# City of Palm Coast

Fire Station #25
1250 Belle Terre Parkway
Palm Coast, FL 32164

## Meeting Minutes

## Volunteer Firefighters' Pension Board

**Friday, February 16, 2018** **8:30 AM** **Fire Station 25**

**Staff: Helena Alves, Finance Director**
**Virginia A. Smith, City Clerk**

>Public comment will be allowed consistent with Senate Bill 50, codified at the laws of Florida, 2013 – 227, creating Section 286.0114, Fla. Stat. (with an effective date of October 1, 2013). The public will be given a reasonable opportunity to be heard on a proposition before the City's Volunteer Fire Fighters Pension Board, subject to the exceptions provided in §286.0114(3), Fla. Stat.

>Public comment on issues on the agenda or public participation shall be limited to 3 minutes.

>If any person decides to appeal a decision made by the Volunteer Fire Fighters Pension Board with respect to any matter considered at such meeting or hearing, he/she will need a record of the proceedings, including all testimony and evidence upon which the appeal is to be based. To that end, such person will want to ensure that a verbatim record of the proceedings is made.

>The City of Palm Coast is not responsible for any mechanical failure of recording equipment.

>Other matters of concern may be discussed as determined by the Volunteer Fire Fighters Pension Board.

>If you wish to obtain more information regarding agenda, please contact the City Clerk @ 386-986-3713.

>In accordance with the Americans with Disabilities Act, persons needing assistance to participate in any of these proceedings should contact the City Clerk at 386-986-3713 at least 48 hours prior to the meeting.

>All pagers and cell phones are to remain OFF while City Council is in session.

## A. CALL TO ORDER

*Chair Esposito called the meeting to order at 8:41 a.m.*

## B. PLEDGE OF ALLEGIANCE

## C. ROLL CALL

**Present:** 3 - Chair Esposito, Vice Chair Wilsey, and Board Member Stevens

**Excused:** 2 - Board Member Brazzano, and Board Member Schroeder

## D. MINUTES

**1** 17-430 MEETING MINUTES OF THE NOVEMBER 8, 2017 VOLUNTEER FIREFIGHTERS' PENSION BOARD MEETING

**A motion was made by Vice Chair Wilsey, and seconded by Board Member Stevens, that the minutes be approved as presented. The motion was adopted by the following vote:**

## E. FINANCIAL STATUS OF PLAN ACCOUNTS

*Ms. Ginger Norberg, Finance Department of the City of Palm Coast, provided a financial statement, which is attached to these minutes.*

*A motion to approve the invoices listed for payment was made by Vice Chair Wilsey, and seconded by Board Member Stevens; motion carried unanimously.*

## F. LEGAL REVIEW

*Attorney Pedro Herrera, provided an overview of current process*

*Chair Esposito – Pedro, did I understand you say that you do not have the ordinances? Ans: Attorney Pedro Herrera – No, we do. We have the ordinances. We have everything. Everything from Scott's office. I've reviewed your ordinance and David and I still want to go ahead and look at it a little bit further just to make sure that the tax compliance language for qualified trusts, such as yourselves, is included and everything is up to date. We do have your ordinances Mr. Chairman. Everything looks to be in order. For the time being everything seems to be okay. We just want to make sure and go over it a little bit more thoroughly and provide you guys with a more detailed analysis if any changes need to be made.*

*Chair Esposito – We are operating out of a shared plan and a defined benefit plan. At the time we developed the share plan, there was no guidance or any similar kind of a plan built strictly for volunteer corporations. You and I went through this, the Ice Miller evaluation and ordinance revisions. We have revised ordinances that went to the IRS and the IRS approved it and the ordinance was accepted by the City. So we've been operating as we think appropriately all this while.*
*Ans: Attorney Pedro Herrera – That's right. You have been since confirmation wise. All of your ordinances are filed with the Division of Retirement and how do you know that you are in compliance? They tell you essentially when they send you the check for your 175 monies every September.*
*Chair Esposito - I know we are in compliance with our ordinance. In 2015 or 2016, the State of Florida required every share plan, excuse me, every pension plan to have a share plan component. I am not aware of what those requirements are when you put them next to the plan that we developed initially when there was no guidance. What I am asking is, is there a formula or format for the new requirements?*
*Ans: Attorney Pedro Herrera - Sure, that's a good question. Obviously David can chime in, he knows this stuff really well too. But I'll take a first crack at it. Essentially the, as the Chair pointed out, back in 2015 July there was a change to 175 and 185 and it essentially mandated what they call a DC component. A defined contribution component as part of the defined benefit plan. It's part of your chapter175 part. This is all portion of the statute which deals with the-what I referenced a little bit ago, the chapter 175 premium tax money and how those monies are allocated. Just taking a step, do you guys recall when Scott went over everything with you, the prior version of the law, the pre-amended version, essentially really only said that 175 money should be used exclusively for "additional benefit". That language led to a lot of maybe controversy is a strong word, but a lot of varying interpretations of what that meant and*

*how those monies were to be used. We kind of went through this is the frozen amount, and anything over and above the frozen amount would be used only for firefighters in terms of additional benefits. Then a little bit later we had a change in kind of interpretation from the State, from the Division of Retirement, and it was coined the Naples letter. I don't know if you guys recall that.*
*Chair Esposito – That Naples letter was many years back, wasn't it?*
*Ans: Attorney Pedro Herrera - Yes, that was back in 2011, I believe it was. And then fast forward again. The reason why I bring it up was because the Naples letter, the guidance from the division was basically almost 180 degrees different than its prior interpretation of what that language that I quoted meant. And then fast forward a little bit more, a couple of years later, where we actually had the legislative amendment to the statute in 2015 which requires or sets forth certain mechanisms for how those 175 monies are to be used. There is essentially two that you can follow for how to allocate those monies. One of them, we are going to call it the default option and one is the mutual consent option. And obviously mutual consent essentially means if there is a union involved, which I understand there is not here. If there is a union is involved they can collectively bargain with the employer for how to use those monies and they can come to an agreement and those monies can be used however the two parties agree. Again provided it's for some benefit for the firefighters and some reduction in the required contribution for the employer. It can't be used to build any fire stations or something like that. It has to be a pension benefit. And then if there is no union which I understand is the case here, respectively the mutual consent can be reached through an agreement between the majority of the plan members and the employer, the City. That's one way to allocate those monies. After that, if there is no mutual consent, the parties can't agree on how to allocate these monies, then there's that default option that I mentioned earlier. And essentially what that means is the monies will get divided 50/50 based on the amount that is received currently and the amount that was received as of 2012. So what that means, by way of example if the plan received $100k in 2017 and the plan received $50k in 2012, the $50k balance would get divided 50/50. $25k would go towards the defined contribution component, the share plan for the plan members and $25k would go to the City to act essentially as a credit against its required contributions and your required contributions. So despite the State providing that guidance by virtue of the legislative amendment it does not specify kind of the who, what, where, when, how. And it really does leave that up to the local entity, the pension plan. The members and the town, the City rather to devise how to split those monies up. The State only requires that we have a share plan. That we have this DC component. But within that, there really is no guidance from the State and they really do leave that up to the administrative body and the local municipality to really figure out the who, what, when, where. So varying cities have different versions of these share plans and how the money is allocated.*
*Chair Esposito – Pedro, just to clear something up for me. The difference between defined contribution and defined benefit. I don't believe that we have a defined contribution part of this. We are strictly defined benefit and the fall over to that is share. Does the share plan constitute defined contribution?*
*Ans: Attorney Pedro Herrera - Yes, it's a little bit of a misnomer but the defined contribution component that I mentioned that's required now by the statute, the Division of Retirement has stated and provided its opinion that share plan, that word existence before, which there were many such plans across the state, those qualified as a, those counted, those were grandfathered in as the defined contribution component. And the reason being, a defined contribution plan as you guys know, is essentially you are putting in a certain amount periodically but you are not guaranteeing a benefit, you are just guaranteeing what the contribution is. So in this case for the share plan, it's whatever the 175 money allocation is. The defined benefit is the other*

*way, the contributions may vary but you're getting a defined benefit at the end of your career. You know exactly what your pension is going to be at the end of your career. Although the contributions may vary throughout the course, at the end you have a set benefit. So to answer your question that was a little bit of a long way to answer but yes, the share plan that you guys have qualifies as the defined contribution component that is required by state statute.*
*Chair Esposito: Did you say something about taxes? At the end of your sentence, you said something about taxes. I missed what you said.*
*Ans: Attorney Pedro Herrera – No I'm sorry. I don't think I did but if I did, I apologize. The share plan does qualify as the defined contribution component that is required by state.*

