645)</u>	<u>(38,722)</u>
			1,663,972	234,004

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2017	\$2,225,584
(2) Expected UAAL as of October 1, 2018	1,962,617
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(50,897)
Salary Increases	(173,526)
Active Decrements	(66,724)
Inactive Mortality	57,852
Other	<u>(65,350)</u>
Increase in UAAL due to (Gain)/Loss	(298,645)
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2018	\$1,663,972



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

*Healthy Active Lives:*

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

**Male:** RP2000 Generational, 50% White Collar / 50% 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 are 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, 2018 FRS actuarial valuation report for non-special risk lives. We feel this assumption sufficiently accommodates future mortality improvements.

Interest Rate

7.75% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

<u>Credited Service</u>	<u>Increase</u>
First 10 Years	5.0%
Greater than 10 Years	4.0%

This assumption was adopted as a result of our July 24, 2014 Experience Study.

Final Year Salary Load

Years of Credited Service as of <u>October 1, 2011</u>	<u>Assumption</u>
Less than 1 year	No Load
1 to 10 years	10%
10 or more years	20%

Payroll Growth

1.36% (prior year 1.96%) for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.

Administrative Expenses

\$100,468 annually, based on actual expenses incurred in the prior fiscal year.

Termination Rates

<u>Credited Service</u>	<u>Termination Probability</u>
Less Than 1 Year	15.0%
1-10 Years	10.0%
11 Years and Greater	2.0%

This assumption was adopted as a result of our July 24, 2014 Experience Study.

Funding Method

Entry Age Normal Actuarial Cost Method.

Asset Smoothing Methodology

The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.

Normal Retirement

Contributory Members Hired Prior to 9/18/2012

Age 60.

Contributory Members Hired After 9/17/2012

Age 62 and completion of 7 years of Credited Service.

Non-Contributory Members

Age 60 and completion of 9 years of Credited Service.

Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.

This assumption was adopted as a result of our July 24, 2014 Experience Study.

Early Retirement

Contributory Members Hired Prior to 9/18/2012

8% per year from ages 50 to 59; 5-year service requirement applies.

Contributory Members Hired After 9/17/2012

2% per year from ages 50 to 61; 7-year service requirement applies.

Non-Contributory Members

2% per year from ages 50 to 59; 9-year service requirement applies.

This assumption was adopted as a result of our July 24, 2014 Experience Study.

## GLOSSARY

Total Annual Payroll is the projected annual rate of pay beginning as of 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 determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

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.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

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.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2018

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	728,838.79	728,838.79
Total Cash and Equivalents	728,838.79	728,838.79
Receivables:		
Member Contributions in Transit	24,700.10	24,700.10
City Contributions in Transit	36,099.00	36,099.00
Investment Income	64,363.25	64,363.25
Total Receivable	125,162.35	125,162.35
Investments:		
U. S. Bonds and Bills	749,578.82	722,091.65
Federal Agency Guaranteed Securities	2,523,918.74	2,437,698.49
Corporate Bonds	4,407,068.59	4,288,583.81
Stocks	5,613,312.75	7,956,422.35
Mutual Funds:		
Fixed Income	1,831,254.88	1,656,499.14
Equity	13,838,066.98	19,423,787.39
Pooled/Common/Commingled Funds:		
Real Estate	2,780,529.29	3,460,294.04
Total Investments	31,743,730.05	39,945,376.87
Total Assets	32,597,731.19	40,799,378.01
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	15,658.74	15,658.74
Administrative Expenses	5,580.13	5,580.13
Prepaid City Contribution	16,782.88	16,782.88
Total Liabilities	38,021.75	38,021.75
NET POSITION RESTRICTED FOR PENSIONS	32,559,709.44	40,761,356.26

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
Market Value Basis

ADDITIONS

Contributions:		
Member		664,833.66
City		971,104.79
Total Contributions		1,635,938.45
Investment Income:		
Net Realized Gain (Loss)	92,093.31	
Unrealized Gain (Loss)	2,458,951.66	
Net Increase in Fair Value of Investments		2,551,044.97
Interest & Dividends		1,252,630.31
Less Investment Expense <sup>1</sup>		(166,210.33)
Net Investment Income		3,637,464.95
Total Additions		5,273,403.40

DEDUCTIONS

Distributions to Members:		
Benefit Payments		1,562,378.35
Lump Sum DROP Distributions		0.00
Lump Sum PLOP Distributions		40,140.18
Refunds of Member Contributions		61,615.54
Total Distributions		1,664,134.07
Administrative Expense		100,467.64
Total Deductions		1,764,601.71
Net Increase in Net Position		3,508,801.69
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		37,252,554.57
End of the Year		40,761,356.26

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION  
SEPTEMBER 30, 2018

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 <sup>1</sup>	
09/30/2015	1.47%	
09/30/2016	8.82%	
09/30/2017	11.75%	
09/30/2018	9.79%	
Annualized Rate of Return for prior four (4) years:		7.89%
(A) 10/01/2017 Actuarial Assets:		\$36,438,579.68
(I) Net Investment Income:		
1. Interest and Dividends	1,252,630.31	
2. Realized Gains (Losses)	92,093.31	
3. Change in Actuarial Value	1,689,877.08	
4. Investment Related Expenses	(166,210.33)	
Total		2,868,390.37
(B) 10/01/2018 Actuarial Assets:		\$39,178,306.79
Actuarial Asset Rate of Return = 2I/(A+B-I):		7.89%
10/01/2018 Limited Actuarial Assets:		\$39,178,306.79
10/01/2018 Market Value of Assets:		\$40,761,356.26
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$50,896.66

<sup>1</sup>Market Value Basis, net of investment related expenses.



CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 SEPTEMBER 30, 2018  
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	664,833.66	
City	971,104.79	
Total Contributions		1,635,938.45
Earnings from Investments:		
Interest & Dividends	1,252,630.31	
Net Realized Gain (Loss)	92,093.31	
Change in Actuarial Value	1,689,877.08	
Total Earnings and Investment Gains		3,034,600.70

EXPENDITURES

Distributions to Members:		
Benefit Payments	1,562,378.35	
Lump Sum DROP Distributions	0.00	
Lump Sum PLOP Distributions	40,140.18	
Refunds of Member Contributions	61,615.54	
Total Distributions		1,664,134.07
Expenses:		
Investment related <sup>1</sup>	166,210.33	
Administrative	100,467.64	
Total Expenses		266,677.97
Change in Net Assets for the Year		2,739,727.11
Net Assets Beginning of the Year		36,438,579.68
Net Assets End of the Year <sup>2</sup>		39,178,306.79

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY  
October 1, 2017 to September 30, 2018

Beginning of the Year Balance	159,169.98
Plus Additions	135,025.35
Investment Return Earned	6,833.16
Less Distributions	0.00
End of the Year Balance	301,028.49

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION  
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2018

(1) Required City Contribution for Fiscal 2018	971,104.79
(2) Less 2017 Prepaid Contribution	(15,517.07)
(3) Less Actual City Contributions	<u>(972,370.60)</u>
(4) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2018	(\$16,782.88)

## STATISTICAL DATA

	<u>10/1/2015</u>	<u>10/1/2016</u>	<u>10/1/2017</u>	<u>10/1/2018</u>
<u>Actives - Hired before 9/17/2012</u>				
Number	136	122	111	96
Average Current Age	49.8	50.9	51.8	51.7
Average Age at Employment	38.6	38.8	39.0	37.7
Average Past Service	11.2	12.1	12.8	14.0
Average Annual Salary	\$51,757	\$51,876	\$55,115	\$56,842
<u>Actives - Hired on or after 9/17/2012</u>				
Number	37	59	81	88
Average Current Age	42.4	41.1	38.8	39.8
Average Age at Employment	41.0	39.5	37.1	37.6
Average Past Service	1.4	1.6	1.7	2.2
Average Annual Salary	\$36,102	\$35,320	\$37,409	\$40,802
<u>Service Retirees</u>				
Number	74	80	84	94
Average Current Age	67.7	68.0	68.5	68.8
Average Annual Benefit	\$13,411	\$15,502	\$16,605	\$16,817
<u>DROP Retirees</u>				
Number	3	2	3	4
Average Current Age	64.4	61.8	62.4	63.6
Average Annual Benefit	\$44,722	\$60,600	\$39,648	\$38,213
<u>Beneficiaries</u>				
Number	6	9	10	12
Average Current Age	74.4	73.0	73.6	74.7
Average Annual Benefit	\$5,583	\$9,219	\$9,373	\$8,044
<u>Terminated Vested</u>				
Number	58	68	75	90
Average Current Age <sup>1</sup>	48.4	46.7	47.0	51.4
Average Annual Benefit <sup>2</sup>	\$11,153	\$10,512	\$10,405	\$11,923

<sup>1</sup> Effective 10/1/2018, the Average Current Age excludes participants awaiting a refund of contributions.

<sup>2</sup> The Average Annual Benefit excludes participants awaiting a refund of contributions.

## AGE AND SERVICE DISTRIBUTION

### PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	2	1	1	0	0	0	0	0	0	0	0	4
25 - 29	8	4	3	2	0	0	0	0	0	0	0	17
30 - 34	4	6	3	1	1	4	1	0	0	0	0	20
35 - 39	2	1	4	1	3	4	6	0	0	0	0	21
40 - 44	1	2	0	0	2	3	5	3	0	0	0	16
45 - 49	0	3	5	1	2	5	2	4	2	0	0	24
50 - 54	5	0	2	1	2	10	2	1	4	0	2	29
55 - 59	2	3	0	0	0	4	8	2	3	2	2	26
60 - 64	0	0	1	1	0	4	8	2	0	1	0	17
65+	1	0	1	0	0	2	5	0	0	0	1	10
Total	25	20	20	7	10	36	37	12	9	3	5	184

## VALUATION PARTICIPANT RECONCILIATION

### 1. Active lives

a. Number in prior valuation 10/1/2017	192
b. Terminations	
i. Vested (partial or full) with deferred benefits	(13)
ii. Non-vested or full lump sum distribution received	(10)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Retired	(9)
e. DROP	<u>(1)</u>
f. Continuing participants	159
g. New entrants	<u>25</u>
h. Total active life participants in valuation	184

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

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	84	3	10	75	172
Retired	11	0	0	(2)	9
DROP	0	1	0	0	1
Vested Deferred	0	0	0	20	20
Death, With Survivor	(1)	0	3	0	2
Death, No Survivor	0	0	(1)	0	(1)
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	(3)	(3)
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
b. Number current valuation	94	4	12	90	200

## SUMMARY OF CURRENT PLAN

<u>Eligibility</u>	Full-time employees who are classified as Police Officers or Firefighters participate as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Police Officer or Firefighter.
<u>Salary</u>	Total compensation reportable on form W-2, plus tax deferred, tax sheltered, and tax-exempt items of income. Effective October 1, 2012, Salary shall not include overtime pay in excess of 300 hours per calendar year. Additionally, any unused paid time off at the time of termination of employment is not pensionable.
<u>Average Final Compensation</u>	Average Salary for the 5 best years of the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	8.0% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of Age 55 and 10 years of Credited Service, or 25 years of Credited Service, regardless of age.
Benefit	3.5% of Average Final Compensation for each year of Credited Service. For firefighters hired after September 30, 2015 and Police Officers hired after May 16, 2017, the benefit accrual rate is 3.25% for each year of Credited Service.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Maximum Benefit</u>	For Members hired before October 1, 2012, 100% of Average Final Compensation. For Members hired after September 30, 2012, 91% of Average Final Compensation. For members hired under the 3.25% benefit accrual rate, the maximum benefit is 81.25% of Average Final Compensation.

