

CITY OF VENICE
MUNICIPAL FIREFIGHTERS' PENSION 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



December 6, 2018

Board of Trustees
City of Venice
Municipal Firefighters' Pension Trust Fund
200 N. Grove St.
Venice, FL 34285

Re: Venice Municipal Firefighters' Pension Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Venice Municipal Firefighters' Pension 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 Chapters 112 and 175, 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 Venice, 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.

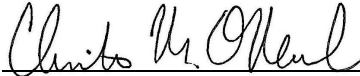
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the 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 Venice, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Municipal Firefighters' Pension 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 me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: 
Christine M. O'Neal, FSA, EA, MAAA
Enrolled Actuary #17-7916

CMO/lke
Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Venice Municipal Firefighters' Pension 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	10/1/2018	10/1/2017
Applicable to Fiscal Year Ending	<u>9/30/2020</u>	<u>9/30/2019</u>
Minimum Required Contribution	\$2,579,532	\$2,683,350
Member Contributions (Est.)	140,380	137,281
City And State Required Contribution	2,439,152	2,546,069
State Contribution (Est.) ¹	180,163	180,163
City Required Contribution ¹	\$2,258,989	\$2,365,906

¹ The City may use up to \$295,941 in State Contributions for determining its minimum funding requirements, pursuant to Ordinance 2014-22.

As you can see, the Total Recommended Contribution has decreased since the previous valuation. This decrease is due to City contributions in excess of the required amount, a decrease in the Normal Cost and favorable experience during the past 12 months. The primary source of favorable experience was an average salary increase of 2.45% which fell short of the 6.00% assumption. This gain was offset in part by losses associated with less inactive mortality than expected and an investment return of 6.67% (Actuarial Asset Basis) which fell short of the 7.00% assumption.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Christine M. O'Neal, FSA, EA, MAAA

By: 
Sara E. Carlson, ASA, EA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

There have been no changes of actuarial assumptions or methods since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2018</u>	<u>10/1/2017</u>
A. Participant Data		
Actives	22	22
Service Retirees	30	30
Beneficiaries	8	8
Disability Retirees	4	4
Terminated Vested	<u>15</u>	<u>17</u>
 Total	 79	 81
 Total Annual Payroll	 \$1,829,660	 \$1,787,588
Payroll Under Assumed Ret. Age	1,829,660	1,787,588
 Annual Rate of Payments to:		
Service Retirees	1,990,334	1,911,947
Beneficiaries	140,517	145,457
Disability Retirees	75,650	75,650
Terminated Vested	296,413	375,756
 B. Assets		
Actuarial Value (AVA)	25,122,791	22,935,682
Market Value (MVA)	25,638,236	22,991,416
 C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	14,118,722	13,104,510
Disability Benefits	383,684	401,477
Death Benefits	98,763	105,255
Vested Benefits	1,004,480	1,151,116
Refund of Contributions	0	0
Service Retirees	25,288,237	24,814,763
Beneficiaries	1,139,278	1,047,070
Disability Retirees	931,752	939,820
Terminated Vested	1,958,639	2,693,705
Excess State Monies Reserve	<u>8,861</u>	<u>8,861</u>
 Total	 44,932,416	 44,266,577

C. Liabilities - (Continued)	<u>10/1/2018</u>	<u>10/1/2017</u>
Present Value of Future Salaries	8,623,621	9,376,589
Present Value of Future Member Contributions	603,653	656,361
Normal Cost (Retirement)	362,944	351,511
Normal Cost (Disability)	39,907	47,189
Normal Cost (Death)	13,316	15,714
Normal Cost (Vesting)	245,290	252,840
Normal Cost (Refunds)	<u>0</u>	<u>0</u>
Total Normal Cost	661,457	667,254
Present Value of Future Normal Costs	2,615,661	3,019,893
Accrued Liability (Retirement)	12,596,246	11,421,770
Accrued Liability (Disability)	215,891	169,153
Accrued Liability (Death)	41,833	27,533
Accrued Liability (Vesting)	136,018	124,009
Accrued Liability (Refunds)	0	0
Accrued Liability (Inactives)	29,317,906	29,495,358
Excess State Monies Reserve	<u>8,861</u>	<u>8,861</u>
Total Actuarial Accrued Liability (EAN AL)	42,316,755	41,246,684
Unfunded Actuarial Accrued Liability (UAAL)	17,193,964	18,311,002
Funded Ratio (AVA / EAN AL)	59.4%	55.6%

D. Actuarial Present Value of Accrued Benefits	<u>10/1/2018</u>	<u>10/1/2017</u>
Vested Accrued Benefits		
Inactives	29,317,906	29,495,358
Actives	8,600,100	8,103,371
Member Contributions	<u>2,165,022</u>	<u>2,044,066</u>
Total	40,083,028	39,642,795
Non-vested Accrued Benefits	<u>0</u>	<u>0</u>
Total Present Value Accrued Benefits (PVAB)	40,083,028	39,642,795
Funded Ratio (MVA / PVAB)	64.0%	58.0%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	(123,154)	
Benefits Paid	(2,136,820)	
Interest	2,700,207	
Other	<u>0</u>	
Total	440,233	

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 ¹	\$725,000	\$732,044
Administrative Expenses ¹	65,217	67,918
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 26 years (as of 10/1/2018) ¹	1,789,315	1,883,388
Minimum Required Contribution	2,579,532	2,683,350
Expected Member Contributions ¹	140,380	137,281
Expected City and State Contribution	2,439,152	2,546,069

F. Past Contributions

Plan Years Ending:	<u>9/30/2018</u>
City and State Requirement	2,619,397
Actual Contributions Made:	
Members (excluding buyback)	120,956
City	2,530,184
State	<u>180,163</u>
Total	2,831,303

G. Net Actuarial (Gain)/Loss (242,655)

¹ Contributions developed as of 10/1/2018 displayed above have been adjusted to account for assumed salary increase and interest components.

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	17,193,964
2019	16,650,778
2020	16,069,566
2026	11,510,785
2032	5,245,427
2038	1,308,021
2044	0

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

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2018	2.45%	6.00%
Year Ended 9/30/2017	3.51%	6.25%
Year Ended 9/30/2016	3.82%	6.30%
Year Ended 9/30/2015	4.23%	6.94%
Year Ended 9/30/2014	3.36%	7.70%

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

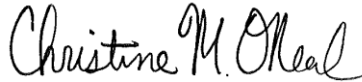
	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended 9/30/2018	8.68%	6.67%	7.00%
Year Ended 9/30/2017	11.00%	7.09%	7.00%
Year Ended 9/30/2016	7.29%	7.22%	7.00%
Year Ended 9/30/2015	0.05%	9.19%	7.00%
Year Ended 9/30/2014	10.38%	9.39%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2018	\$1,829,660
	10/1/2008	2,848,256
(b) Total Increase		-35.76%
(c) Number of Years		10.00
(d) Average Annual Rate		-4.33%

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.