*Chair Esposito – As a consequence of the share plan being considered contribution form, is that clear at first view or is that something that we should put in a new ordinance that certifies or stipulates that we consider share and the contribution…*
*Ans: Attorney David Robinson – That your share plan satisfies the defined contribution. I don't think that's necessary because it is in the statute.*

*Chair Esposito – It's up to you. Do you want to have a vote on that?*
*Ans: Vice Chair Wilsey – I don't think it is necessary that we amend that ordinance, that's too much.*

*Attorney Pedro Herrera – Is it a council or commission, I apologize.*
*Ans: Chairman Esposito – Council*

*Chair Esposito: Anything else you want to add to this, Pedro?*
*Ans: Attorney Pedro Herrera – No, unless there is more questions from the Board. I think our direction is clear. We're going to review the ordinance again both for potential tax compliance language as well as for compliance for the state statute. If anything we see that may need to be revised, we're going to bring that back to the Board for discussion and its consideration and then again just the same process that guys have followed. If the Board believes that it should make these changes then we would submit that to the City Attorney's Office for its review and then it would be passed along to the City. So from our perspective, our marching orders are to clear and we are happy to do it. So hopefully what we'll do is, we'll get you guys something. If there is any suggestions or recommendations, we'll get you that well in advance of your next meeting so that way everybody has an opportunity to go through it and maybe ask any questions or comments that you guys might have. And then we can have a nice little discussion at the next Board meeting.*
*Chair Esposito: Does the Board have any further questions?*
*No further questions from the Board.*

*Attorney David Robinson, provided an overview of legislative updates.*
*Chairman Esposito: I'm sorry what was that?*
*Ans: Attorney David Robinson – A cancer presumption bill*

*Chairman Esposito: What does that do for us?*
*Ans: Attorney David Robinson – It changes the benefits that would be payable.*
*Chairman Esposito: What benefits?*
*Ans: Attorney David Robinson – The benefits under your plan.*
*Ans: Attorney Pedro Herrera – It doesn't change the amount of the benefit. Whatever the…*
*Chairman Esposito: What benefit are we talking about?*

*Ans: Attorney Pedro Herrera – What it does is, it changes the presumption. So similar to...I know you are familiar with the heart and lung bill. Where if you have certain types of heart disease and you are disabled from that heart disease. You are presumed to have incurred that disease in the line of duty. It's what's called a rebuttable presumption so essentially the burden of proof would shift from the member whose applying for the benefit it would shift to the Board, essentially, to somehow prove that he did not incur it in the line of duty. So we would have to show by a greater weight of the evidence that... I'm throwing a lot of legal terms at you. We would just have to show that the for example: he had that heart disease or she had that heart disease prior to coming to work. That would be a fact that would rebut the presumption that would change the presumption from that he got it or she got it in the line of duty.*

*Chairman Esposito: In the normal course of events, with you as our attorney, and somebody is deemed to have acquired cancer as a result of his duties, what benefit comes from where? As a volunteer organization, what benefits do we have that would come to fruition as a consequence of that determination?*
*Ans: Attorney Pedro Herrera – So you do have a statutory disability benefit that would be payable to that member.*
*Chair Esposito: From whom?*
*Ans: Attorney Pedro Herrera – From the pension fund.*
*Vice Chair Wilsey: If I'm understanding this right. So you're saying that if this, excuse me, when this passes if someone is not vested and they get cancer then does that make them automatically vested? Because we're defined benefit with no salaries. Understand that. Because once someone has 5 years, they get it-it doesn't matter what happens to them. They are going to get the payout of their defined benefit.*
*Ans: Attorney David Robinson – You still have to meet the requirements for disability or for death or for whatever it is. There difference is whether it occurred. There are different benefits for death or disability that occurs in the line of duty or not in the line of duty. And that's when the presumption changes.*
*Ans: Attorney Pedro Herrera – To answer the question that was just posed, there is no vesting requirement for a line of duty or a service connected disability. You are eligible for that one day one.*
*Chairman Esposito: What benefit? We're workers compensation. We're unsalaried.*
*Ans: Attorney Pedro Herrera - Let me look at your ordinance and see how it is that you guys have defined it. I'll answer that question more thoroughly once we get a chance to review your ordinance and make sure that everything that I am telling you is correct.*
*Chairman Esposito – Anything else David?*
*Ans: Attorney David Robinson – As he mentioned we will be reviewing the plan to make sure that all of the IRS compliance language is in there.*

## G. NEW BUSINESS

**2** 17-439 SHARE PLAN, COMPLIANCE WITH STATE

*Attorney David Robinson - Pedro do you want, I don't know if you heard earlier that Doug couldn't make the meeting. You did receive a copy of the actuarial evaluation?*
*Ans: Chairman Esposito – Yes, we did.*
*Attorney David Robinson: Pedro do you want to have them accept the actuarial report and then just have Doug present it at the next meeting?*
*Attorney Pedro Herrera – So is Doug able to call in or he's not able to call in or anything?*
*Ans: Chair Esposito – No, I don't think.*
*Attorney Pedro Herrera: We are the new guys here. So let me just make sure that we*

*are not changing things up or changing how you guys have done it in the past…*
*Chairman Esposito: To the Board, without Doug coming here and going through that valuation do you want to accept it then?*
*Ans: Vice Chair Wilsey – Well I noticed on the email that Robert Schroeder had some changes to the valuation so I want to make sure that those are made.*

*Attorney Pedro Herrera: Have you guys in the past accepted the valuation report without Doug presenting it?*
*Ans: Chairman Esposito – No. He always comes and verbally goes through the report with us.*
*Vice Chair Wilsey: Is there a deadline for this to be…*
*Ans: Chairman Esposito – I don't think so but we'll check them.*

**A motion to table the voting on the valuation by Vice Chair Wilsey, and seconded by Board Member Stevens; motion carried unanimously.**

**3** 17-440 LOSAP BENEFIT BALANCE TO ROBERT WIENERS' ESTATE - LUMP SUM

**A motion to approve a lump sum payment for the Weiner's estate -pending legal review, by Board Member Stevens, and seconded by Vice Chair Wilsey; motion carried unanimously.**

## H. OLD BUSINESS

**4** 17-441 PENSION BENEFIT CORRECTIONS FOR A. FORTE AND V. DEVITA

*Chairman Esposito wanted to ensure Board was aware and confirm with Doug that changes are included.*

**The Agenda Item was Received and Filed.**

## I. PUBLIC COMMENTS

*Chair Esposito called for Public Comments.*
*There were none.*

## J. DISCUSSION BY BOARD OF ITEMS NOT ON THE AGENDA

*Chairman Esposito updated the Board on payout under the share plan for people who are vested but terminated.*

*Vice Chair Wilsey: You said immediate like the next year, correct? Like in January or is it something that happens directly afterwards?*
*Ans: Chairman Esposito – No, as soon as it happens within a month or two, they can just zero it out.*
*Board Member Rick Stevens: Is that broken in installments?*
*Ans: Chairman Esposito – Depending upon the three year, excuse me the $3000 maximum. And the same thing would apply to the Weiner's account.*

*Vice Chair Wilsey: Does that automatically make the member vested if they become disabled before their vesting time?*
*Ans: Attorney Pedro Herrera – Yes.*

## ADJOURNMENT

*This meeting was adjourned at 9:41 AM.*

*Respectfully submitted,*
*Kay Spears, Recording Secretary*

17-442 ATTACHMENTS TO MINUTES

CITY OF PALM COAST
VOLUNTEER FIREFIGHTERS'RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2017

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

January 22, 2018

Board of Trustees
City of Palm Coast
Firefighters' Pension Board
124 Bullard Parkway
Palm Coast, FL 33617

Re: City of Palm Coast Volunteer Firefighters’ Retirement Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Palm Coast Volunteer Firefighters’ 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 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.

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

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

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

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Palm Coast, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Palm Coast Volunteer Firefighters' 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 me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: Doug Lozen

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

DHL/lke
Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Palm Coast Volunteer Firefighters' Retirement Trust Fund, performed as of October 1, 2017, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2019.

The contribution requirements, compared with those set forth in October 1, 2016 Actuarial Valuation Report, are as follows:

| Valuation Date | 10/1/2017 | 10/1/2016 |
|---|---|---|
| Applicable Plan/Fiscal Yr. End | 9/30/2019 | 9/30/2018 |
| Total Required Contribution [1] | $149,747 | $146,847 |
| Member Contributions (Est.) | 0 | 0 |
| City and State Required Contribution | 149,747 | 146,847 |
| State Contribution [2] | 200,000 | 200,000 |
| Balance from City [3] | 0 | 0 |

[1] The City must contribute an amount equal to the applicable Normal Cost (adjusted for interest), less the applicable State Contribution. The Total Required Contribution for the fiscal years ending September 30, 2018 and September 30, 2019 reflects this statutory funding requirement (Chapter 112.66(13)).