Early Retirement

Eligibility	Age 45 and 5 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year to age 50 and actuarially reduced from age 50 to age 45.

Vesting

Schedule	100% after 5 years of Credited Service. For firefighters hired after September 30, 2015 and Police Officers hired after May 16, 2017, 100% vesting occurs after the completion of 7 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Early or Normal Retirement Date.

Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred). Additionally, the benefit cannot exceed a percentage of Average Final Compensation as outlined above under Maximum Benefit.
Duration	Payable for life (with 120 payments guaranteed) or until recovery (as determined by the Board). Optional forms of payment are available.

Death Benefits

Pre-Retirement	
Vested	Monthly accrued benefit payable to designated beneficiary for 10 years.
Non-Vested	Refund of accumulated contributions without interest.



Post-Retirement

Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

- a. Two Commission appointees,
- b. One Member from each Department elected by the Membership, and
- c. Fifth Member elected by other 4 and appointed by Commission.

Deferred Retirement Option Plan

Eligibility

Within 12 months following satisfaction of Normal Retirement requirements.

Participation

Not more than 60 months.

Rate of Return

At election of Member (may change once during DROP period) either: 1) actual net rate of investment return (total return net of brokerage commissions, transaction costs, and management fees), or 2) 6.5%. Earnings are credited each fiscal quarter (2% for Members entering the DROP after September 30, 2012).

Form of Distribution

Cash lump sum (options available) payable at termination of employment.

BAC-DROP

Eligibility

After first eligibility for Normal Retirement.

Participation

Retroactively applied to date chosen by Member, but not prior to the date of first eligibility for Normal Retirement.

Rate of Return

Fixed 2.0% effective annual rate.

Form of Distribution

Cash lump sum (options available) payable at termination of employment.

Supplement Benefit (Police only)

Initial Crediting	Pursuant to a Mutual Consent Agreement between the City and PBA, \$193,673.55 from the Excess State Monies Reserve is allocated to eligible Police Officers.
Annual Crediting	50% of annual Chapter 185 Premium tax revenues received by the City in excess of \$223,377.02 shall be allocated based on a method to be determined.
Investment earnings	Eligible Share Accounts shall be credited or debited annually, based on the Plan's net-of-fees investment performance for the immediately preceding Plan Year.
Expenses	Allocated annually in proportion to individual Share Account Balances as a percentage of total plan assets.
Vesting	100% upon completion of five years of Credited Service, unless eligible for payment of benefits upon termination of employment.
Eligibility for Distribution	As soon as administratively practicable following the valuation date after termination of employment.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2018

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	728,839
Total Cash and Equivalents	728,839
Receivables:	
Member Contributions in Transit	24,700
City Contributions in Transit	36,099
Investment Income	64,363
Total Receivable	125,162
Investments:	
U. S. Bonds and Bills	722,092
Federal Agency Guaranteed Securities	2,437,699
Corporate Bonds	4,288,584
Stocks	7,956,422
Mutual Funds:	
Fixed Income	1,656,499
Equity	19,423,787
Pooled/Common/Commingled Funds:	
Real Estate	3,460,294
Total Investments	39,945,377
Total Assets	40,799,378
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	15,659
Administrative Expenses	5,580
Total Liabilities	21,239
NET POSITION RESTRICTED FOR PENSIONS	40,778,139

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
Market Value Basis

ADDITIONS

## Contributions:

Member	664,834	
City	972,370	
Total Contributions		1,637,204
Investment Income:		
Net Increase in Fair Value of Investments	2,551,045	
Interest & Dividends	1,252,630	
Less Investment Expense <sup>1</sup>	(166,210)	
Net Investment Income		3,637,465
Total Additions		5,274,669

DEDUCTIONS

## Distributions to Members:

Benefit Payments	1,562,378	
Lump Sum DROP Distributions	0	
Lump Sum PLOP Distributions	40,140	
Refunds of Member Contributions	61,616	
Total Distributions		1,664,134
Administrative Expense		100,468
Total Deductions		1,764,602
Net Increase in Net Position		3,510,067
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		37,268,072
End of the Year		40,778,139

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

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

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 City Commission appointees,
- b. Two Members of the Plan elected by the Membership, and
- c. Fifth Member elected by other 4 and appointed by City Commission.

*Plan Membership as of October 1, 2017:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	97
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	75
Active Plan Members	192
	364

*Benefits Provided*

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

Normal Retirement:

Date: Attainment of Age 60. The Mayor and Commissioners have a 9 year Credited Service requirement in addition to the attainment of Age 60.

Members (excluding the Mayor and Commissioners) hired after September 17, 2012, achieve Normal Retirement eligibility upon the attainment of Age 62, with the completion of 7 years of Credited Service.

Benefit: 3% of Average Final Compensation for each year of Credited Service, limited to 81% of Average Final Compensation.

For Members (including the Mayor and Commissioners) hired or elected after September 17, 2012, the benefit is 2.25% of Average Final Compensation for each year of Credited Service, limited to 70% of Average Final Compensation.

Early Retirement:

Eligibility: Age 50 and 5 Years of Credited Service. The Mayor and Commissioners have a 9 year service requirement.