Christine M. O'Neal, FSA, EA, MAAA
Enrolled Actuary #17-7916

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

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

Mr. Steve Bardin
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2017	\$18,311,002
(2) Sponsor Normal Cost developed as of October 1, 2017	542,123
(3) Expected administrative expenses for the year ended September 30, 2018	61,907
(4) Expected interest on (1), (2) and (3)	1,321,885
(5) Sponsor contributions to the System during the year ended September 30, 2018	2,710,348
(6) Expected interest on (5)	89,950
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2018 (1)+(2)+(3)+(4)-(5)-(6)	17,436,619
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	(242,655)
(10) Unfunded Actuarial Accrued Liability as of October 1, 2018	17,193,964

<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	(50,284)	(17,907)
	10/1/1998	10	380,750	50,664
	10/1/1999	11	411,031	51,228
	10/1/2000	12	973,276	114,521
method change	10/1/2002	14	1,762,273	188,324
prior losses	10/1/2002	14	1,762,273	188,324
actuarial loss	10/1/2003	15	901,459	92,500
actuarial loss	10/1/2004	16	1,827,399	180,789
actuarial loss	10/1/2005	17	1,167,291	111,738
actuarial loss	10/1/2006	18	328,076	30,481
actuarial loss	10/1/2007	19	303,733	27,465
actuarial loss	10/1/2008	20	1,148,592	101,326
method change	10/1/2008	20	432,891	38,189
assum. change	10/1/2009	11	(393,450)	(49,037)
actuarial loss	10/1/2009	21	2,469,589	213,006
actuarial loss	10/1/2010	22	1,123,641	94,938
assum. change	10/1/2010	12	388,119	45,668
actuarial loss	10/1/2011	23	1,509,154	125,124
actuarial loss	10/1/2012	24	1,318,067	107,403

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2018 <u>Amount</u>	Amortization <u>Amount</u>
actuarial loss	10/1/2013	25	456,573	36,616
software change	10/1/2013	25	1,244,441	99,800
benefit change	10/1/2013	25	(2,938,048)	(235,622)
actuarial gain	10/1/2014	26	(698,561)	(55,207)
assum. change	10/1/2014	26	2,900,662	229,236
benefit change	10/1/2014	26	(698,634)	(55,212)
actuarial gain	10/1/2015	17	(1,751,210)	(167,634)
actuarial gain	10/1/2016	18	(187,142)	(17,387)
assum. change	10/1/2016	18	1,196,301	111,147
actuarial loss	10/1/2017	19	148,357	13,415
actuarial gain	10/1/2018	20	<u>(242,655)</u>	<u>(21,406)</u>
			17,193,964	1,632,490

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2017	\$18,311,002
(2) Expected UAAL as of October 1, 2018	17,436,619
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	76,792
Salary Increases	(371,979)
Active Decrements	(12,442)
Inactive Mortality	147,160
Other	<u>(82,186)</u>
Increase in UAAL due to (Gain)/Loss	(242,655)
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2018	\$17,193,964

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

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

Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB

Healthy Inactive Lives:

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

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

Disabled Lives:

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

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

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2016 FRS valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

Interest Rate

7.00% per year compounded annually, net of investment related expenses. This was required by the reviewing actuary at the Division of Retirement in conjunction with the plan closure. Additionally, this is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

<u>Years of Service</u>	<u>% Increase in Salary</u>
<u>Less than 10</u>	<u>10.0%</u>
<u>10-15</u>	<u>6.5</u>
<u>15-20</u>	<u>5.5</u>
<u>20 and greater</u>	<u>5.0</u>

The assumed rates of salary increases were approved by the Board in conjunction with an actuarial experience study dated May 3, 2010.

Additionally, projected salary at retirement increased based on individual accruals in order to account for lump sum accrued sick and vacation leave payouts.

Payroll Growth

0.00% 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

\$59,501 annually, based on actual expenses incurred in the prior fiscal year.

Retirement Age

Earlier of age 55 and 10 years of service or 25 years of service, regardless of age. Also, any Member who reaches Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based upon the plan provisions.

Early Retirement

Commencing with eligibility for Early Retirement Age (Earlier of age 50 with 10 years of service or 20 years of service, regardless of age), Members are assumed to retire with an immediate subsidized benefit at the rate of 15% per year. There is no Early Retirement assumption for Members with less than 10 years of Credited Service as of October 1, 2014. This assumption was approved by the Board in conjunction with an actuarial experience study dated May 3, 2010.

Disability Rate

D1205. See sample rates on following page. It is assumed that 75% of disablements and active deaths that occur are service related. This assumption was developed from those used by other plans containing Florida municipal firefighters.

Termination Rate

W1304. See sample rates on following page. This assumption was developed from those used by other plans containing Florida municipal firefighters.

Cost-of-Living Adjustment

3% per year from retirement to age 65. Benefits based on Credited Service after September 30, 2014 are not subject to the COLA.

Asset Valuation Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

Funding Method

Entry Age Normal Actuarial Cost Method. The following loads are applied for determination of the Sponsor dollar funding requirement:

Interest –
A half year, based on the current 7.0% assumption.

Salary –
A full year, based on the current 5.9% assumption.

Turnover and Disability Rates

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	12.4%	0.14%
30	11.1	0.18
40	6.8	0.30
50	2.2	1.00

GLOSSARY

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

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

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.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	143,012.28	_____%
1999	125,041.12	-12.6%
2000	177,255.46	41.8%
2001	176,495.28	-0.4%
2002	194,519.07	10.2%
2003	166,236.19	-14.5%
2004	180,446.49	8.5%
2005	192,363.23	6.6%
2006	239,238.99	24.4%
2007	355,709.22	48.7%
2008	391,694.05	10.1%
2009	233,461.64	-40.4%
2010	262,094.82	12.3%
2011	251,217.11	-4.2%
2012	272,498.46	8.5%
2013	270,222.11	-0.8%
2014	304,801.85	12.8%
2015	272,353.29	-10.6%
2016	246,275.58	-9.6%
2017	193,289.58	-21.5%
2018	180,163.45	-6.8%