[2] Mutual Consent reached per Chapter 2015-39, Laws of Florida. Annual State Monies in excess of $200,000 are allocated to the Share Plan.

[3] There City has access to a $301,147.26 reserve in the event its contribution requirement is ever greater than $0.

Experience since the prior valuation was more favorable than expected relative to the Plan's actuarial assumptions. The primary sources of actuarial gain included a 7.22% investment return (Actuarial Asset basis), exceeding the 7.00% assumption, and favorable turnover experience. These gains were partially offset by no inactive mortality.

Additionally, this valuation reflects a statutory change in the mortality 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:______________________________
Douglas H. Lozen, EA, MAAA

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

## CHANGES SINCE PRIOR VALUATION

Plan Changes

Ordinance 2017-9, adopted and effective July 17, 2017, amended the Plan for changes to the definition of Spouse, in addition to certain no-cost items pertaining to eligibility for Disability benefits, and actuarial calculations associated with changes to a join pensioner.

Ordinance 2017-21, adopted November 21, 2017, and effective retroactively to September 30, 2017, increased the level of Chapter 175 Premium Tax Revenue utilized for the Share Plan and City funding offset to $200,000.

Letters of No Actuarial Impact were submitted for the above Ordinances.

Actuarial Assumption/Method Changes

Pursuant to the provisions of Chapter 2015-157, Laws of Florida, the mortality assumption reflects a change from the rates utilized by the Florida Retirement System in the July 1, 2015 valuation to those utilized in the July 1, 2016 valuation for special risk participants.

## COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

| | 10/1/2017 | 10/1/2016 |
|---|---|---|
| **A. Participant Data** | | |
| Actives | 39 | 37 |
| Service Retirees | 22 | 21 |
| Beneficiaries | 1 | 1 |
| Disability Retirees | 0 | 0 |
| Terminated Vested | 3 | 2 |
| Total | 65 | 61 |
| Total Annual Payroll | $0 | $0 |
| Payroll Under Assumed Ret. Age | 0 | 0 |
| Annual Rate of Payments to: | | |
| Service Retirees | 119,190 | 115,060 |
| Beneficiaries | 3,600 | 3,600 |
| Disability Retirees | 0 | 0 |
| Terminated Vested | 11,700 | 7,800 |
| **B. Assets** | | |
| Actuarial Value (AVA) [1] | 3,905,224 | 3,599,205 |
| Market Value (MVA) [1] | 4,040,315 | 3,537,093 |
| **C. Liabilities** | | |
| Present Value of Benefits | | |
| Actives | | |
| Retirement Benefits | 1,166,426 | 1,061,721 |
| Disability Benefits | 23,459 | 21,116 |
| Death Benefits | 11,729 | 17,270 |
| Vested Benefits | 180,954 | 171,059 |
| Refund of Contributions | 0 | 0 |
| Service Retirees | 963,740 | 943,547 |
| Beneficiaries | 6,753 | 9,802 |
| Disability Retirees | 0 | 0 |
| Terminated Vested | 13,079 | 13,210 |
| Share Plan Balances [1] | 823,203 | 761,497 |
| City Reserve [1] | 301,147 | 301,147 |
| Total | 3,490,490 | 3,300,369 |

| C. Liabilities - (Continued) | 10/1/2017 | 10/1/2016 |
|---|---|---|
| Present Value of Future Salaries | 0 | 0 |
| Present Value of Future Member Contributions | 0 | 0 |
| Normal Cost (Retirement) | 110,915 | 110,107 |
| Normal Cost (Disability) | 2,899 | 2,719 |
| Normal Cost (Death) | 1,337 | 1,843 |
| Normal Cost (Vesting) | 20,367 | 18,224 |
| Normal Cost (Refunds) | 0 | 0 |
| Total Normal Cost | 135,518 | 132,893 |
| Present Value of Future Normal Costs | 640,709 | 583,976 |
| Accrued Liability (Retirement) | 649,741 | 590,205 |
| Accrued Liability (Disability) | 10,586 | 9,484 |
| Accrued Liability (Death) | 6,161 | 8,315 |
| Accrued Liability (Vesting) | 75,371 | 79,186 |
| Accrued Liability (Refunds) | 0 | 0 |
| Accrued Liability (Inactives) | 983,572 | 966,559 |
| Share Plan Balances [1] | 823,203 | 761,497 |
| City Reserve [1] | 301,147 | 301,147 |
| Total Actuarial Accrued Liability (EAN AL) | 2,849,781 | 2,716,393 |
| Unfunded Actuarial Accrued Liability (UAAL) | (1,055,443) | (882,812) |
| Funded Ratio (AVA / EAN AL) | 137.0% | 132.5% |

D. Actuarial Present Value of

| Accrued Benefits | 10/1/2017 | 10/1/2016 |
|---|---|---|
| Vested Accrued Benefits | | |
| Inactives + Share Plan Balances [1] | 1,806,775 | 1,728,056 |
| Actives | 483,158 | 332,943 |
| Member Contributions | 0 | 0 |
| Total | 2,289,933 | 2,060,999 |
| Non-vested Accrued Benefits | 113,738 | 208,904 |
| Total Present Value | | |
| Accrued Benefits (PVAB) | 2,403,671 | 2,269,903 |
| Funded Ratio (MVA / PVAB) | 168.1% | 155.8% |
| Increase (Decrease) in Present Value of | | |
| Accrued Benefits Attributable to: | | |
| Plan Amendments | 0 | |
| Assumption Changes | 0 | |
| New Accrued Benefits | 143,160 | |
| Benefits Paid | (162,594) | |
| Interest | 153,202 | |
| Other | 0 | |
| Total | 133,768 | |

| | 10/1/2017 | 10/1/2016 |
|---|---|---|
| Valuation Date | 10/1/2017 | 10/1/2016 |
| Applicable to Fiscal Year Ending | 9/30/2019 | 9/30/2018 |
| E. Pension Cost | | |
| Normal Cost [2] | $149,747 | $146,847 |
| Administrative Expenses [2] | 28,059 | 32,147 |
| Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2017) [2] | (92,813) | (76,865) |
| Total Required Contribution | 84,993 | 102,129 |
| Expected Member Contributions [2] | 0 | 0 |
| Expected City and State Contribution | 84,993 | 102,129 |
| F. Past Contributions | | |
| Plan Years Ending: | 9/30/2017 | |
| City and State Requirement | 109,250 | |
| Actual Contributions Made: | | |
| Members (excluding buyback) | 0 | |
| City | 0 | |
| State | 200,000 [3] | |
| Total | 200,000 | |
| G. Net Actuarial (Gain)/Loss | (81,069) | |

[1] The asset values and liabilities include accumulated Share Plan Balances and City Reserve as of 9/30/2017 and 9/30/2016.

[2] The funding rate as of October 1, 2017 includes a 1.5 year interest load.

[3] Reflects Mutual Consent

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

| Year | Projected Unfunded Actuarial Accrued Liability |
|---|---|
| 2017 | (1,055,443) [1] |

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

| | | Actual | Assumed |
|---|---|---|---|
| Year Ended | 9/30/2017 | N/A | N/A |
| Year Ended | 9/30/2016 | N/A | N/A |
| Year Ended | 9/30/2015 | N/A | N/A |

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

| | | Actual | Assumed |
|---|---|---|---|
| Year Ended | 9/30/2017 | 7.22% | 7.00% |
| Year Ended | 9/30/2016 | 6.75% | 7.65% |
| Year Ended | 9/30/2015 | 8.60% | 7.65% |

(iii) Average Annual Payroll Growth

| | | |
|---|---|---|
| (a) Payroll as of: | 10/1/2017 | $0 |
| | 10/1/2017 | 0 |
| (b) Total Increase | | 0.00% |
| (c) Number of Years | | 0.00 |
| (d) Average Annual Rate | | 0.00% |

[1] Since the City may not offset its funding obligation with a negative amortization payment, no projection of the UAAL is provided with this valuation.