Members (excluding the Mayor and Commissioners) hired after September 17, 2012, achieve Early Retirement eligibility upon the attainment of Age 50, with the completion of 7 years of Credited Service.

Benefit: Accrued benefit, actuarially reduced.

Vesting:

Schedule: 100% after 5 years of Credited Service. The Mayor and Commissioners have a 9 year requirement for vesting eligibility.

Members (excluding the Mayor and Commissioners) hired after September 17, 2012, achieve 100% vesting eligibility upon the completion of 7 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Early (reduced) or Normal (unreduced) Retirement Date.

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

*Contributions*

Member Contributions: 7.4% of Salary. The Mayor and Commissioners are non-contributory participants.

City Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.

Investments

*Investment Policy:*

The following was the Board's adopted asset allocation policy as of September 30, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	45.0%
International Equity	15.0%
Broad Market Fixed Income	25.0%
Global Bond	5.0%
Real Estate	10.0%
Total	100.0%

*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, 2018, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 9.79 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: Following satisfaction of Normal Retirement requirements (age 60).

For Members hired after September 17, 2012, the eligibility for DROP participation is the attainment of Age 62 and the completion of 10 years of Credited Service.

Participation: Not more than 84 months from age 60.

For Members hired after September 17, 2012, the DROP participation period shall not exceed 60 months from the first date of Normal Retirement eligibility.

Rate of Return: Earnings accrue at a fixed annual rate of 3%, credited quarterly.

The DROP balance as September 30, 2018 is \$301,028.

## NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2018 were as follows:

Total Pension Liability	\$ 40,494,661
Plan Fiduciary Net Position	<u>\$ (40,778,139)</u>
Sponsor's Net Pension Liability	<u>\$ (283,478)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	100.70%

*Actuarial Assumptions:*

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	4.00% - 5.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

*Mortality Rate Healthy Active Lives:*

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

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

*Mortality Rate 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.

*Mortality Rate Disabled Lives:*

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

Male: 100% RP2000 Disabled Male setback four years.

The most recent actuarial experience study used to review the other significant assumptions was dated July 25, 2014.

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 2018 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, 2018 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%
Global Bond	3.50%
Real Estate	4.50%

## GASB 67

### Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.75 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
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 4,337,533	\$ (283,478)	\$ (4,177,767)



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

	09/30/2018	09/30/2017	09/30/2016
Total Pension Liability			
Service Cost	1,211,261	1,143,018	1,134,150
Interest	2,960,746	2,805,205	2,555,534
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	162,806	(316,002)	175,180
Changes of assumptions	-	-	1,211,288
Benefit Payments, including Refunds of Employee Contributions	(1,664,134)	(1,722,831)	(2,004,076)
Net Change in Total Pension Liability	2,670,679	1,909,390	3,072,076
Total Pension Liability - Beginning	37,823,982	35,914,592	32,842,516
Total Pension Liability - Ending (a)	<u>\$ 40,494,661</u>	<u>\$ 37,823,982</u>	<u>\$ 35,914,592</u>
Plan Fiduciary Net Position			
Contributions - Employer	972,370	860,420	934,082
Contributions - Employee	664,834	631,835	633,073
Net Investment Income	3,637,465	3,929,617	2,745,277
Benefit Payments, including Refunds of Employee Contributions	(1,664,134)	(1,722,831)	(2,004,076)
Administrative Expense	(100,468)	(70,099)	(86,300)
Net Change in Plan Fiduciary Net Position	3,510,067	3,628,942	2,222,056
Plan Fiduciary Net Position - Beginning	37,268,072	33,639,130	31,417,074
Plan Fiduciary Net Position - Ending (b)	<u>\$ 40,778,139</u>	<u>\$ 37,268,072</u>	<u>\$ 33,639,130</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (283,478)</u>	<u>\$ 555,910</u>	<u>\$ 2,275,462</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	100.70%	98.53%	93.66%
Covered Employee Payroll <sup>1</sup>	\$ 9,025,137	\$ 8,579,221	\$ 8,591,994
Net Pension Liability as a percentage of Covered Employee Payroll	-3.14%	6.48%	26.48%

**Notes to Schedule:**

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

*Changes of 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

	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	1,130,748	1,099,915	1,020,803
Interest	2,440,626	2,265,121	2,100,803
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(480,737)	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,218,647)	(1,043,921)	(1,117,057)
Net Change in Total Pension Liability	1,871,990	2,321,115	2,004,549
Total Pension Liability - Beginning	30,970,526	28,649,411	26,644,862
Total Pension Liability - Ending (a)	<u>\$ 32,842,516</u>	<u>\$ 30,970,526</u>	<u>\$ 28,649,411</u>
Plan Fiduciary Net Position			
Contributions - Employer	1,077,570	1,629,738	1,778,969
Contributions - Employee	603,922	588,154	646,393
Net Investment Income	454,266	2,447,920	2,947,749
Benefit Payments, including Refunds of Employee Contributions	(1,218,647)	(1,043,921)	(1,117,057)
Administrative Expense	(89,735)	(60,184)	(56,944)
Net Change in Plan Fiduciary Net Position	827,376	3,561,707	4,199,110
Plan Fiduciary Net Position - Beginning	30,589,698	27,027,991	22,828,881
Plan Fiduciary Net Position - Ending (b)	<u>\$ 31,417,074</u>	<u>\$ 30,589,698</u>	<u>\$ 27,027,991</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,425,442</u>	<u>\$ 380,828</u>	<u>\$ 1,621,420</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	95.66%	98.77%	94.34%
Covered Employee Payroll <sup>1</sup>	\$ 8,671,290	\$ 7,988,910	\$ 7,896,000
Net Pension Liability as a percentage of Covered Employee Payroll	16.44%	4.77%	20.53%