EXCESS STATE MONIES RESERVE

	Regular Distribution			Special Distribution		
	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1999	\$86,316.80	*	*	\$41,989.66	*	*
2000	135,265.80	*	*	77,180.94	*	*
2001	99,314.14	*	*	33,696.73	*	*
2002	112,368.90	*	*	48,453.44	*	*
2003	114,616.26	*	*	51,619.93	*	*
2004	121,493.22	*	*	58,953.27	*	*
2005	126,006.48	*	*	66,356.75	*	*
2006	158,450.40	*	*	80,788.59	*	*
2007	192,101.23	192,101.23	0.00	163,607.99	103,839.77	59,768.22
2008	219,446.87	219,446.87	0.00	172,247.18	76,494.13	95,753.05
2009	177,169.38	177,169.38	0.00	56,292.26	118,771.62	0.00
2010	203,986.50	203,986.50	0.00	58,108.32	91,954.50	0.00
2011	197,656.20	197,656.20	0.00	53,560.91	98,284.80	0.00
2012	182,513.76	182,513.76	0.00	89,984.70	113,427.24	0.00
2013	175,358.35	175,358.35	0.00	94,863.76	120,582.65	0.00
2014	196,261.87	196,261.87	0.00	108,539.98	99,679.13	8,860.85
2015	189,697.45	189,697.45	0.00	82,655.84	106,243.55	0.00
2016	196,721.06	196,721.06	0.00	49,554.52	99,219.94	0.00
2017	183,315.81	183,315.81	0.00	9,973.77	112,625.19	0.00
2018	173,020.90	173,020.90	<u>0.00</u>	7,142.55	122,920.10	<u>0.00</u>
			0.00			164,382.12
Accumulated Regular Excess			0.00			
Accumulated Special Excess			<u>164,382.12</u>			
Total Excess State Monies			164,382.12			
Less amount available to the City as a prepaid contribution for Fiscal 2015			<u>(155,521.27)</u>			
Equals Current State Monies Reserve			\$8,860.85			

* The actual State Monies never exceeded the "Frozen" amount until 2007.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	726,795.46	726,795.46
Cash	(724.23)	(724.23)
Total Cash and Equivalents	726,071.23	726,071.23
Receivables:		
State Contributions	7,142.55	7,142.55
Investment Income	25,636.13	25,636.13
Total Receivable	32,778.68	32,778.68
Investments:		
U. S. Bonds and Bills	3,747,701.78	3,726,714.05
Federal Agency Guaranteed Securities	421,740.73	404,337.67
Corporate Bonds	1,097,985.39	1,097,647.10
Stocks	1,962,563.75	2,349,470.75
Mutual Funds:		
Fixed Income	1,403,028.21	1,253,985.55
Equity	11,842,943.59	13,487,680.41
Pooled/Common/Commingled Funds:		
Real Estate	2,422,811.00	2,559,551.02
Total Investments	22,898,774.45	24,879,386.55
Total Assets	23,657,624.36	25,638,236.46
<u>LIABILITIES</u>		
Total Liabilities	0.00	0.00
NET POSITION RESTRICTED FOR PENSIONS	23,657,624.36	25,638,236.46

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

ADDITIONS

Contributions:		
Member		120,956.11
City		2,530,184.30
State		180,163.45
Total Contributions		2,831,303.86
Investment Income:		
Net Realized Gain (Loss)	210,428.57	
Unrealized Gain (Loss)	834,147.80	
Net Increase in Fair Value of Investments		1,044,576.37
Interest & Dividends		1,055,037.52
Less Investment Expense ¹		(87,776.08)
Net Investment Income		2,011,837.81
Total Additions		4,843,141.67

DEDUCTIONS

Distributions to Members:		
Benefit Payments		2,133,053.76
Lump Sum PLOP Distributions		0.00
Refunds of Member Contributions		3,766.53
Total Distributions		2,136,820.29
Administrative Expense		59,500.55
Total Deductions		2,196,320.84
Net Increase in Net Position		2,646,820.83
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		22,991,415.63
End of the Year		25,638,236.46

¹Investment 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 ¹	
09/30/2015	0.05%	
09/30/2016	7.29%	
09/30/2017	11.00%	
09/30/2018	8.68%	
Annualized Rate of Return for prior four (4) years:		6.67%
(A) 10/01/2017 Actuarial Assets:		\$22,935,682.06
(I) Net Investment Income:		
1. Interest and Dividends	1,055,037.52	
2. Realized Gains (Losses)	210,428.57	
3. Change in Actuarial Value	374,435.63	
4. Investment Related Expenses	(87,776.08)	
Total		1,552,125.64
(B) 10/01/2018 Actuarial Assets:		\$25,122,790.72
Actuarial Asset Rate of Return = 2I/(A+B-I):		6.67%
10/01/2018 Limited Actuarial Assets:		\$25,122,790.72
10/01/2018 Market Value of Assets:		\$25,638,236.46
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$76,791.82)

¹Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	120,956.11	
City	2,530,184.30	
State	180,163.45	
 Total Contributions		 2,831,303.86
Earnings from Investments:		
Interest & Dividends	1,055,037.52	
Net Realized Gain (Loss)	210,428.57	
Change in Actuarial Value	374,435.63	
 Total Earnings and Investment Gains		 1,639,901.72

EXPENDITURES

Distributions to Members:		
Benefit Payments	2,133,053.76	
Lump Sum PLOP Distributions	0.00	
Refunds of Member Contributions	3,766.53	
 Total Distributions		 2,136,820.29
Expenses:		
Investment related ¹	87,776.08	
Administrative	59,500.55	
 Total Expenses		 147,276.63
 Change in Net Assets for the Year		 2,187,108.66
 Net Assets Beginning of the Year		 22,935,682.06
 Net Assets End of the Year ²		 25,122,790.72

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

²Net Assets may be limited for actuarial consideration.

STATISTICAL DATA

	<u>10/1/2015</u>	<u>10/1/2016</u>	<u>10/1/2017</u>	<u>10/1/2018</u>
<u>Actives</u>				
Number	22	22	22	22
Average Current Age	42.0	43.0	44.0	45.1
Average Age at Employment	27.9	27.9	27.9	28.0
Average Past Service	14.1	15.1	16.1	17.1
Average Annual Salary	\$75,827	\$78,685	\$81,254	\$83,166
<u>Service Retirees</u>				
Number	30	30	30	30
Average Current Age	62.2	62.4	63.4	63.4
Average Annual Benefit	\$59,903	\$62,477	\$63,732	\$66,344
<u>Beneficiaries</u>				
Number	9	8	8	8
Average Current Age	71.8	71.3	72.3	78.8
Average Annual Benefit	\$17,908	\$18,182	\$18,182	\$17,565
<u>Disability Retirees</u>				
Number	4	4	4	4
Average Current Age	54.8	55.8	56.8	57.8
Average Annual Benefit	\$18,913	\$18,913	\$18,913	\$18,913
<u>Terminated Vested</u>				
Number	18	17	17	15
Average Current Age	37.9	38.0	39.0	39.6
Average Annual Benefit	\$30,616	\$22,103	\$22,103	\$19,761