## 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.

Doug Lozen

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 copies of the report to the following offices to comply with Chapter 112 Florida Statutes:

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

| | | |
|---|---|---|
| (1) | Unfunded Actuarial Accrued Liability as of October 1, 2016 | ($882,812) |
| (2) | Sponsor Normal Cost developed as of October 1, 2016 | 132,893 |
| (3) | Expected administrative expenses for the year ended September 30, 2017 | 29,092 |
| (4) | Expected interest on (1), (2) and (3) | (51,476) |
| (5) | Sponsor contributions to the System during the year ended September 30, 2017 | 200,000 |
| (6) | Expected interest on (5) | 2,071 |
| (7) | Expected Unfunded Actuarial Accrued Liability as of September 30, 2017 (1)+(2)+(3)+(4)-(5)-(6) | (974,374) |
| (8) | Change to UAAL due to Assumption Change | 0 |
| (9) | Change to UAAL due to Actuarial (Gain)/Loss | (81,069) |
| (10) | Unfunded Actuarial Accrued Liability as of October 1, 2017 | (1,055,443) |

| Type of Base | Date Established | Years Remaining | 10/1/2017 Amount | Amortization Amount |
|---|---|---|---|---|
| method change | 10/1/2005 | 18 | 743,541 | 69,082 |
| actuarial gain | 10/1/2006 | 19 | (289,946) | (26,218) |
| actuarial gain | 10/1/2007 | 20 | (598,027) | (52,757) |
| benefit change | 10/1/2007 | 20 | 3,305 | 292 |
| actuarial gain | 10/1/2008 | 21 | (191,716) | (16,536) |
| method change | 10/1/2008 | 21 | (126,851) | (10,941) |
| actuarial loss | 10/1/2009 | 22 | 96,542 | 8,157 |
| actuarial loss | 10/1/2010 | 23 | 12,284 | 1,018 |
| assumption | 10/1/2010 | 23 | 15,815 | 1,311 |
| benefit change | 10/1/2010 | 23 | (205,403) | (17,030) |
| actuarial gain | 10/1/2011 | 24 | (21,512) | (1,753) |
| actuarial gain | 10/1/2012 | 25 | (115,645) | (9,274) |
| assumption | 10/1/2012 | 25 | 41,122 | 3,298 |
| actuarial gain | 10/1/2013 | 26 | (124,166) | (9,813) |
| software change | 10/1/2013 | 26 | 65,696 | 5,192 |
| actuarial gain | 10/1/2014 | 27 | (217,642) | (16,969) |
| actuarial gain | 10/1/2015 | 28 | (278,773) | (21,466) |
| assumptions | 10/1/2016 | 29 | 207,245 | 15,776 |
| actuarial loss | 10/1/2016 | 29 | 9,757 | 743 |

| Type of Base | Date Established | Years Remaining | 10/1/2017 Amount | Amortization Amount |
|---|---|---|---|---|
| actuarial gain | 10/1/2017 | 30 | (81,069) | (6,106) |
| | | | (1,055,443) | (83,994) |

## DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

| | | |
|---|---|---|
| (1) | Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2016 | ($882,812) |
| (2) | Expected UAAL as of October 1, 2017 | (974,374) |
| (3) | Summary of Actuarial (Gain)/Loss, by component: | |
| | Investment Return (Actuarial Asset Basis) | (7,965) |
| | Active Decrements | (73,129) |
| | Inactive Mortality | 19,762 |
| | Other | (19,737) |
| | Increase in UAAL due to (Gain)/Loss | (81,069) |
| | Assumption Changes | 0 |
| (4) | Actual UAAL as of October 1, 2017 | ($1,055,443) |

## ACTUARIAL ASSUMPTIONS AND METHODS

| | |
|---|---|
| Mortality Rates | *Healthy Lives:*<br><br>**Female:** RP2000 Generational, 100% Combined Healthy White Collar, Scale BB<br>**Male:** RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB<br><br>*Healthy Inactive Lives:*<br>**Female:** RP2000 Generational, 100% Annuitant White Collar, Scale BB<br>**Male:** RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB<br><br>*Disabled Lives:*<br>**Female:** 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale<br>**Male:** 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale<br><br>The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2016 FRS actuarial valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.<br><br>Previously, the special risk rates from the July 1, 2015 FRS actuarial valuation report were used. |
| Termination Rates | See table on following page (1304B). These rates are conservative compared to long-term plan experience. |
| Disability Rates | See table on following page (1201); 75% of disabled lives are assumed to be service-related. This assumption is consistent with other Florida public safety plans. |

| | |
|---|---|
| Retirement Age | The earlier of attainment of age 55 with 10 years of credited service, age 52 with 25 years of credited service, or age 62 with 5 years of credited service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption is consistent with historical plan experience. |
| Interest Rate | 7.00% per year, compounded annually, net of investment-related expenses. This assumption is reasonable, given the plan's investment policy and long-term target returns by asset class. |
| Early Retirement | Commencing with attainment of Early Retirement Status (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This assumption is reasonable for the existing plan provisions regarding Early Retirement. |
| Payroll Growth | None. |
| Administrative Expenses | $25,393, based on actual expenses incurred during the prior fiscal year. |
| Funding Method | Entry Age Normal Actuarial Cost Method.<br><br>An interest load of 1.5 years (at the current valuation assumption of 7.00%) has been applied for the determination of Sponsor funding requirement. |
| Asset Valuation Method | Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value. |

| Age | % Terminating During the Year | % Becoming Disabled During the Year |
|---|---|---|
| 20 | 14.4% | 0.03% |
| 30 | 12.5 | 0.04 |
| 40 | 7.7 | 0.07 |
| 50 | 3.5 | 0.18 |

## VALUATION NOTES

Total Annual Payroll not applicable.

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

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

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

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

Individual Entry Age Normal Actuarial Cost Method is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

| Received During Fiscal Year | Amount | Increase from Previous Year |
|---|---|---|
| 2003 | 14,328.55 | ____% |
| 2004 | 62,129.98 | 333.6% |
| 2005 | 96,546.34 | 55.4% |
| 2006 | 128,816.42 | 33.4% |
| 2007 | 242,231.00 | 88.0% |
| 2008 | 380,757.00 | 57.2% |
| 2009 | 499,181.00 | 31.1% |
| 2010 | 339,246.90 | -32.0% |
| 2011 | 359,373.51 | 5.9% |
| 2012 | 377,962.48 | 5.2% |
| 2013 | 364,571.49 | -3.5% |
| 2014 | 381,967.45 | 4.8% |
| 2015 | 324,642.30 | -15.0% |
| 2016 | 273,487.45 | -15.8% |
| 2017 | 232,596.92 | -15.0% |

## STATEMENT OF FIDUCIARY NET POSITION
## SEPTEMBER 30, 2017

| ASSETS | MARKET VALUE |
| --- | --- |
| Cash and Cash Equivalents: | |
| Cash | 16,161.26 |
| Total Cash and Equivalents | 16,161.26 |
| Investments: | |
| Mutual Funds: | |
| Fixed Income | 1,567,642.29 |
| Equity | 2,456,511.64 |
| Total Investments | 4,024,153.93 |
| Total Assets | 4,040,315.19 |
| LIABILITIES | |
| Total Liabilities | 0.00 |
| NET POSITION RESTRICTED FOR PENSIONS | 4,040,315.19 |

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

| | | |
|---|---|---|
| <u>ADDITIONS</u> | | |
| Contributions: | | |
| State | 232,596.92 | |
| Total Contributions | | 232,596.92 |
| Investment Income: | | |
| Earnings/(Losses) as disclosed in FMPTF statement | 465,858.04 | |
| Less Investment Expense[1] | (7,246.19) | |
| Net Investment Income | | 458,611.85 |
| Total Additions | | 691,208.77 |
| <u>DEDUCTIONS</u> | | |
| Distributions to Members: | | |
| Benefit Payments | 121,757.19 | |
| Lump Sum Share Distributions | 40,836.77 | |
| Total Distributions | | 162,593.96 |
| Administrative Expense | | 25,392.74 |
| Total Deductions | | 187,986.70 |
| Net Increase in Net Position | | 503,222.07 |
| NET POSITION RESTRICTED FOR PENSIONS | | |
| Beginning of the Year | | 3,537,093.12 |
| End of the Year | | 4,040,315.19 |

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

## ACTUARIAL ASSET VALUATION
## SEPTEMBER 30, 2017

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

Details of the derivation are set forth as follows:

| Plan Year End | Rate of Return[1] |
|---|---|
| 09/30/2014 | 8.26% |
| 09/30/2015 | -0.18% |
| 09/30/2016 | 8.02% |
| 09/30/2017 | 13.21% |

Annualized Rate of Return for prior four (4) years: 7.22%

| | | |
|---|---|---|
| (A) 10/01/2016 Actuarial Assets: | | $3,599,205.25 |
| (I) Net Investment Income: | | |
| 1. Interest and Dividends | 465,858.04 | |
| 2. Realized Gains (Losses) | 0.00 | |
| 3. Change in Actuarial Value | (197,202.86) | |
| 4. Investment Related Expenses | (7,246.19) | |
| Total | | 261,408.99 |
| (B) 10/01/2017 Actuarial Assets: | | $3,905,224.46 |

| | |
|---|---|
| Actuarial Asset Rate of Return = 2I/(A+B-I): | 7.22% |
| 10/01/2017 Limited Actuarial Assets: | $3,905,224.46 |
| 10/01/2017 Market Value of Assets: | $4,040,315.19 |
| Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) | $7,965.37 |

[1]Market Value Basis, net of investment related expenses.