**Notes to Schedule:**

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

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll <sup>1</sup>	Contributions as a percentage of Covered Employee Payroll
09/30/2018	\$ 971,105	972,370	\$ (1,265)	\$ 9,025,137	10.77%
09/30/2017	\$ 857,922	\$ 860,420	\$ (2,498)	\$ 8,579,221	10.03%
09/30/2016	\$ 921,062	\$ 934,082	\$ (13,020)	\$ 8,591,994	10.87%
09/30/2015	\$ 1,077,570	\$ 1,077,570	\$ -	\$ 8,671,290	12.43%
09/30/2014	\$ 1,629,738	\$ 1,629,738	\$ -	\$ 7,988,910	20.40%
09/30/2013	\$ 1,778,969	\$ 1,778,969	\$ -	\$ 7,896,000	22.53%

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

Notes to Schedule

Valuation Date: 10/01/2016

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: 25 Years (as of 10/01/2016).

Mortality Rate: *Healthy Active Lives:*

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

Male: RP2000 Generational, 50% White Collar / 50% 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

*Disabled Lives:*

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

Male: 100% RP2000 Disabled Male setback four years.

The assumed rates of mortality are 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 for non-special risk lives.

We feel this assumption sufficiently accommodates future mortality improvements.

This assumption was lowered as a result of our July 24, 2014 Experience Study.

Interest Rate:

7.75% per year compounded annually, net of investment related expenses. This assumption was lowered as a result of our July 24, 2014 Experience Study.

Salary Increases:

Credited Service	Increase
First 10 Years	5.0%
Greater than 10 Years	4.0%

This assumption was adopted as a result of our July 24, 2014 Experience Study.

GASB 67

Final Year Salary Load:	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Years of Credited Service as of October 1, 2011</th> <th style="text-align: center;">Assumption</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Less Than 1 Year</td> <td style="text-align: center;">No load</td> </tr> <tr> <td style="text-align: center;">1-10 Years</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">10 or more years</td> <td style="text-align: center;">20%</td> </tr> </tbody> </table>	Years of Credited Service as of October 1, 2011	Assumption	Less Than 1 Year	No load	1-10 Years	10%	10 or more years	20%
Years of Credited Service as of October 1, 2011	Assumption								
Less Than 1 Year	No load								
1-10 Years	10%								
10 or more years	20%								
Payroll Increases:	1.96% per year. This assumption complies with Part VII of Chapter 112, Florida Statutes.								
Termination Rates:	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Credited Service</th> <th style="text-align: center;">Termination Probability</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Less Than 1 Year</td> <td style="text-align: center;">15.00%</td> </tr> <tr> <td style="text-align: center;">1-10 Years</td> <td style="text-align: center;">10.00%</td> </tr> <tr> <td style="text-align: center;">11 Years and Greater</td> <td style="text-align: center;">2.00%</td> </tr> </tbody> </table>	Credited Service	Termination Probability	Less Than 1 Year	15.00%	1-10 Years	10.00%	11 Years and Greater	2.00%
Credited Service	Termination Probability								
Less Than 1 Year	15.00%								
1-10 Years	10.00%								
11 Years and Greater	2.00%								
Normal Retirement:	<p>This assumption was adopted as a result of our July 24, 2014 Experience Study.</p> <p><u>Contribution Members Hired Prior to 09/18/2012:</u> Age 60.</p> <p><u>Contribution Members Hired After to 09/17/2012:</u> Age 62 and completion of 7 years of Credited Service.</p> <p><u>Non-Contributory Members:</u> Age 60 and completion of 9 years of Credited Service. Also any Member who has reached Normal Retirement is assumed to continue employment for one additional year.</p>								
Early Retirement:	<p>This assumption was adopted as a result of our July 24, 2014 Experience Study.</p> <p><u>Contribution Members Hired Prior to 09/18/2012:</u> 8% per year from ages 50 to 59; 5-year service requirement applies.</p> <p><u>Contribution Members Hired After to 09/17/2012:</u> 2% per year from ages 50 to 61; 7-year service requirement applies.</p> <p><u>Non-Contributory Members:</u> 2% per year from ages 50 to 59; 9-year service requirement applies.</p>								
Asset Smoothing Methodology:	<p>This assumption was adopted as a result of our July 24, 2014 Experience Study. The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.</p>								

SCHEDULE OF INVESTMENT RETURNS  
Last 10 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2018	9.79%
09/30/2017	11.75%
09/30/2016	8.82%
09/30/2015	1.47%
09/30/2014	8.92%
09/30/2013	12.56%

NOTES TO THE FINANCIAL STATEMENTS  
(For the Year Ended September 30, 2019)

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 City Commission appointees,
- b. Two Members of the Plan elected by the Membership, and
- c. Fifth Member elected by other 4 and appointed by City Commission.

Full-time employees who are classified as General Employees participate as a condition of employment.

*Plan Membership as of October 1, 2017:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	97
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	75
Active Plan Members	192
	364
	364

*Benefits Provided*

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

Normal Retirement:

Date: Attainment of Age 60. The Mayor and Commissioners have a 9 year Credited Service requirement in addition to the attainment of Age 60.

Members (excluding the Mayor and Commissioners) hired after September 17, 2012, achieve Normal Retirement eligibility upon the attainment of Age 62, with the completion of 7 years of Credited Service.

Benefit: 3% of Average Final Compensation for each year of Credited Service, limited to 81% of Average Final Compensation.

For Members (including the Mayor and Commissioners) hired or elected after September 17, 2012, the benefit is 2.25% of Average Final Compensation for each year of Credited Service, limited to 70% of Average Final Compensation.