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	2	0	0	0	0	0	2
35 - 39	0	0	0	0	0	0	2	0	0	0	0	2
40 - 44	0	0	0	0	0	0	0	3	0	0	0	3
45 - 49	0	0	0	0	0	0	1	6	3	0	0	10
50 - 54	0	0	0	0	0	0	0	5	0	0	0	5
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	2	3	14	3	0	0	22

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2017	22
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	0
f. Continuing participants	22
g. New entrants	<u>0</u>
h. Total active life participants in valuation	22

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

	Service Retirees, Vested Receiving <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	4	17	59
Retired	1	0	0	(1)	0
Vested Deferred	0	0	0	0	0
Death, With Survivor	(1)	1	0	0	0
Death, No Survivor	0	0	0	0	0
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	(1)	(1)
Rehires	0	0	0	0	0
Expired Annuities	0	(1)	0	0	(1)
Data Corrections	0	0	0	0	0
b. Number current valuation	30	8	4	15	57

SUMMARY OF CURRENT PLAN
(Ordinance 2015-23)

<u>Original Effective Date</u>	October 1, 1961
<u>Latest Amendment</u>	December 8, 2015
<u>Eligibility</u>	Full-time employment with the City as a Firefighter. The Plan is closed to Firefighters hired after September 30, 2014.
<u>Credited Service</u>	Total number of years and fractional parts of years of service with the City as a Firefighter.
<u>Average Final Compensation</u>	Average W-2 Salary (plus tax deferred and tax sheltered income) during the 5 highest years of the last 10 for Members eligible for Normal Retirement as of October 1, 2014. Salary for all other Members shall be base pay applicable for service after October 1, 2014. Notwithstanding the foregoing, effective October 1, 2014, sick or vacation time which is accrued, but for which a member has not been paid prior to October 1, 2014, shall not be considered in determining the value of any future retirement benefit, including the calculation of any frozen benefit.
<u>Normal Retirement</u>	
Eligibility	Earlier of age 55 and 10 years of Credited Service, or 25 years of Credited Service.
Benefit Amount	3.50% of Average Final Compensation times Years of Credited Service, plus \$175 per month, for Members eligible for Normal Retirement as of October 1, 2014. The benefit accrual rate is 2.75% for Credited Service on and after October 1, 2014 for Members not eligible for Normal Retirement as of that date.
Form of Benefit	10 Years Certain and Life thereafter. Optional forms are available.
<u>Early Retirement</u>	
Eligibility	Earlier of age 50 and 10 years of Credited Service, or the completion of 20 years of Credited Service regardless of age for Members with 10 or more years of Credited Service as of October 1, 2014. Early Retirement is not available for Members with less than 10 years of Credited Service as of that date.
Benefit	Deferred benefit payable at Normal Retirement Date or

reduced 2% per year and payable immediately.

Disability

Eligibility	Total and Permanent as determined by the Board. Members are covered from date of employment for service-incurred disabilities and after five (5) years of service for non-service disabilities.
Benefit Amount	Greater of 2% times Average Final Compensation times Credited Service, or 50% of Average Final Compensation. Benefits are payable as a 100% Joint and Survivor Annuity to spouse or children. Optional forms are available.

Pre-Retirement Death

Eligibility	Coverage in effect from date of employment for service incurred deaths and after five (5) years of service for non-service incurred.
Benefit	50% of Average Final Compensation paid to spouse until death, if service incurred, or until death or remarriage, if non-service incurred.
Minimum Benefit for Vested Members	Accrued benefit, less any spouse or surviving children benefits payable.

Cost of Living Adjustment

Normal and Early service retirees who retire after October 1, 1998 receive a 3.0% increase each year after retirement through age 65. For Members not eligible for Normal Retirement as of October 1, 2014, no cost-of-living adjustments are applicable to benefits based on Credited Service after that date.

Vesting (Termination)

Less than 10 years of Contributing Service	Refund of Member Contributions.
10 years or more	Accrued benefit payable at Early Retirement Age or later if Member contributions left in Fund; otherwise, Refund of Member Contributions. Additionally, members are 100% vested for benefits accrued prior to October 1, 2014, regardless of accrued service as of that date.

Contributions

Employee	7.00% of Salary.
State	Premium tax refund.
City	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided in Part VII of Florida Statutes Chapter 112.

Board of Trustees

Two City Council appointees who are City residents, two elected Members of the Fire Department, and a fifth Member elected by the other four and appointed by Council (as a ministerial duty).

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	726,795
Cash	(724)
Total Cash and Equivalents	726,071
Receivables:	
State Contributions	7,143
Investment Income	25,636
Total Receivable	32,779
Investments:	
U. S. Bonds and Bills	3,726,714
Federal Agency Guaranteed Securities	404,338
Corporate Bonds	1,097,647
Stocks	2,349,471
Mutual Funds:	
Fixed Income	1,253,985
Equity	13,487,680
Pooled/Common/Commingled Funds:	
Real Estate	2,559,551
Total Investments	24,879,386
Total Assets	25,638,236
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	25,638,236

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

ADDITIONS

Contributions:

Member	120,956	
City	2,530,184	
State	180,163	
 Total Contributions		 2,831,303
 Investment Income:		
Net Increase in Fair Value of Investments	1,044,576	
Interest & Dividends	1,055,038	
Less Investment Expense ¹	(87,776)	
 Net Investment Income		 2,011,838
 Total Additions		 4,843,141

DEDUCTIONS

Distributions to Members:

Benefit Payments	2,133,054	
Refunds of Member Contributions	3,766	
 Total Distributions		 2,136,820
 Administrative Expense		 59,501
 Total Deductions		 2,196,321
 Net Increase in Net Position		 2,646,820
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		22,991,416
 End of the Year		 25,638,236

¹Investment 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 a Board of Trustees comprised of: Two City Council appointees who are City residents, two elected Members of the Fire Department, and a fifth Member elected by the other four and appointed by Council (as a ministerial duty).

Eligible are full-time employment with the City as a Firefighter. The Plan is closed to Firefighters hired after September 30, 2014.

Plan Membership as of October 1, 2017:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	42
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	17
Active Plan Members	22
	81

Benefits Provided

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

Normal Retirement:

Eligibility: Earlier of age 55 and 10 years of Credited Service, or 25 years of Credited Service.

Benefit Amount: 3.50% of Average Final Compensation times Years of Credited Service, plus \$175 per month for Members eligible for Normal Retirement as of October 1, 2014. The benefit accrual rate is 2.75% for Credited Service on and after October 1, 2014 for Members not eligible for Normal Retirement as of that date.