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

| | | |
|---|---|---|
| **REVENUES** | | |
| Contributions: | | |
| State | 232,596.92 | |
| Total Contributions | | 232,596.92 |
| Earnings from Investments: | | |
| Earnings/(Losses) as disclosed in FMPTF statement | 465,858.04 | |
| Change in Actuarial Value | (197,202.86) | |
| Total Earnings and Investment Gains | | 268,655.18 |
| **EXPENDITURES** | | |
| Distributions to Members: | | |
| Benefit Payments | 121,757.19 | |
| Lump Sum Share Distributions | 40,836.77 | |
| Total Distributions | | 162,593.96 |
| Expenses: | | |
| Investment related[1] | 7,246.19 | |
| Administrative | 25,392.74 | |
| Total Expenses | | 32,638.93 |
| Change in Net Assets for the Year | | 306,019.21 |
| Net Assets Beginning of the Year | | 3,599,205.25 |
| Net Assets End of the Year[2] | | 3,905,224.46 |

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.
[2]Net Assets may be limited for actuarial consideration.

SUPPLEMENTAL CHAPTER 175 SHARE PLAN ACTIVITY
October 1, 2016 through September 30, 2017

| | |
|---|---|
| 9/30/2016 Balance | $761,497 |
| Prior Year Adjustment | (27,072) |
| Plus Additions | 32,597 |
| Investment Return Earned (est.) | 97,018 |
| Administrative Fees | 0 |
| Less Distributions | (40,837) |
| 9/30/2017 Balance (est.) | $823,203 |

## STATISTICAL DATA

| | 10/1/2014 | 10/1/2015 | 10/1/2016 | 10/1/2017 |
|---|---|---|---|---|
| Actives | | | | |
| Number | 36 | 31 | 37 | 39 |
| Average Current Age | 41.1 | 43.2 | 43.4 | 41.5 |
| Average Age at Employment | 38.7 | 40.1 | 40.4 | 38.6 |
| Average Past Service | 2.4 | 3.1 | 3.0 | 2.9 |
| Service Retirees | | | | |
| Number | 20 | 21 | 21 | 22 |
| Average Current Age | 74.0 | 74.5 | 75.5 | 75.9 |
| Average Annual Benefit | $5,536 | $5,479 | $5,479 | $5,418 |
| Beneficiaries | | | | |
| Number | 1 | 1 | 1 | 1 |
| Average Current Age | 82.4 | 83.4 | 84.4 | 85.4 |
| Average Annual Benefit | $3,600 | $3,600 | $3,600 | $3,600 |
| Disability Retirees | | | | |
| Number | 0 | 0 | 0 | 0 |
| Average Current Age | N/A | N/A | N/A | N/A |
| Average Annual Benefit | N/A | N/A | N/A | N/A |
| Terminated Vested | | | | |
| Number | 1 | 1 | 2 | 3 |
| Average Current Age | 28.0 | 29.0 | 28.7 | 29.2 |
| Average Annual Benefit | $3,900 | $3,900 | $3,900 | $3,900 |

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 | 4 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 |
| 25 - 29 | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 3 |
| 30 - 34 | 5 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 |
| 35 - 39 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 2 |
| 40 - 44 | 2 | 0 | 1 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 6 |
| 45 - 49 | 2 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 3 |
| 50 - 54 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 2 |
| 55 - 59 | 0 | 0 | 1 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 4 |
| 60 - 64 | 0 | 0 | 0 | 0 | 0 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| 65+ | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 3 |
| Total | 15 | 6 | 3 | 2 | 1 | 8 | 4 | 0 | 0 | 0 | 0 | 39 |

## VALUATION PARTICIPANT RECONCILIATION

1. Active lives

| | |
|---|---|
| a. Number in prior valuation 10/1/2016 | 37 |
| | |
| b. Terminations | |
| i. Vested (partial or full) with deferred benefits | (1) |
| ii. Non-vested or full lump sum distribution received | (12) |
| c. Deaths | |
| i. Beneficiary receiving benefits | 0 |
| ii. No future benefits payable | 0 |
| d. Disabled | 0 |
| e. Retired | (1) |
| f. Continuing participants | 23 |
| g. New entrants | 16 |
| h. Total active life participants in valuation | 39 |

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

| | Service Retirees, Vested Receiving Benefits | Receiving Death Benefits | Receiving Disability Benefits | Vested Deferred | Total |
|---|---|---|---|---|---|
| a. Number prior valuation | 21 | 1 | 0 | 2 | 24 |
| | | | | | |
| Retired | 1 | 0 | 0 | 0 | 1 |
| Vested Deferred | 0 | 0 | 0 | 1 | 1 |
| Death, With Survivor | 0 | 0 | 0 | 0 | 0 |
| Death, No Survivor | 0 | 0 | 0 | 0 | 0 |
| Disabled | 0 | 0 | 0 | 0 | 0 |
| Refund of Contributions | 0 | 0 | 0 | 0 | 0 |
| Rehires | 0 | 0 | 0 | 0 | 0 |
| Expired Annuities | 0 | 0 | 0 | 0 | 0 |
| Data Corrections | 0 | 0 | 0 | 0 | 0 |
| | | | | | |
| b. Number current valuation | 22 | 1 | 0 | 3 | 26 |

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 2017-21)

| | |
|---|---|
| <u>Credited Service</u> | Total years and fractional parts of years of service with the City as Firefighter. Credited Service is based on "Length of Service Award Pension Program – Qualification Criteria." |
| <u>Normal Retirement</u> | |
| Date | Earlier of age 62 with the completion of 5 years of Credited Service, age 55 with the completion of 10 years of Credited Service, or age 52 with the completion of 25 years of Credited Service. |
| Benefit (Monthly) | $65.00 times Credited Service. |
| Form of Benefit | 10 Year Certain and Life thereafter (options available). |
| <u>Early Retirement</u> | |
| Date | Age 50 & 10 years of Credited Service. |
| Benefit Amount | Accrued benefit, reduced 3% per year, from age 55 or age 62. |
| <u>Disability</u> | |
| Eligibility | |
| Service Incurred | Covered from Date of Employment. |
| Non-Service Incurred | Ten 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. |
| Duration | Payable for life (with 120 payments guaranteed) or until recovery (as determined by the Board). |

Death

| | |
|---|---|
| Eligibility | Five years of Credited Service. |
| Benefit | Accrued benefit paid to Beneficiary for ten years, beginning at the Member’s Normal Retirement Date (unreduced) or Early Retirement Date (reduced). |
| Post-Retirement | According to option selected, if any. |

Vesting (Termination)

| | |
|---|---|
| Eligibility | Five years of Credited Service. |
| Benefit | Accrued benefit payable at the Member's election, on his otherwise Early or Normal Retirement Date. |

Contributions

| | |
|---|---|
| Premium Tax | 1.85% tax on premiums for fire insurance policies. |
| City | Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years. |

Supplement Benefit (Share Accounts)

| | |
|---|---|
| Initial Crediting | 80% of the $1,505,738 Excess State Monies Reserve, established as of September 30, 2014, is allocated to eligible participants. |
| Annual Crediting | Annual Premium tax revenues received by the City in excess of the $200,000 applicable frozen amount shall be allocated to participant accounts on a pro-rata basis (based on Credited Service). |
| 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. |
| Maximum Benefit | $3,000 combined for benefits payable under the “Length of Service Award Pension Program” and allocations pursuant to the Supplement Benefit program. |
| Vesting | Five years of Credited Service. |
| Eligibility for Distribution | Eligible for Normal or Early Retirement. |

| | |
|---|---|
| Board of Trustees | a. Two appointees of City Council;<br>b. Two Firefighters elected by the members of the department; and<br>c. Fifth member elected by the other four and appointed by Council (as a ministerial duty). |

# STATEMENT OF FIDUCIARY NET POSITION
## SEPTEMBER 30, 2017

| ASSETS | MARKET VALUE |
|---|---|
| Cash and Cash Equivalents: | |
| Cash | 16,161 |
| Total Cash and Equivalents | 16,161 |
| Total Receivable | 0 |
| Investments: | |
| Mutual Funds: | |
| Fixed Income | 1,567,642 |
| Equity | 2,456,512 |
| Total Investments | 4,024,154 |
| Total Assets | 4,040,315 |
| Total Liabilities | 0 |
| NET POSITION RESTRICTED FOR PENSIONS | 4,040,315 |

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

| | | |
|---|---|---|
| ADDITIONS | | |
| Contributions: | | |
| State | 232,597 | |
| Total Contributions | | 232,597 |
| Investment Income: | | |
| Earnings/(Losses) as disclosed in FMPTF statement | 465,858 | |
| Less Investment Expense[1] | (7,246) | |
| Net Investment Income | | 458,612 |
| Total Additions | | 691,209 |
| DEDUCTIONS | | |
| Distributions to Members: | | |
| Benefit Payments | 121,757 | |
| Lump Sum Share Distributions | 40,837 | |
| Total Distributions | | 162,594 |
| Administrative Expense | | 25,393 |
| Total Deductions | | 187,987 |
| Net Increase in Net Position | | 503,222 |
| NET POSITION RESTRICTED FOR PENSIONS | | |
| Beginning of the Year | | 3,537,093 |
| End of the Year | | 4,040,315 |

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

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

Plan Description

*Plan Administration*
The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:
a. Two appointees of City Council;
b. Two Firefighters elected by the members of the department; and
c. Fifth member elected by the other four and appointed by Council (as a ministerial duty).