Early Retirement:

Eligibility: Age 50 and 5 Years of Credited Service. The Mayor and Commissioners have a 9 year service requirement.

Members (excluding the Mayor and Commissioners) hired after September 17, 2012, achieve Early Retirement eligibility upon the attainment of Age 50, with the completion of 7 years of Credited Service.

Benefit: Accrued benefit, actuarially reduced.

Vesting:

Schedule: 100% after 5 years of Credited Service. The Mayor and Commissioners have a 9 year requirement for vesting eligibility.

Members (excluding the Mayor and Commissioners) hired after September 17, 2012, achieve 100% vesting eligibility upon the completion of 7 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Early (reduced) or Normal (unreduced) Retirement Date.

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

*Contributions*

Member Contributions: 7.4% of Salary. The Mayor and Commissioners are non-contributory participants.

City Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.

## GASB 68

### Net Pension Liability

The measurement date is September 30, 2018.

The measurement period for the pension expense was October 1, 2017 to September 30, 2018.

The reporting period is October 1, 2018 through September 30, 2019.

The Sponsor's Net Pension Liability was measured as of September 30, 2018.

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, 2017 updated to September 30, 2018 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	4.00% - 5.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

#### *Mortality Rate Healthy Active Lives:*

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

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

#### *Mortality Rate 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.

#### *Mortality Rate Disabled Lives:*

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

Male: 100% RP2000 Disabled Male setback four years.

The most recent actuarial experience study used to review the other significant assumptions was dated July 25, 2014.

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 2018 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	45.0%	7.50%
International Equity	15.0%	8.50%
Broad Market Fixed Income	25.0%	2.50%
Global Bond	5.0%	3.50%
Real Estate	10.0%	4.50%
<u>Total</u>	<u>100.0%</u>	

## GASB 68

### Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.75 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, 2018	\$ 37,823,982	\$ 37,268,072	\$ 555,910
Changes for a Year:			
Service Cost	1,211,261	-	1,211,261
Interest	2,960,746	-	2,960,746
Differences between Expected and Actual Experience	162,806	-	162,806
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	972,370	(972,370)
Contributions - Employee	-	664,834	(664,834)
Net Investment Income	-	3,637,465	(3,637,465)
Benefit Payments, including Refunds of Employee Contributions	(1,664,134)	(1,664,134)	-
Administrative Expense	-	(100,468)	100,468
Net Changes	2,670,679	3,510,067	(839,388)
Reporting Period Ending September 30, 2019	\$ 40,494,661	\$ 40,778,139	\$ (283,478)

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 4,337,533	\$ (283,478)	\$ (4,177,767)

*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, 2018**

For the year ended September 30, 2018, the Sponsor has recognized a Pension Expense of \$900,217.

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	105,108	445,094
Changes of assumptions	726,774	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	555,486
Employer contributions subsequent to the measurement date	972,370	-
<b>Total</b>	<b>\$ 1,804,252</b>	<b>\$ 1,000,580</b>

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, 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	\$ 109,115
2020	\$ 171,133
2021	\$ (118,899)
2022	\$ (330,047)
2023	\$ -
Thereafter	\$ -

**PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND  
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS  
FISCAL YEAR SEPTEMBER 30, 2019**

For the year ended September 30, 2019, the Sponsor will recognize a Pension Expense of \$715,153.

On September 30, 2019, 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	200,316	285,747
Changes of assumptions	484,516	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	1,149,954
Employer contributions subsequent to the measurement date	TBD	-
<b>Total</b>	<b>TBD</b>	<b>\$ 1,435,701</b>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2019.

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:	
2020	\$ 52,869
2021	\$ (237,163)
2022	\$ (448,311)
2023	\$ (118,264)
2024	\$ -
Thereafter	\$ -

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

Reporting Period Ending	09/30/2019	09/30/2018	09/30/2017
Measurement Date	09/30/2018	09/30/2017	09/30/2016
Total Pension Liability			
Service Cost	1,211,261	1,143,018	1,134,150
Interest	2,960,746	2,805,205	2,555,534
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	162,806	(316,002)	175,180
Changes of assumptions	-	-	1,211,288
Benefit Payments, including Refunds of Employee Contributions	(1,664,134)	(1,722,831)	(2,004,076)
Net Change in Total Pension Liability	2,670,679	1,909,390	3,072,076
Total Pension Liability - Beginning	37,823,982	35,914,592	32,842,516
Total Pension Liability - Ending (a)	\$ 40,494,661	\$ 37,823,982	\$ 35,914,592
Plan Fiduciary Net Position			
Contributions - Employer	972,370	860,420	934,082
Contributions - Employee	664,834	631,835	633,073
Net Investment Income	3,637,465	3,929,617	2,745,277
Benefit Payments, including Refunds of Employee Contributions	(1,664,134)	(1,722,831)	(2,004,076)
Administrative Expense	(100,468)	(70,099)	(86,300)
Net Change in Plan Fiduciary Net Position	3,510,067	3,628,942	2,222,056
Plan Fiduciary Net Position - Beginning	37,268,072	33,639,130	31,417,074
Plan Fiduciary Net Position - Ending (b)	\$ 40,778,139	\$ 37,268,072	\$ 33,639,130
Net Pension Liability - Ending (a) - (b)	\$ (283,478)	\$ 555,910	\$ 2,275,462
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	100.70%	98.53%	93.66%
Covered Employee Payroll <sup>1</sup>	\$ 9,025,137	\$ 8,579,221	\$ 8,591,994
Net Pension Liability as a percentage of Covered Employee Payroll	-3.14%	6.48%	26.48%