Early Retirement:

Eligibility: Earlier of age 50 and 10 years of Credited Service, or the completion of 20 years of Credited Service regardless of age for Members with 10 or more years of Credited Service as of October 1, 2014. Early Retirement is not available for Members with less than 10 years of Credited Service as of that date.

Benefit: Deferred benefit payable at Normal Retirement Date or reduced 2% per year and payable immediately.

Disability:

Eligibility: Total and Permanent as determined by the Board. Members are covered from date of employment for service-incurred disabilities and after five years of service for non-service disabilities.

Benefit Amount: Greater of 2% times Average Final Compensation times Credited Service, or 50% of Average Final Compensation. Benefits are payable as a 100% Joint and Survivor Annuity to spouse or children. Optional forms are available.

Pre-Retirement Death:

Eligibility: Coverage in effect from date of employment for service incurred deaths and after five years of service for non-service incurred.

Benefit: 50% of Average Final Compensation paid to spouse until death, if service incurred, or until death or remarriage, if non-service incurred.

Minimum Benefit for Vested Members: Accrued benefit, less any spouse or surviving children benefits payable.

Cost-of-Living Adjustment:

Normal and Early service retirees who retire after October 1, 1998 receive a 3.0% increase each year after retirement through age 65. For Members not eligible for Normal Retirement as of October 1, 2014, no cost-of-living adjustments are applicable to benefits based on Credited Service after that date.

Vesting (Termination):

Less than 10 years of Contributing Service: Refund of Member Contributions.

10 years or more: Accrued benefit payable at Early Retirement Age or later if Member contributions left in Fund; otherwise, Refund of Member Contributions. Additionally, members are 100% vested for benefits accrued prior to October 1, 2014, regardless of accrued service as of that date.

GASB 67

Contributions

Employee: 7.00% of Salary.

State: Premium tax refund.

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability, as provided in Part VII of Florida Statutes Chapter 112.

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	45.00%
International Equity	15.00%
Broad Market Fixed Income	25.00%
Global Fixed income	5.00%
Real Estate	10.00%
<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, 2018, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 8.68 percent.

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

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	\$ 41,841,542
Plan Fiduciary Net Position	\$ (25,638,236)
Sponsor's Net Pension Liability	\$ 16,203,306
Plan Fiduciary Net Position as a percentage of Total Pension Liability	61.27%

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	Service Based
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Inactive Lives:

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

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

Mortality Rate Disabled Lives:

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated May 3, 2010.

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 Fixed income	3.50%
Real Estate	4.50%

GASB 67

Discount Rate:

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Sponsor's Net Pension Liability	\$ 21,176,990	\$ 16,203,306	\$ 12,060,936

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	756,801	756,425	702,057
Interest	2,798,028	2,719,112	2,661,396
Change in Excess State Money	-	-	(155,521)
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	131,239	(232,436)	(1,795,453)
Changes of assumptions	-	-	1,320,858
Benefit Payments, including Refunds of Employee Contributions	(2,136,820)	(2,095,414)	(2,141,983)
Net Change in Total Pension Liability	1,549,248	1,147,687	591,354
Total Pension Liability - Beginning	40,292,294	39,144,607	38,553,253
Total Pension Liability - Ending (a)	<u>41,841,542</u>	<u>\$ 40,292,294</u>	<u>\$ 39,144,607</u>
Plan Fiduciary Net Position			
Contributions - Employer	2,530,184	2,350,314	3,047,697
Contributions - State	180,163	193,290	246,276
Contributions - Employee	120,956	118,053	114,049
Net Investment Income	2,011,838	2,241,924	1,321,617
Benefit Payments, including Refunds of Employee Contributions	(2,136,820)	(2,095,414)	(2,141,983)
Administrative Expense	(59,501)	(61,907)	(66,382)
Net Change in Plan Fiduciary Net Position	2,646,820	2,746,260	2,521,274
Plan Fiduciary Net Position - Beginning	22,991,416	20,245,156	17,723,882
Plan Fiduciary Net Position - Ending (b)	<u>\$ 25,638,236</u>	<u>\$ 22,991,416</u>	<u>\$ 20,245,156</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 16,203,306</u>	<u>\$ 17,300,878</u>	<u>\$ 18,899,452</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	61.27%	57.06%	51.72%
Covered Employee Payroll	\$ 1,727,707	\$ 1,686,471	\$ 1,629,271
Net Pension Liability as a percentage of Covered Employee Payroll	937.85%	1025.86%	1159.99%

Notes to Schedule:

Changes of assumptions:

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

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

SCHEDULE OF 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	1,139,410	672,304	623,948
Interest	2,653,780	2,581,984	2,487,336
Change in Excess State Money	-	8,861	-
Changes of benefit terms	(797,774)	-	-
Differences between Expected and Actual Experience	(473,564)	-	-
Changes of assumptions	2,961,891	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,991,123)	(2,003,310)	(1,873,445)
Net Change in Total Pension Liability	3,492,620	1,259,839	1,237,840
Total Pension Liability - Beginning	35,060,633	33,800,794	32,562,954
Total Pension Liability - Ending (a)	<u>\$ 38,553,253</u>	<u>\$ 35,060,633</u>	<u>\$ 33,800,794</u>
Plan Fiduciary Net Position			
Contributions - Employer	756,197	1,674,244	1,451,786
Contributions - State	272,353	304,802	270,222
Contributions - Employee	116,523	269,968	269,835
Net Investment Income	9,360	1,727,970	1,723,100
Benefit Payments, including Refunds of Employee Contributions	(1,991,123)	(2,003,310)	(1,873,445)
Administrative Expense	(67,814)	(42,307)	(42,357)
Net Change in Plan Fiduciary Net Position	(904,504)	1,931,366	1,799,141
Plan Fiduciary Net Position - Beginning	18,628,386	16,697,020	14,897,879
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,723,882</u>	<u>\$ 18,628,386</u>	<u>\$ 16,697,020</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 20,829,371</u>	<u>\$ 16,432,247</u>	<u>\$ 17,103,774</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	45.97%	53.13%	49.40%
Covered Employee Payroll	\$ 1,710,697	\$ 2,768,905	\$ 2,767,537
Net Pension Liability as a percentage of Covered Employee Payroll	1217.60%	593.46%	618.01%

Notes to Schedule:

Changes of benefit terms:

For year ending 09/30/2015, amounts reported as changes of benefit terms were resulted from Ordinance 2014-22, adopted and effective August 26, 2014, amended certain Plan provisions for current Firefighters, in addition to the closure of the Plan to Firefighters hired after September 30, 2014. Details of the impact of these changes are set forth in our August 18, 2014 Actuarial Impact Statement.