*Plan Membership as of October 1, 2016:*

| | |
|---|---|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 22 |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits | 2 |
| Active Plan Members | 37 |
| | 61 |

*Benefits Provided*
The Plan provides retirement, termination, disability and death benefits.
Normal Retirement:
Date: Earlier of age 62 with the completion of 5 years of Credited Service, age 55 with the completion of 10 years of Credited Service, or age 52 with the completion of 25 years of Credited Service.
Benefit: $65.00 times Credited Service.
Early Retirement:
Date: Age 50 & 10 years of Credited Service.
Benefit: Accrued benefit, reduced 3% per year, from age 55 or age 62.
Disability:
Eligibility: Service Incurred: Covered from Date of Employment.
Non-Service Incurred: 10 years of Credited Service.
Benefit: Benefit accrued to date of disability.
Pre-Retirement Death Benefits:
Eligibility: Five years of Credited Service.
Benefit: Accrued benefit paid to beneficiary for ten years, beginning at the Member's Normal Retirement Date (unreduced) or Early Retirement Date (reduced).
Vesting (Termination):
Eligibility: Five years of Credited Service.
Accrued benefit payable at the Member's election, on his otherwise Early or Normal Retirement Date.
Supplement Benefit (Share Accounts):
Initial Crediting: 80% of the $1,505,738 Excess State Monies Reserve, established as of September 30, 2014, is allocated to eligible participants.
Annual Crediting; Annual Premium tax revenues received by the City in excess of the $144,307 applicable frozen amount shall be allocated to participant accounts on a pro-rata basis (based on Credited Service).
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.
Maximum Benefit: $3,000 combined for benefits payable under the "Length of Service Award Pension Program" and allocations pursuant to the Supplement Benefit program.
Vesting: Five years of Credited Service.

*Contributions*
Premium Tax: 1.85% tax on premiums for fire insurance policies.
City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years.

## Investments

*Investment Policy:*

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

| Asset Class | Target Allocation |
|---|---|
| Core Bonds | 12% |
| Core Plus | 18% |
| U.S. Large Cap Equity | 34% |
| U.S. Small Cap Equity | 11% |
| Non - U.S. Equity | 15% |
| Core Real Estate | 10% |
| Total | 100% |

*Concentrations:*

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

*Rate of Return:*

For the year ended September 30, 2017, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 13.21 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, 2017 were as follows:

| | |
|---|---|
| Total Pension Liability | $ 2,883,753 |
| Plan Fiduciary Net Position | $ (4,040,315) |
| Sponsor's Net Pension Liability | $ (1,156,562) |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 140.11% |

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

| | |
|---|---|
| Inflation | 3.00% |
| Salary Increases | N/A |
| Discount Rate | 7.00% |
| Investment Rate of Return | 7.00% |

*Mortality Rate Healthy Lives:*
Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB.
*Mortality Rate Disabled Lives:*
Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.
Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

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

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.
For 2017 the inflation rate assumption of the investment advisor was 2.90%.
These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2017 are summarized in the following table:

| Asset Class | Long Term Expected Real Rate of Return |
|---|---|
| Core Bonds | 1.40% |
| Core Plus | 1.70% |
| U.S. Large Cap Equity | 5.10% |
| U.S. Small Cap Equity | 5.60% |
| Non - U.S. Equity | 5.60% |
| Core Real Estate | 4.50% |

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 | $ (970,474) | $ (1,156,562) | $ (1,309,776) |

# SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

| | 09/30/2017 | 09/30/2016 | 09/30/2015 |
|---|---|---|---|
| Total Pension Liability | | | |
| Service Cost | 132,449 | 97,464 | 104,091 |
| Interest | 170,580 | 169,505 | 94,316 |
| Change in Excess State Money | - | - | - |
| Share Plan Allocation | 32,597 | 129,180 | 180,335 |
| Changes of benefit terms | - | - | - |
| Differences between Expected and Actual Experience | 23,865 | (57,517) | (65,491) |
| Changes of assumptions | - | 185,644 | - |
| Benefit Payments, including Refunds of Employee Contributions | (162,594) | (513,703) | (543,000) |
| Net Change in Total Pension Liability | 196,897 | 10,573 | (229,749) |
| Total Pension Liability - Beginning | 2,686,856 | 2,676,283 | 2,906,032 |
| Total Pension Liability - Ending (a) | $ 2,883,753 | $ 2,686,856 | $ 2,676,283 |
| | | | |
| Plan Fiduciary Net Position | | | |
| Contributions - State | 232,597 | 273,487 | 324,642 |
| Net Investment Income | 458,612 | 262,259 | (6,801) |
| Benefit Payments, including Refunds of Employee Contributions | (162,594) | (513,703) | (543,000) |
| Administrative Expense | (25,393) | (29,092) | (41,443) |
| Net Change in Plan Fiduciary Net Position | 503,222 | (7,049) | (266,602) |
| Plan Fiduciary Net Position - Beginning | 3,537,093 | 3,544,142 | 3,810,744 |
| Plan Fiduciary Net Position - Ending (b) | $ 4,040,315 | $ 3,537,093 | $ 3,544,142 |
| | | | |
| Net Pension Liability - Ending (a) - (b) | $ (1,156,562) | $ (850,237) | $ (867,859) |
| | | | |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 140.11% | 131.64% | 132.43% |
| | | | |
| Covered Employee Payroll | N/A | N/A | N/A |
| Net Pension Liability as a percentage of Covered Employee Payroll | N/A | N/A | N/A |

**Notes to Schedule:**

Ordinance 2015-10, adopted August 4, 2015, and effective March 3, 2015, amended the “Reserve Amount” utilized for the initial Share Plan allocation. A letter of no actuarial impact was submitted for this amendment.

*Changes of assumptions:*

For measurement date 09/30/2016, amounts reported as changes of assumptions resulted from the following changes:

- 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 investment rate of return was lowered from 7.65% to 7.00% per year, compounded annually, net of investment-related-expenses.

# SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

| | 09/30/2014 | 09/30/2013 |
|---|---|---|
| Total Pension Liability | | |
| Service Cost | 113,712 | 105,631 |
| Interest | 103,447 | 95,623 |
| Change in Excess State Money | 237,659 | - |
| Share Plan Allocation | - | - |
| Changes of benefit terms | - | - |
| Differences between Expected and Actual Experience | - | - |
| Changes of assumptions | - | - |
| Benefit Payments, including Refunds of Employee Contributions | (110,810) | (103,288) |
| Net Change in Total Pension Liability | 344,008 | 97,966 |
| Total Pension Liability - Beginning | 2,562,024 | 2,464,058 |
| Total Pension Liability - Ending (a) | $ 2,906,032 | $ 2,562,024 |
| | | |
| Plan Fiduciary Net Position | | |
| Contributions - State | 381,967 | 364,571 |
| Net Investment Income | 270,512 | 324,552 |
| Benefit Payments, including Refunds of Employee Contributions | (110,810) | (103,288) |
| Administrative Expense | (60,987) | (25,630) |
| Net Change in Plan Fiduciary Net Position | 480,682 | 560,205 |
| Plan Fiduciary Net Position - Beginning | 3,330,062 | 2,769,857 |
| Plan Fiduciary Net Position - Ending (b) | $ 3,810,744 | $ 3,330,062 |
| | | |
| Net Pension Liability - Ending (a) - (b) | $ (904,712) | $ (768,038) |
| | | |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 131.13% | 129.98% |
| | | |
| Covered Employee Payroll | N/A | N/A |
| Net Pension Liability as a percentage of Covered Employee Payroll | N/A | N/A |

# SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

| | 09/30/2017 | 09/30/2016 | 09/30/2015 | 09/30/2014 | 09/30/2013 |
|---|---|---|---|---|---|
| Actuarially Determined Contribution | 109,250 | 117,326 | 127,816 | 130,671 | 120,718 |
| Contributions in relation to the Actuarially Determined Contributions | 200,000 | 144,307 | 127,816 | 130,671 | 120,718 |
| Contribution Deficiency (Excess) | $ (90,750) | $ (26,981) | $ - | $ - | $ - |
| Covered Employee Payroll | N/A | N/A | N/A | N/A | N/A |
| Contributions as a percentage of Covered Employee Payroll | N/A | N/A | N/A | N/A | N/A |