**Notes to Schedule:**

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

*Changes of 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 Measurement Date	09/30/2016 09/30/2015	09/30/2015 09/30/2014	09/30/2014 09/30/2013
Total Pension Liability			
Service Cost	1,130,748	1,099,915	1,020,803
Interest	2,440,626	2,265,121	2,100,803
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(480,737)	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,218,647)	(1,043,921)	(1,117,057)
Net Change in Total Pension Liability	1,871,990	2,321,115	2,004,549
Total Pension Liability - Beginning	30,970,526	28,649,411	26,644,862
Total Pension Liability - Ending (a)	<u>\$ 32,842,516</u>	<u>\$ 30,970,526</u>	<u>\$ 28,649,411</u>
Plan Fiduciary Net Position			
Contributions - Employer	1,077,570	1,629,738	1,778,969
Contributions - Employee	603,922	588,154	646,393
Net Investment Income	454,266	2,447,920	2,947,749
Benefit Payments, including Refunds of Employee Contributions	(1,218,647)	(1,043,921)	(1,117,057)
Administrative Expense	(89,735)	(60,184)	(56,944)
Net Change in Plan Fiduciary Net Position	827,376	3,561,707	4,199,110
Plan Fiduciary Net Position - Beginning	30,589,698	27,027,991	22,828,881
Plan Fiduciary Net Position - Ending (b)	<u>\$ 31,417,074</u>	<u>\$ 30,589,698</u>	<u>\$ 27,027,991</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,425,442</u>	<u>\$ 380,828</u>	<u>\$ 1,621,420</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	95.66%	98.77%	94.34%
Covered Employee Payroll <sup>1</sup>	\$ 8,671,290	\$ 7,988,910	\$ 7,896,000
Net Pension Liability as a percentage of Covered Employee Payroll	16.44%	4.77%	20.53%

**Notes to Schedule:**

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

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll <sup>1</sup>	Contributions as a percentage of Covered Employee Payroll
09/30/2018	\$ 971,105	972,370	\$ (1,265)	\$ 9,025,137	10.77%
09/30/2017	\$ 857,922	\$ 860,420	\$ (2,498)	\$ 8,579,221	10.03%
09/30/2016	\$ 921,062	\$ 934,082	\$ (13,020)	\$ 8,591,994	10.87%
09/30/2015	\$ 1,077,570	\$ 1,077,570	\$ -	\$ 8,671,290	12.43%
09/30/2014	\$ 1,629,738	\$ 1,629,738	\$ -	\$ 7,988,910	20.40%
09/30/2013	\$ 1,778,969	\$ 1,778,969	\$ -	\$ 7,896,000	22.53%

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

Notes to Schedule

Valuation Date: 10/01/2016  
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: 25 Years (as of 10/01/2016).  
Mortality Rate: *Healthy Active Lives:*  
Female: RP2000 Generational, 100% White Collar, Scale BB.  
Male: RP2000 Generational, 50% White Collar / 50% 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  
*Disabled Lives:*  
Female: 100% RP2000 Disabled Female set forward two years.  
Male: 100% RP2000 Disabled Male setback four years.  
The assumed rates of mortality are 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 for non-special risk lives. We feel this assumption sufficiently accommodates future mortality improvements.

Interest Rate: 7.75% per year compounded annually, net of investment related expenses. This assumption was lowered as a result of our July 24, 2014 Experience Study.

Salary Increases:	Credited Service	Increase
	First 10 Years	5.0%
	Greater than 10 Years	4.0%

This assumption was adopted as a result of our July 24, 2014 Experience Study.

## GASB 68

Final Year Salary Load:	<table border="0" style="width: 100%; text-align: center;"> <tr> <td style="border-right: 1px solid black; padding: 0 10px;">Years of Credited Service as of</td> <td style="padding: 0 10px;">Assumption</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 0 10px;">Less Than 1 Year</td> <td style="padding: 0 10px;">No load</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 0 10px;">1-10 Years</td> <td style="padding: 0 10px;">10%</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 0 10px;">10 or more years</td> <td style="padding: 0 10px;">20%</td> </tr> </table>	Years of Credited Service as of	Assumption	Less Than 1 Year	No load	1-10 Years	10%	10 or more years	20%
Years of Credited Service as of	Assumption								
Less Than 1 Year	No load								
1-10 Years	10%								
10 or more years	20%								
Payroll Increases:	1.96% per year. This assumption complies with Part VII of Chapter 112, Florida Statutes.								
Termination Rates:	<table border="0" style="width: 100%; text-align: center;"> <tr> <td style="border-right: 1px solid black; padding: 0 10px;">Credited Service</td> <td style="padding: 0 10px;">Termination</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 0 10px;">Less Than 1 Year</td> <td style="padding: 0 10px;">15.00%</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 0 10px;">1-10 Years</td> <td style="padding: 0 10px;">10.00%</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 0 10px;">11 Years and Greater</td> <td style="padding: 0 10px;">2.00%</td> </tr> </table>	Credited Service	Termination	Less Than 1 Year	15.00%	1-10 Years	10.00%	11 Years and Greater	2.00%
Credited Service	Termination								
Less Than 1 Year	15.00%								
1-10 Years	10.00%								
11 Years and Greater	2.00%								
Normal Retirement:	<p>This assumption was adopted as a result of our July 24, 2014 Experience Study.</p> <p><u>Contribution Members Hired Prior to 09/18/2012:</u> Age 60.</p> <p><u>Contribution Members Hired After to 09/17/2012:</u> Age 62 and completion of 7 years of Credited Service.</p> <p><u>Non-Contributory Members:</u> Age 60 and completion of 9 years of Credited Service. Also any Member who has reached Normal Retirement is assumed to continue employment for one additional year.</p>								
Early Retirement:	<p>This assumption was adopted as a result of our July 24, 2014 Experience Study.</p> <p><u>Contribution Members Hired Prior to 09/18/2012:</u> 8% per year from ages 50 to 59; 5-year service requirement applies.</p> <p><u>Contribution Members Hired After to 09/17/2012:</u> 2% per year from ages 50 to 61; 7-year service requirement applies.</p> <p><u>Non-Contributory Members:</u> 2% per year from ages 50 to 59; 9-year service requirement applies.</p>								
Asset Smoothing Methodology:	<p>This assumption was adopted as a result of our July 24, 2014 Experience Study. The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.</p>								

EXPENSE DEVELOPMENT AND AMORTIZATION SCHEDULES

**The following information is not required to be disclosed but is provided for informational purposes.**



FINAL COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2018

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,275,462	\$ 677,061	\$ 3,128,132	\$ -
Employer Contributions made after 09/30/2017	-	-	972,370	-
Total Pension Liability Factors:				
Service Cost	1,143,018	-	-	1,143,018
Interest	2,805,205	-	-	2,805,205
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(316,002)	316,002	-	-
Current year amortization of experience difference	-	(159,349)	(35,036)	(124,313)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(242,257)	242,257
Benefit Payments, including Refunds of Employee Contributions	(1,722,831)	-	-	-
Net change	<u>1,909,390</u>	<u>156,653</u>	<u>695,077</u>	<u>4,066,167</u>
Plan Fiduciary Net Position:				
Contributions - Employer	860,420	-	(860,420)	-
Contributions - Employee	631,835	-	-	(631,835)
Projected Net Investment Income	2,595,381	-	-	(2,595,381)
Difference between projected and actual earnings on Pension Plan investments	1,334,236	1,334,236	-	-
Current year amortization	-	(395,012)	(386,179)	(8,833)
Benefit Payments, including Refunds of Employee Contributions	(1,722,831)	-	-	-
Administrative Expenses	(70,099)	-	-	70,099
Net change	<u>3,628,942</u>	<u>939,224</u>	<u>(1,246,599)</u>	<u>(3,165,950)</u>
Ending Balance	<u>\$ 555,910</u>	<u>\$ 1,772,938</u>	<u>\$ 2,576,610</u>	<u>\$ 900,217</u>

**PRELIMINARY COMPONENTS OF PENSION EXPENSE**  
**FISCAL YEAR SEPTEMBER 30, 2019**

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 555,910	\$ 1,772,938	\$ 2,576,610	\$ -
Employer Contributions made after 09/30/2018	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	1,211,261	-	-	1,211,261
Interest	2,960,746	-	-	2,960,746
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	162,806	-	162,806	-
Current year amortization of experience difference	-	(159,347)	(67,598)	(91,749)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(242,258)	242,258
Benefit Payments, including Refunds of Employee Contributions	(1,664,134)	-	-	-
Net change	<u>2,670,679</u>	<u>(159,347)</u>	<u>(147,050)</u>	<u>4,322,516</u>
Plan Fiduciary Net Position:				
Contributions - Employer	972,370	-	(972,370)	-
Contributions - Employee	664,834	-	-	(664,834)
Projected Net Investment Income	2,883,339	-	-	(2,883,339)
Difference between projected and actual earnings on Pension Plan investments	754,126	754,126	-	-
Current year amortization	-	(545,837)	(386,179)	(159,658)
Benefit Payments, including Refunds of Employee Contributions	(1,664,134)	-	-	-
Administrative Expenses	(100,468)	-	-	100,468
Net change	<u>3,510,067</u>	<u>208,289</u>	<u>(1,358,549)</u>	<u>(3,607,363)</u>
Ending Balance	<u>\$ (283,478)</u>	<u>\$ 1,821,880</u>	<u>TBD</u>	<u>\$ 715,153</u>

\* Employer Contributions subsequent to the measurement date made after September 30, 2018 but made on or before September 30, 2019 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)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2014	\$ (310,091)	5	\$ (62,018)	\$ (62,018)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 1,930,894	5	\$ 386,179	\$ 386,179	\$ 386,179	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (330,729)	5	\$ (66,146)	\$ (66,146)	\$ (66,146)	\$ (66,146)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (1,334,236)	5	\$ (266,848)	\$ (266,847)	\$ (266,847)	\$ (266,847)	\$ (266,847)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (754,126)	5	\$ -	\$ (150,826)	\$ (150,825)	\$ (150,825)	\$ (150,825)	\$ (150,825)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (8,833)	\$ (159,658)	\$ (97,639)	\$ (483,818)	\$ (417,672)	\$ (150,825)	\$ -	\$ -	\$ -	\$ -	\$ -

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)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2016	\$ 1,211,288	5	\$ 242,257	\$ 242,258	\$ 242,258	\$ 242,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 242,257	\$ 242,258	\$ 242,258	\$ 242,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Expected and Actual Experience	Recognition Period (Years)											
2015	\$ (480,737)	5	\$ (96,147)	\$ (96,147)	\$ (96,147)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 175,180	5	\$ 35,036	\$ 35,036	\$ 35,036	\$ 35,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (316,002)	5	\$ (63,202)	\$ (63,200)	\$ (63,200)	\$ (63,200)	\$ (63,200)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 162,806	5	\$ -	\$ 32,562	\$ 32,561	\$ 32,561	\$ 32,561	\$ 32,561	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (124,313)	\$ (91,749)	\$ (91,750)	\$ 4,397	\$ (30,639)	\$ 32,561	\$ -	\$ -	\$ -	\$ -	\$ -