Furthermore as outlined in our December 7, 2015 Actuarial Impact Statement below changes were included as well:

- 100% vesting for benefits accrued prior to October 1, 2014.
- A Salary definition using Base Pay, effective October 1, 2014 for Members not eligible for Normal Retirement as of that date. This definition is applicable only for service after October 1, 2014. Notwithstanding the foregoing, effective October 1, 2014, sick or vacation time which is accrued, but for which a member has not been paid prior to October 1, 2014, shall not be considered in determining the value of any future retirement benefit, including the calculation of any frozen benefit.

Changes of assumptions:

For year ending 09/30/2015, amounts reported as changes of assumptions were resulted from a reduction in the investment return assumption from 7.75% to 7.00%. Plus a change in funding method from percent of payroll to dollar funding.

The load assumption for the projected salary at retirement to account for lump sum accrued sick and vacation leave payouts was modified from a fixed 0% per individual to an amount equal to their individual accrual, as provided by the City.

It is important to point out that the load assumption will be subject to further modification based on future experience.

Subsequent changes will be reflected in future actuarial valuations.

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 ¹	Contributions as a percentage of Covered Employee Payroll
09/30/2018	\$ 2,619,397	\$ 2,710,347	\$ (90,950)	\$ 1,727,707	156.88%
09/30/2017	\$ 2,596,590	\$ 2,543,604	\$ 52,986	\$ 1,686,471	150.82%
09/30/2016	\$ 3,022,244	\$ 3,293,973	\$ (271,729)	\$ 1,629,271	202.17%
09/30/2015	\$ 1,184,071	\$ 1,184,071	\$ -	\$ 1,710,697	69.22%
09/30/2014	\$ 1,960,108	\$ 1,960,108	\$ -	\$ 2,768,905	70.79%
09/30/2013	\$ 1,692,902	\$ 1,692,902	\$ -	\$ 2,767,537	61.17%

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:

Mortality: *Healthy Lives:*
Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.
Disabled Lives:
Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.
Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.
The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the 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, 2015 FRS actuarial valuation report. We feel this assumption sufficiently accommodates future mortality improvements.

Interest Rate: 7.00% per year compounded annually, net of investment-related expenses. This was required by the reviewing actuary at the Division of Retirement in conjunction with the plan closure. Additionally, this is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Retirement Age: Earlier of age 55 and 10 years of service or 25 years of service, regardless of age. Also, any Member who reaches Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based upon the plan provisions.

Early Retirement: Commencing with eligibility for Early Retirement Age (Earlier of age 50 with 10 years of service or 20 years of service, regardless of age), Members are assumed to retire with an immediate subsidized benefit at the rate of 15% per year. There is no Early Retirement assumption for Members with less than 10 years of Credited Service as of October 1, 2014. This assumption was approved by the Board in conjunction with an actuarial experience study dated May 3, 2010.

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Disability Rates: D1205. See sample rates below. It is assumed that 75% of disablements and active deaths that occur are service related. This assumption was developed from those used by other plans containing Florida municipal firefighters.

Termination Rates: W1304. See sample rates below. This assumption was developed from those used by other plans containing Florida municipal firefighters.

Payroll Growth: None.

Cost-of-Living Adjustment: 3% per year from retirement to age 65. Benefits based on Credited Service after September 30, 2014 are not subject to the COLA.

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

Funding Method: Entry Age Normal Actuarial Cost Method. The following loads are applied for determination of the Sponsor dollar funding requirement:
 Interest – A half year, based on the current 7.0% assumption.
 Salary – A full year, based on the current 6.2% assumption.

Salary Increases:

Years of Service	% Increase in Salary
Less than 10	10.0%
10-15	6.5%
15-20	5.5%
20 and greater	5.0%

The assumed rates of salary increases were approved by the Board in conjunction with an actuarial experience study dated May 3, 2010. Additionally, projected salary at retirement is increased based on individual accruals in order to account for lump sum accrued sick and vacation leave payouts.

Turnover and Disability Rates:

Age	% Terminating During the Year	% Becoming Disabled During the
20	12.4%	0.14%
30	11.1%	0.18%
40	6.8%	0.30%
50	2.2%	1.00%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2018	8.68%
09/30/2017	11.00%
09/30/2016	7.29%
09/30/2015	0.05%
09/30/2014	10.38%
09/30/2013	11.54%

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 a Board of Trustees comprised of: Two City Council appointees who are City residents, two elected Members of the Fire Department, and a fifth Member elected by the other four and appointed by Council (as a ministerial duty).

Eligible are full-time employment with the City as a Firefighter. The Plan is closed to Firefighters hired after September 30, 2014.

Plan Membership as of October 1, 2017:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	42
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	17
Active Plan Members	22
	81
	81

Benefits Provided

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

Normal Retirement:

Eligibility: Earlier of age 55 and 10 years of Credited Service, or 25 years of Credited Service.

Benefit Amount: 3.50% of Average Final Compensation times Years of Credited Service, plus \$175 per month for Members eligible for Normal Retirement as of October 1, 2014. The benefit accrual rate is 2.75% for Credited Service on and after October 1, 2014 for Members not eligible for Normal Retirement as of that date.

Early Retirement:

Eligibility: Earlier of age 50 and 10 years of Credited Service, or the completion of 20 years of Credited Service regardless of age for Members with 10 or more years of Credited Service as of October 1, 2014. Early Retirement is not available for Members with less than 10 years of Credited Service as of that date.

Benefit: Deferred benefit payable at Normal Retirement Date or reduced 2% per year and payable immediately.

Disability:

Eligibility: Total and Permanent as determined by the Board. Members are covered from date of employment for service-incurred disabilities and after five years of service for non-service disabilities.

Benefit Amount: Greater of 2% times Average Final Compensation times Credited Service, or 50% of Average Final Compensation. Benefits are payable as a 100% Joint and Survivor Annuity to spouse or children. Optional forms are available.

Pre-Retirement Death:

Eligibility: Coverage in effect from date of employment for service incurred deaths and after five years of service for non-service incurred.

Benefit: 50% of Average Final Compensation paid to spouse until death, if service incurred, or until death or remarriage, if non-service incurred.

Minimum Benefit for Vested Members: Accrued benefit, less any spouse or surviving children benefits payable.

Cost-of-Living Adjustment:

Normal and Early service retirees who retire after October 1, 1998 receive a 3.0% increase each year after retirement through age 65. For Members not eligible for Normal Retirement as of October 1, 2014, no cost-of-living adjustments are applicable to benefits based on Credited Service after that date.

Vesting (Termination):

Less than 10 years of Contributing Service: Refund of Member Contributions.