Notes to Schedule

Valuation Date: 10/01/2015

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

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Funding Method: | Entry Age Normal Actuarial Cost Method. An interest load of 1.5 years (at the current valuation assumption of 7.65%) has been applied for the determination of Sponsor funding requirement. |
| Amortization Method: | Level dollar. |
| Remaining Amortization Period: | 30 Years (as of 10/01/2015). |
| Mortality: | RP-2000 Table with no projection. Disabled lives set forward 5 years. Based on studies of other public safety plans, we believe this assumption sufficiently accommodates expected future mortality improvements. |
| Termination Rates: | See table on following page (1304B). These rates are conservative compared to long-term plan experience. |
| Disability Rates: | See table on following page (1201); 75% of disabled lives are assumed to be service-related. This assumption is consistent with other Florida public safety plans. |
| Retirement Age: | The earlier of attainment of age 55 with 10 years of credited service, age 52 with 25 years of credited service, or age 62 with 5 years of credited service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.<br>The above assumption is consistent with historical plan experience. |
| Interest Rate: | 7.65% per year, compounded annually, net of investment-related expenses. This assumption is reasonable, given the plan's investment policy and long-term target returns by asset class. |
| Early Retirement: | Commencing with attainment of Early Retirement Status (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.<br>The above assumption is reasonable for the existing plan provisions regarding Early Retirement. |
| Payroll Growth: | None. |
| Asset Valuation Method: | Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value. |

Termination and Disability Rate Table:

| Age | % Terminating During the Year | % Becoming Disabled During the |
|---|---|---|
| 20 | 14.40% | 0.03% |
| 30 | 12.50% | 0.04% |
| 40 | 7.70% | 0.07% |
| 50 | 3.50% | 0.18% |

# SCHEDULE OF INVESTMENT RETURNS

Last 10 Fiscal Years

| | 09/30/2017 | 09/30/2016 | 09/30/2015 | 09/30/2014 | 09/30/2013 |
|---|---|---|---|---|---|
| Annual Money-Weighted Rate of Return Net of Investment Expense | 13.21% | 8.02% | -0.18% | 8.26% | 11.24% |

# NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2017)

## 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 appointees of City Council;
b. Two Firefighters elected by the members of the department; and
c. Fifth member elected by the other four and appointed by Council (as a ministerial duty).
All volunteer firefighters as of February 17, 2009, and all future new volunteer firefighters, shall become members of this system as a condition of employment or upon being added to the roll of volunteer firefighters by the fire chief. All volunteer firefighters are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

*Plan Membership as of October 1, 2016:*

| | |
|---|---|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 22 |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits | 2 |
| Active Plan Members | 37 |
| | 61 |

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of age 62 with the completion of 5 years of Credited Service, age 55 with the completion of 10 years of Credited Service, or age 52 with the completion of 25 years of Credited Service.

Benefit: $65.00 times Credited Service.

Early Retirement:

Date: Age 50 & 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year, from age 55 or age 62.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit: Benefit accrued to date of disability.

Pre-Retirement Death Benefits:

Eligibility: Five years of Credited Service.

Benefit: Accrued benefit paid to beneficiary for ten years, beginning at the Member's Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Vesting (Termination):

Eligibility: Five years of Credited Service.

Accrued benefit payable at the Member's election, on his otherwise Early or Normal Retirement Date.

Supplement Benefit (Share Accounts):

Initial Crediting: 80% of the $1,505,738 Excess State Monies Reserve, established as of September 30, 2014, is allocated to eligible participants.

Annual Crediting; Annual Premium tax revenues received by the City in excess of the $144,307 applicable frozen amount shall be allocated to participant accounts on a pro-rata basis (based on Credited Service).

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.

Maximum Benefit: $3,000 combined for benefits payable under the "Length of Service Award Pension Program" and allocations pursuant to the Supplement Benefit program.

Vesting: Five years of Credited Service.

*Contributions*

Premium Tax: 1.85% tax on premiums for fire insurance policies.

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years.

## Net Pension Liability

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

The Sponsor's Net Pension Liability was measured as of September 30, 2017.
The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

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

| | |
|---|---|
| Inflation | 3.00% |
| Salary Increases | N/A |
| Discount Rate | 7.00% |
| Investment Rate of Return | 7.00% |

*Mortality Rate Healthy Lives:*
Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB.
*Mortality Rate Disabled Lives:*
Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.
Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

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

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.
For 2017 the inflation rate assumption of the investment advisor was 2.90%.
These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2017 are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|---|---|---|
| Core Bonds | 12% | 1.40% |
| Core Plus | 18% | 1.70% |
| U.S. Large Cap Equity | 34% | 5.10% |
| U.S. Small Cap Equity | 11% | 5.60% |
| Non - U.S. Equity | 15% | 5.60% |
| Core Real Estate | 10% | 4.50% |
| Total | 100% | |

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 (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balances at September 30, 2016 | $ 2,686,856 | $ 3,537,093 | $ (850,237) |
| Changes for a Year: | | | |
| Service Cost | 132,449 | - | 132,449 |
| Interest | 170,580 | - | 170,580 |
| Share Plan Allocation | 32,597 | - | 32,597 |
| Differences between Expected and Actual Experience | 23,865 | - | 23,865 |
| Changes of assumptions | - | - | - |
| Changes of benefit terms | - | - | - |
| Contributions - State | - | 232,597 | (232,597) |
| Net Investment Income | - | 458,612 | (458,612) |
| Benefit Payments, including Refunds of Employee Contributions | (162,594) | (162,594) | - |
| Administrative Expense | - | (25,393) | 25,393 |
| Net Changes | 196,897 | 503,222 | (306,325) |
| Balances at September 30, 2017 | $ 2,883,753 | $ 4,040,315 | $ (1,156,562) |

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

| | 1% Decrease 6.00% | Current Discount Rate 7.00% | 1% Increase 8.00% |
|---|---|---|---|
| Sponsor's Net Pension Liability | $ (970,474) | $ (1,156,562) | $ (1,309,776) |

*Pension Plan Fiduciary Net Position.*

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

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

For the year ended September 30, 2017, the Sponsor will recognize a Pension Expense of $146,845.
On September 30, 2017, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between Expected and Actual Experience | 19,092 | 67,254 |
| Changes of assumptions | 111,387 | - |
| Net difference between Projected and Actual Earnings on Pension Plan investments | - | 53,071 |
| Total | $ 130,479 | $ 120,325 |

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

| Year ended September 30: | |
|---|---|
| 2018 | $ 34,983 |
| 2019 | $ 34,983 |
| 2020 | $ (22,694) |
| 2021 | $ (37,118) |
| 2022 | $ - |
| Thereafter | $ - |

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

Last 10 Fiscal Years

| | 09/30/2017 | 09/30/2016 | 09/30/2015 |
|---|---|---|---|
| Total Pension Liability | | | |
| Service Cost | 132,449 | 97,464 | 104,091 |
| Interest | 170,580 | 169,505 | 94,316 |
| Change in Excess State Money | - | - | - |
| Share Plan Allocation | 32,597 | 129,180 | 180,335 |
| Changes of benefit terms | - | - | - |
| Differences between Expected and Actual Experience | 23,865 | (57,517) | (65,491) |
| Changes of assumptions | - | 185,644 | - |
| Benefit Payments, including Refunds of Employee Contributions | (162,594) | (513,703) | (543,000) |
| Net Change in Total Pension Liability | 196,897 | 10,573 | (229,749) |
| Total Pension Liability - Beginning | 2,686,856 | 2,676,283 | 2,906,032 |
| Total Pension Liability - Ending (a) | $ 2,883,753 | $ 2,686,856 | $ 2,676,283 |
| | | | |
| Plan Fiduciary Net Position | | | |
| Contributions - State | 232,597 | 273,487 | 324,642 |
| Net Investment Income | 458,612 | 262,259 | (6,801) |
| Benefit Payments, including Refunds of Employee Contributions | (162,594) | (513,703) | (543,000) |
| Administrative Expense | (25,393) | (29,092) | (41,443) |
| Net Change in Plan Fiduciary Net Position | 503,222 | (7,049) | (266,602) |
| Plan Fiduciary Net Position - Beginning | 3,537,093 | 3,544,142 | 3,810,744 |
| Plan Fiduciary Net Position - Ending (b) | $ 4,040,315 | $ 3,537,093 | $ 3,544,142 |
| | | | |
| Net Pension Liability - Ending (a) - (b) | $ (1,156,562) | $ (850,237) | $ (867,859) |
| | | | |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 140.11% | 131.64% | 132.43% |
| | | | |
| Covered Employee Payroll | N/A | N/A | N/A |
| Net Pension Liability as a percentage of Covered Employee Payroll | N/A | N/A | N/A |

**Notes to Schedule:**

Ordinance 2015-10, adopted August 4, 2015, and effective March 3, 2015, amended the “Reserve Amount” utilized for the initial Share Plan allocation.  A letter of no actuarial impact was submitted for this amendment.

*Changes of assumptions:*
For measurement date 09/30/2016, amounts reported as changes of assumptions resulted from the following changes:
- 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 investment rate of return was lowered from 7.65% to 7.00% per year, compounded annually, net of investment-related-expenses.

# SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

| | 09/30/2014 | 09/30/2013 |
|---|---|---|
| Total Pension Liability | | |
| Service Cost | 113,712 | 105,631 |
| Interest | 103,447 | 95,623 |
| Change in Excess State Money | 237,659 | - |
| Share Plan Allocation | - | - |
| Changes of benefit terms | - | - |
| Differences between Expected and Actual Experience | - | - |
| Changes of assumptions | - | - |
| Benefit Payments, including Refunds of Employee Contributions | (110,810) | (103,288) |
| Net Change in Total Pension Liability | 344,008 | 97,966 |
| Total Pension Liability - Beginning | 2,562,024 | 2,464,058 |
| Total Pension Liability - Ending (a) | $ 2,906,032 | $ 2,562,024 |
| | | |
| Plan Fiduciary Net Position | | |
| Contributions - State | 381,967 | 364,571 |
| Net Investment Income | 270,512 | 324,552 |
| Benefit Payments, including Refunds of Employee Contributions | (110,810) | (103,288) |
| Administrative Expense | (60,987) | (25,630) |
| Net Change in Plan Fiduciary Net Position | 480,682 | 560,205 |
| Plan Fiduciary Net Position - Beginning | 3,330,062 | 2,769,857 |
| Plan Fiduciary Net Position - Ending (b) | $ 3,810,744 | $ 3,330,062 |
| | | |
| Net Pension Liability - Ending (a) - (b) | $ (904,712) | $ (768,038) |
| | | |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 131.13% | 129.98% |
| | | |
| Covered Employee Payroll | N/A | N/A |
| Net Pension Liability as a percentage of Covered Employee Payroll | N/A | N/A |

# SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

| | 09/30/2017 | 09/30/2016 | 09/30/2015 | 09/30/2014 | 09/30/2013 |
|---|---|---|---|---|---|
| Actuarially Determined Contribution | 109,250 | 117,326 | 127,816 | 130,671 | 120,718 |
| Contributions in relation to the Actuarially Determined Contributions | 200,000 | 144,307 | 127,816 | 130,671 | 120,718 |
| Contribution Deficiency (Excess) | $ (90,750) | $ (26,981) | $ - | $ - | $ - |
| Covered Employee Payroll | N/A | N/A | N/A | N/A | N/A |
| Contributions as a percentage of Covered Employee Payroll | N/A | N/A | N/A | N/A | N/A |

<u>Notes to Schedule</u>

Valuation Date: 10/01/2015

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

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Funding Method: | Entry Age Normal Actuarial Cost Method. An interest load of 1.5 years (at the current valuation assumption of 7.65%) has been applied for the determination of Sponsor funding requirement. |
| Amortization Method: | Level dollar. |
| Remaining Amortization Period: | 30 Years (as of 10/01/2015). |
| Mortality: | RP-2000 Table with no projection. Disabled lives set forward 5 years. Based on studies of other public safety plans, we believe this assumption sufficiently accommodates expected future mortality improvements. |
| Termination Rates: | See table on following page (1304B). These rates are conservative compared to long-term plan experience. |
| Disability Rates: | See table on following page (1201); 75% of disabled lives are assumed to be service-related. This assumption is consistent with other Florida public safety plans. |
| Retirement Age: | The earlier of attainment of age 55 with 10 years of credited service, age 52 with 25 years of credited service, or age 62 with 5 years of credited service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.<br>The above assumption is consistent with historical plan experience. |
| Interest Rate: | 7.65% per year, compounded annually, net of investment-related expenses. This assumption is reasonable, given the plan’s investment policy and long-term target returns by asset class. |
| Early Retirement: | Commencing with attainment of Early Retirement Status (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.<br>The above assumption is reasonable for the existing plan provisions regarding Early Retirement. |
| Payroll Growth: | None. |
| Asset Valuation Method: | Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value. |

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Termination and Disability Rate Table:

| Age | % Terminating During the Year | % Becoming Disabled During the |
|---|---|---|
| 20 | 14.40% | 0.03% |
| 30 | 12.50% | 0.04% |
| 40 | 7.70% | 0.07% |
| 50 | 3.50% | 0.18% |

# COMPONENTS OF PENSION EXPENSE
## FISCAL YEAR SEPTEMBER 30, 2017

| | Net Pension Liability | Deferred Inflows | Deferred Outflows | Pension Expense |
|---|---|---|---|---|
| Beginning balance | $ (850,237) | $ 90,820 | $ 321,547 | $ - |
| Total Pension Liability Factors: | | | | |
| Service Cost | 132,449 | - | - | 132,449 |
| Interest | 170,580 | - | - | 170,580 |
| Share Plan Allocation | 32,597 | - | - | 32,597 |
| Changes in benefit terms | - | - | - | - |
| Differences between Expected and Actual Experience with regard to economic or demographic assumptions | 23,865 | - | 23,865 | - |
| Current year amortization of experience difference | - | (22,419) | (4,773) | (17,646) |
| Change in assumptions about future economic or demographic factors or other inputs | - | - | - | - |
| Current year amortization of change in assumptions | - | - | (37,129) | 37,129 |
| Benefit Payments | (162,594) | - | - | - |
| Net change | 196,897 | (22,419) | (18,037) | 355,109 |
| Plan Fiduciary Net Position: | | | | |
| Contributions - State | 232,597 | - | - | - |
| Projected Net Investment Income | 249,158 | - | - | (249,158) |
| Difference between projected and actual earnings on Pension Plan investments | 209,454 | 209,454 | - | - |
| Current year amortization | - | (42,176) | (57,677) | 15,501 |
| Benefit Payments | (162,594) | - | - | - |
| Administrative Expenses | (25,393) | - | - | 25,393 |
| Net change | 503,222 | 167,278 | (57,677) | (208,264) |
| Ending Balance | $ (1,156,562) | $ 235,679 | $ 245,833 | $ 146,845 |

# AMORTIZATION SCHEDULE - INVESTMENTS

| Plan Year Ending | Differences Between Projected and Actual Earnings | Recognition Period (Years) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on Pension Plan Investments | | | | | | | | | |
| 2015 | $ 288,386 | 5 | $ 57,677 | $ 57,677 | $ 57,677 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 2016 | $ (1,433) | 5 | $ (286) | $ (287) | $ (287) | $ (287) | $ - | $ - | $ - | $ - | $ - | $ - |
| 2017 | $ (209,454) | 5 | $ (41,890) | $ (41,891) | $ (41,891) | $ (41,891) | $ (41,891) | $ - | $ - | $ - | $ - | $ - |
| Net Increase (Decrease) in Pension Expense | | | $ 15,501 | $ 15,499 | $ 15,499 | $ (42,178) | $ (41,891) | $ - | $ - | $ - | $ - | $ - |

## AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

| Plan Year Ending | Changes of Assumptions | Recognition Period (Years) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions | | | | | | | | | |
| 2016 | $ 185,644 | 5 | $ 37,129 | $ 37,129 | $ 37,129 | $ 37,129 | $ - | $ - | $ - | $ - | $ - | $ - |
| Net Increase (Decrease) in Pension Expense | | | $ 37,129 | $ 37,129 | $ 37,129 | $ 37,129 | $ - | $ - | $ - | $ - | $ - | $ - |

## AMORTIZATION SCHEDULE - EXPERIENCE

| Plan Year Ending | Differences Between Expected and Actual Experience | Recognition Period (Years) | Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 2015 | $ (65,491) | 6 | $ (10,915) | $ (10,915) | $ (10,915) | $ (10,915) | $ - | $ - | $ - | $ - | $ - | $ - |
| 2016 | $ (57,517) | 5 | $ (11,504) | $ (11,503) | $ (11,503) | $ (11,503) | $ - | $ - | $ - | $ - | $ - | $ - |
| 2017 | $ 23,865 | 5 | $ 4,773 | $ 4,773 | $ 4,773 | $ 4,773 | $ 4,773 | $ - | $ - | $ - | $ - | $ - |
| Net Increase (Decrease) in Pension Expense | | | $ (17,646) | $ (17,645) | $ (17,645) | $ (17,645) | $ 4,773 | $ - | $ - | $ - | $ - | $ - |