10 years or more: Accrued benefit payable at Early Retirement Age or later if Member contributions left in Fund; otherwise, Refund of Member Contributions. Additionally, members are 100% vested for benefits accrued prior to October 1, 2014, regardless of accrued service as of that date.

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Contributions

Employee: 7.00% of Salary.

State: Premium tax refund.

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability, as provided in Part VII of Florida Statutes Chapter 112.

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, 2017 through September 30, 2018.

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	Service Based
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Inactive Lives:

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

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

Mortality Rate Disabled Lives:

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated May 3, 2010.

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	45.00%	7.50%
International Equity	15.00%	8.50%
Broad Market Fixed Income	25.00%	2.50%
Global Fixed income	5.00%	3.50%
Real Estate	10.00%	4.50%
<u>Total</u>	<u>100.00%</u>	

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Discount Rate:

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2017	\$ 40,292,294	\$ 22,991,416	\$ 17,300,878
Changes for a Year:			
Service Cost	756,801	-	756,801
Interest	2,798,028	-	2,798,028
Differences between Expected and Actual Experience	131,239	-	131,239
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	2,530,184	(2,530,184)
Contributions - State	-	180,163	(180,163)
Contributions - Employee	-	120,956	(120,956)
Net Investment Income	-	2,011,838	(2,011,838)
Benefit Payments, including Refunds of Employee Contributions	(2,136,820)	(2,136,820)	-
Administrative Expense	-	(59,501)	59,501
Net Changes	1,549,248	2,646,820	(1,097,572)
Balances at September 30, 2018	\$ 41,841,542	\$ 25,638,236	\$ 16,203,306

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability	\$ 21,176,990	\$ 16,203,306	\$ 12,060,936

Pension Plan Fiduciary Net Position.

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

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

For the year ended September 30, 2018, the Sponsor will recognize a Pension Expense of \$2,382,550.

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	65,620	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	524,234
Total	\$ 65,620	\$ 524,234

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		\$	100,150
2020		\$	(245,256)
2021		\$	(237,465)
2022		\$	(76,043)
2023		\$	-
Thereafter		\$	-

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

Measurement Date ¹	09/30/2018	09/30/2017	09/30/2016
Total Pension Liability			
Service Cost	756,801	756,425	702,057
Interest	2,798,028	2,719,112	2,661,396
Change in Excess State Money	-	-	(155,521)
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	131,239	(232,436)	(1,795,453)
Changes of assumptions	-	-	1,320,858
Benefit Payments, including Refunds of Employee Contributions	(2,136,820)	(2,095,414)	(2,141,983)
Net Change in Total Pension Liability	1,549,248	1,147,687	591,354
Total Pension Liability - Beginning	40,292,294	39,144,607	38,553,253
Total Pension Liability - Ending (a)	<u>\$ 41,841,542</u>	<u>\$ 40,292,294</u>	<u>\$ 39,144,607</u>
Plan Fiduciary Net Position			
Contributions - Employer	2,530,184	2,350,314	3,047,697
Contributions - State	180,163	193,290	246,276
Contributions - Employee	120,956	118,053	114,049
Net Investment Income	2,011,838	2,241,924	1,321,617
Benefit Payments, including Refunds of Employee Contributions	(2,136,820)	(2,095,414)	(2,141,983)
Administrative Expense	(59,501)	(61,907)	(66,382)
Net Change in Plan Fiduciary Net Position	2,646,820	2,746,260	2,521,274
Plan Fiduciary Net Position - Beginning	22,991,416	20,245,156	17,723,882
Plan Fiduciary Net Position - Ending (b)	<u>\$ 25,638,236</u>	<u>\$ 22,991,416</u>	<u>\$ 20,245,156</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 16,203,306</u>	<u>\$ 17,300,878</u>	<u>\$ 18,899,452</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	61.27%	57.06%	51.72%
Covered Employee Payroll	\$ 1,727,707	\$ 1,686,471	\$ 1,629,271
Net Pension Liability as a percentage of Covered Employee Payroll	937.85%	1025.86%	1159.99%

Notes to Schedule:

¹ Effective for the City's fiscal year ending 09/30/2018, the GASB 68 measurement date of the Pension Expense has been changed from 09/30/2017 to 09/30/2018.

Changes of assumptions:

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

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

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

Measurement Date ¹	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	1,139,410	672,304	623,948
Interest	2,653,780	2,581,984	2,487,336
Change in Excess State Money	-	8,861	-
Changes of benefit terms	(797,774)	-	-
Differences between Expected and Actual Experience	(473,564)	-	-
Changes of assumptions	2,961,891	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,991,123)	(2,003,310)	(1,873,445)
Net Change in Total Pension Liability	3,492,620	1,259,839	1,237,840
Total Pension Liability - Beginning	35,060,633	33,800,794	32,562,954
Total Pension Liability - Ending (a)	<u>\$ 38,553,253</u>	<u>\$ 35,060,633</u>	<u>\$ 33,800,794</u>
Plan Fiduciary Net Position			
Contributions - Employer	756,197	1,674,244	1,451,786
Contributions - State	272,353	304,802	270,222
Contributions - Employee	116,523	269,968	269,835
Net Investment Income	9,360	1,727,970	1,723,100
Benefit Payments, including Refunds of Employee Contributions	(1,991,123)	(2,003,310)	(1,873,445)
Administrative Expense	(67,814)	(42,307)	(42,357)
Net Change in Plan Fiduciary Net Position	(904,504)	1,931,366	1,799,141
Plan Fiduciary Net Position - Beginning	18,628,386	16,697,020	14,897,879
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,723,882</u>	<u>\$ 18,628,386</u>	<u>\$ 16,697,020</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 20,829,371</u>	<u>\$ 16,432,247</u>	<u>\$ 17,103,774</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	45.97%	53.13%	49.40%
Covered Employee Payroll	\$ 1,710,697	\$ 2,768,905	\$ 2,767,537
Net Pension Liability as a percentage of Covered Employee Payroll	1217.60%	593.46%	618.01%

Notes to Schedule:

¹ Effective for the City's fiscal year ending 09/30/2018, the GASB 68 measurement date of the Pension Expense has been changed from 09/30/2017 to 09/30/2018.

Changes of benefit terms:

For year ending 09/30/2015, amounts reported as changes of benefit terms were resulted from Ordinance 2014-22, adopted and effective August 26, 2014, amended certain Plan provisions for current Firefighters, in addition to the closure of the Plan to Firefighters hired after September 30, 2014. Details of the impact of these changes are set forth in our August 18, 2014 Actuarial Impact Statement.

Furthermore as outlined in our December 7, 2015 Actuarial Impact Statement below changes were included as well:

- 100% vesting for benefits accrued prior to October 1, 2014.
- A Salary definition using Base Pay, effective October 1, 2014 for Members not eligible for Normal Retirement as of that date. This definition is applicable only for service after October 1, 2014. Notwithstanding the foregoing, effective October 1, 2014, sick or vacation time which is accrued, but for which a member has not been paid prior to October 1, 2014, shall not be considered in determining the value of any future retirement benefit, including the calculation of any frozen benefit.

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Changes of assumptions:

For year ending 09/30/2015, amounts reported as changes of assumptions were resulted from a reduction in the investment return assumption from 7.75% to 7.00%. Plus a change in funding method from percent of payroll to dollar funding. The load assumption for the projected salary at retirement to account for lump sum accrued sick and vacation leave payouts was modified from a fixed 0% per individual to an amount equal to their individual accrual, as provided by the City. It is important to point out that the load assumption will be subject to further modification based on future experience. Subsequent changes will be reflected in future actuarial valuations.

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 ¹	Contributions as a percentage of Covered Employee Payroll
09/30/2018	\$ 2,619,397	\$ 2,710,347	\$ (90,950)	\$ 1,727,707	156.88%
09/30/2017	\$ 2,596,590	\$ 2,543,604	\$ 52,986	\$ 1,686,471	150.82%
09/30/2016	\$ 3,022,244	\$ 3,293,973	\$ (271,729)	\$ 1,629,271	202.17%
09/30/2015	\$ 1,184,071	\$ 1,184,071	\$ -	\$ 1,710,697	69.22%
09/30/2014	\$ 1,960,108	\$ 1,960,108	\$ -	\$ 2,768,905	70.79%
09/30/2013	\$ 1,692,902	\$ 1,692,902	\$ -	\$ 2,767,537	61.17%

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:

Mortality:

Healthy Lives:

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

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

Disabled Lives:

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

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

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

Interest Rate:

7.00% per year compounded annually, net of investment-related expenses. This was required by the reviewing actuary at the Division of Retirement in conjunction with the plan closure. Additionally, this is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Retirement Age:

Earlier of age 55 and 10 years of service or 25 years of service, regardless of age.

Also, any Member who reaches Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based upon the plan provisions.

Early Retirement:

Commencing with eligibility for Early Retirement Age (Earlier of age 50 with 10 years of service or 20 years of service, regardless of age), Members are assumed to retire with an immediate subsidized benefit at the rate of 15% per year. There is no Early Retirement assumption for Members with less than 10 years of Credited Service as of October 1, 2014. This assumption was approved by the Board in conjunction with an actuarial experience study dated May 3, 2010.

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Disability Rates:	D1205. See sample rates below. It is assumed that 75% of disablements and active deaths that occur are service related. This assumption was developed from those used by other plans containing Florida municipal firefighters.										
Termination Rates:	W1304. See sample rates below. This assumption was developed from those used by other plans containing Florida municipal firefighters.										
Payroll Growth:	None.										
Cost-of-Living Adjustment:	3% per year from retirement to age 65. Benefits based on Credited Service after September 30, 2014 are not subject to the COLA.										
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.										
Funding Method:	Entry Age Normal Actuarial Cost Method. The following loads are applied for determination of the Sponsor dollar funding requirement:										
Salary Increases:	<table> <thead> <tr> <th>Years of Service</th> <th>% Increase in Salary</th> </tr> </thead> <tbody> <tr> <td>Less than 10</td> <td>10.00%</td> </tr> <tr> <td>10-15</td> <td>6.50%</td> </tr> <tr> <td>15-20</td> <td>5.50%</td> </tr> <tr> <td>20 and greater</td> <td>5.00%</td> </tr> </tbody> </table> <p>The assumed rates of salary increases were approved by the Board in conjunction with an actuarial experience study dated May 3, 2010. Additionally, projected salary at retirement is increased based on individual accruals in order to account for lump sum accrued sick and vacation leave payouts.</p>	Years of Service	% Increase in Salary	Less than 10	10.00%	10-15	6.50%	15-20	5.50%	20 and greater	5.00%
Years of Service	% Increase in Salary										
Less than 10	10.00%										
10-15	6.50%										
15-20	5.50%										
20 and greater	5.00%										

Turnover and Disability Rates:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	12.40%	0.14%
30	11.10%	0.18%
40	6.80%	0.30%
50	2.20%	1.00%

EXPENSE DEVELOPMENT AND AMORTIZATION SCHEDULES

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

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2018

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 17,300,878	\$ 988,884	\$ 1,300,045	\$ -
Total Pension Liability Factors:				
Service Cost	756,801	-	-	756,801
Interest	2,798,028	-	-	2,798,028
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	131,239	-	131,239	-
Current year amortization of experience difference	-	(234,609)	(65,619)	(168,990)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(740,473)	740,473
Benefit Payments, including Refunds of Employee Contributions	(2,136,820)	-	-	-
Net change	<u>1,549,248</u>	<u>(234,609)</u>	<u>(674,853)</u>	<u>4,126,312</u>
Plan Fiduciary Net Position:				
Contributions - Employer	2,530,184	-	-	-
Contributions - State	180,163	-	-	-
Contributions - Employee	120,956	-	-	(120,956)
Projected Net Investment Income	1,631,623	-	-	(1,631,623)
Difference between projected and actual earnings on Pension Plan investments	380,215	380,215	-	-
Current year amortization	-	(330,470)	(279,786)	(50,684)
Benefit Payments, including Refunds of Employee Contributions	(2,136,820)	-	-	-
Administrative Expenses	(59,501)	-	-	59,501
Net change	<u>2,646,820</u>	<u>49,745</u>	<u>(279,786)</u>	<u>(1,743,762)</u>
Ending Balance	<u><u>\$ 16,203,306</u></u>	<u><u>\$ 804,020</u></u>	<u><u>\$ 345,406</u></u>	<u><u>\$ 2,382,550</u></u>

AMORTIZATION SCHEDULE - INVESTMENTS

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

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2014	\$ (426,069)	5	\$ (85,214)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 1,398,928	5	\$ 279,786	\$ 279,786	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (38,957)	5	\$ (7,791)	\$ (7,791)	\$ (7,791)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (807,111)	5	\$ (161,422)	\$ (161,422)	\$ (161,422)	\$ (161,422)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (380,215)	5	\$ (76,043)	\$ (76,043)	\$ (76,043)	\$ (76,043)	\$ (76,043)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (50,684)	\$ 34,530	\$ (245,256)	\$ (237,465)	\$ (76,043)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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
2015	\$ 2,961,891	4	\$ 740,473	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 740,473	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2015	\$ (473,564)	4	\$ (118,391)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (232,436)	2	\$ (116,218)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 131,239	2	\$ 65,619	\$ 65,620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (168,990)	\$ 65,620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -