

CITY OF PALM BAY
POLICE AND FIREFIGHTERS' PENSION FUND
(General Employees)

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2017

CONTRIBUTIONS APPLICABLE TO THE
FISCAL YEAR ENDED SEPTEMBER 30, 2019

March 27, 2018

Board of Trustees
City of Palm Bay Police & Fire Pension Fund
Conlan Professional Center
1501 Robert J. Conlan Blvd. NE Suite 260
Palm Bay, FL 32905-3567

Re: City of Palm Bay
Police and Firefighters' Pension Fund (General Employees)

Dear Board of Trustees:

We are pleased to present our report of the annual actuarial valuation of the City of Palm Bay Police Officers' and Firefighters' Pension Fund (General Employees). Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Please note that these valuations may not be applicable for any other purposes.

The valuations have been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, 175 and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by Ms. Adams 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 Bay, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Palm Bay Police Officers' and Firefighters' Pension 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:



Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #17-6901

BRH/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Palm Bay Police Officers' and Firefighters' Pension Fund (General Employees), performed as of October 1, 2017, has been completed, and the results are presented in this Report. The contribution amounts set forth herein are applicable to the fiscal year ended September 30, 2019.

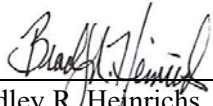
The contribution requirements developed in this valuation, compared with amounts developed in the October 1, 2016, actuarial valuation report, are as follows:

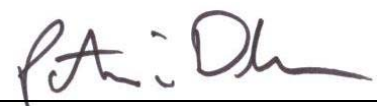
Valuation Date	10/1/2017	10/1/2016
Applicable Fiscal Year End	<u>9/30/2019</u>	<u>9/30/2018</u>
Total Required Contribution	\$0	\$0
% of Projected Annual Payroll	0.0%	0.0%

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: 
Bradley R. Heinrichs, FSA, EA, MAAA

By: 
Patrick T. Donlan, ASA, EA, MAAA

Plan Changes Since Prior Valuation

There have been no plan changes since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

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

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2017</u>	<u>10/1/2016</u>
A. Participant Data		
Actives	0	0
Service Retirees	1	1
Beneficiaries	1	1
Disability Retirees	0	0
Terminated Vested	<u>0</u>	<u>0</u>
 Total	 0	 2
 Total Annual Payroll	 \$0	 \$0
Payroll Under Assumed Ret. Age	0	0
 Annual Rate of Payments to:		
Service Retirees	1,583	1,583
Beneficiaries	2,532	2,532
Disability Retirees	0	0
Terminated Vested	0	0
 B. Assets		
Actuarial Value (AVA)	185,244	179,250
Market Value (MVA)	189,302	177,417
 C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	0	0
Disability Benefits	0	0
Death Benefits	0	0
Vested Benefits	0	0
Refund of Contributions	0	0
Service Retirees	6,277	6,590
Beneficiaries	15,804	16,423
Disability Retirees	0	0
Terminated Vested	<u>0</u>	<u>0</u>
Total	22,081	23,013

C. Liabilities - (Continued)	<u>10/1/2017</u>	<u>10/1/2016</u>
Present Value of Future Salaries	0	0
Present Value of Future Member Contributions	0	0
Total Normal Cost	0	0
Present Value of Future Normal Costs (EAN)	0	0
Accrued Liability (Retirement)	0	0
Accrued Liability (Disability)	0	0
Accrued Liability (Death)	0	0
Accrued Liability (Vesting)	0	0
Accrued Liability (Refunds)	0	0
Accrued Liability (Inactives)	<u>22,081</u>	<u>23,013</u>
Total Actuarial Accrued Liability (EAN AL)	22,081	23,013
Total Actuarial Accrued Liability (Aggregate)	185,244	179,250
Unfunded Actuarial Accrued Liability (UAAL)	0	0
Funded Ratio (AVA / EAN AL)	838.9%	778.9%

D. Actuarial Present Value of Accrued Benefits	<u>10/1/2017</u>	<u>10/1/2016</u>
Vested Accrued Benefits		
Inactives	22,081	23,013
Actives	0	0
Member Contributions	<u>0</u>	<u>0</u>
Total	22,081	23,013
Non-vested Accrued Benefits	<u>0</u>	<u>0</u>
Total Present Value Accrued Benefits (PVAB)	22,081	23,013
Funded Ratio (MVA / PVAB)	857.3%	770.9%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	1,559	
Benefits Paid	(4,115)	
Interest	1,624	
Other	<u>0</u>	
Total	(932)	

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
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N/A – Aggregate Actuarial Cost Method

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	0.00%	0.00%
Year Ended	9/30/2016	0.00%	0.00%
Year Ended	9/30/2015	0.00%	0.00%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	8.27%	7.75%
Year Ended	9/30/2016	8.30%	7.75%
Year Ended	9/30/2015	11.44%	8.00%

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.



Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #17-6595

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

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

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	9,683.76
Deposits	8.25
Prepaid Expenses	73.80
Cash	2.54
Total Cash and Equivalents	9,768.35
Total Receivable	0.00
Investments:	
Mutual Funds:	
Fixed Income	184,111.72
Total Investments	184,111.72
Total Assets	193,880.07
 <u>LIABILITIES</u>	
Payables:	
Accounts Payable	41.23
To Firefighters' Trust Fund	2,082.84
To Police Officers' Trust Fund	2,453.56
Total Liabilities	4,577.63
 NET POSITION RESTRICTED FOR PENSIONS	 189,302.44

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

ADDITIONS

Total Contributions			0.00
Investment Income:			
Unrealized Gain (Loss)	9,278.63		
Net Increase in Fair Value of Investments		9,278.63	
Interest & Dividends		11,212.97	
Less Investment Expense ¹		(121.06)	
Net Investment Income			20,370.54
Total Additions			20,370.54

DEDUCTIONS

Distributions to Members:			
Benefit Payments		4,115.16	
Total Distributions			4,115.16
Administrative Expense			4,370.07
Total Deductions			8,485.23
Net Increase in Net Position			11,885.31
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			177,417.13
End of the Year			189,302.44

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

ACTUARIAL ASSET VALUATION
September 30, 2017

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a four year period. In the first year, 25% of the gain or loss is recognized. In the second year 50%, in the third year 75%, and in the fourth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/(Loss)	<u>Gains/(Losses) Not Yet Recognized</u>			
		Amounts Not Yet Recognized by Valuation Year			
		2017	2018	2019	2020
9/30/2014	5,653	0	0	0	0
9/30/2015	(12,118)	(3,028)	0	0	0
9/30/2016	3,750	1,874	936	0	0
9/30/2017	6,950	5,212	3,474	1,736	0
Total		4,058	4,410	1,736	0

<u>Development of Investment Gain/(Loss)</u>	
Market Value of Assets, 09/30/2016	177,417
Contributions Less Benefit Payments & Admin Expenses	(8,485)
Expected Investment Earnings ¹	13,421
Actual Net Investment Earnings	20,371
2017 Actuarial Investment Gain/(Loss)	6,950

¹ Expected Investment Earnings = $0.0775 * [177,417 + 0.5 * (8,485)]$

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, 09/30/2017	189,302
(2) Gains/(Losses) Not Yet Recognized	4,058
(3) Actuarial Value of Assets, 09/30/2017, (1) - (2)	185,244
(A) 09/30/2016 Actuarial Assets:	179,250
(I) Net Investment Income:	
1. Interest and Dividends	11,213
2. Change in Actuarial Value	3,388
3. Investment Expenses	(121)
Total	14,480
(B) 09/30/2017 Actuarial Assets:	185,244
Actuarial Assets Rate of Return = $2I/(A+B-I)$:	8.27%
Market Value of Assets Rate of Return:	11.76%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	916
10/01/2017 Limited Actuarial Assets:	185,244

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

REVENUES

Total Contributions		0.00
Earnings from Investments:		
Interest & Dividends	11,212.97	
Change in Actuarial Value	3,387.63	
Total Earnings and Investment Gains		14,600.60

EXPENDITURES

Distributions to Members:		
Benefit Payments	4,115.16	
Total Distributions		4,115.16
Expenses:		
Investment related ¹	121.06	
Administrative	4,370.07	
Total Expenses		4,491.13
Change in Net Assets for the Year		5,994.31
Net Assets Beginning of the Year		179,250.13
Net Assets End of the Year ²		185,244.44

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

²Net Assets may be limited for actuarial consideration.

STATISTICAL DATA

	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>	<u>10/1/2017</u>
<u>Service Retirees</u>				
Number	3	1	1	1
Average Current Age	N/A	90.4	91.4	92.4
Average Annual Benefit	\$1,768	\$1,583	\$1,583	\$1,583
<u>Beneficiaries</u>				
Number	1	1	1	1
Average Current Age	N/A	81.3	82.3	83.3
Average Annual Benefit	\$2,532	\$2,532	\$2,532	\$2,532

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2016	0
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	<u>0</u>
f. Continuing participants	0
g. New entrants	<u>0</u>
h. Total active life participants in valuation	0

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	1	1	0	0	2
Retired	0	0	0	0	0
Vested Deferred	0	0	0	0	0
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	1	1	0	0	2

SUMMARY OF ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

This actuarial valuation report has been prepared in accordance with generally accepted actuarial principles and practices. The major assumptions and methods used in this valuation are as follows:

Economic Assumptions

Interest:	7.75% per year, net of investment related expenses.
Administrative Expenses:	None.

Demographic Assumptions

Mortality:	Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB
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This is the assumption used by the Florida Retirement System in their July 1, 2016 actuarial valuation report.

Actuarial Methods

Funding Method:	Aggregate Actuarial Cost Method.
Actuarial Value of Assets:	The market value of assets is adjusted to recognize, over a four-year period, investment earnings greater than (or less than) the assumed investment return. The Actuarial Value of Assets shall not be more than 120% or less than 80% of the market value of assets. Details are shown in the Asset Information Section of the report.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	9,684
Deposits	8
Prepaid Expenses	74
Cash	2
Total Cash and Equivalents	9,768
Total Receivable	0
Investments:	
Mutual Funds:	
Fixed Income	184,112
Total Investments	184,112
Total Assets	193,880
<u>LIABILITIES</u>	
Payables:	
Accounts Payable	41
To Firefighters' Trust Fund	2,083
To Police Officers' Trust Fund	2,454
Total Liabilities	4,578
NET POSITION RESTRICTED FOR PENSIONS	189,302

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

ADDITIONS

Total Contributions		0
Investment Income:		
Net Increase in Fair Value of Investments	9,278	
Interest & Dividends	11,213	
Less Investment Expense ¹	(121)	
Net Investment Income		20,370
Total Additions		20,370

DEDUCTIONS

Distributions to Members:		
Benefit Payments	4,115	
Total Distributions		4,115
Administrative Expense		4,370
Total Deductions		8,485
Net Increase in Net Position		11,885
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		177,417
End of the Year		189,302

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

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

Plan Description

Plan Membership as of October 1, 2016:

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

Contributions

Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Investments

Investment Policy:

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

Asset Class	Target Allocation
Domestic Equity	35%
International Equity	15%
Bonds	25%
Convertibles	10%
Private Real Estate	10%
MLPs	5%
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 11.76 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	\$ 20,521
Plan Fiduciary Net Position	\$ (189,302)
Sponsor's Net Pension Liability	<u>\$ (168,781)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	922.48%

Actuarial Assumptions:

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

Inflation	2.70%
Salary Increases	N/A
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate Healthy Lives:

Mortality Table - RP2000 Fully Generational with Scale BB, with collar and annuitant adjustments as follows:

Males – 50% Annuitant White Collar, 50% Annuitant Blue Collar.

Females – 100% Annuitant White Collar.

Mortality Rate Disabled Lives:

Mortality Table - RP2000 without projection, with the following adjustments:

Males – 100% Disabled Male with four year setback

Females – 100% Disabled Female with two year set forward.

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 2.60%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.0%
International Equity	3.7%
Bonds	4.0%
Convertibles	6.0%
Private Real Estate	4.8%
MLPs	9.7%

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Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.75 percent.

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

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Sponsor's Net Pension Liability	\$ (167,879)	\$ (168,781)	\$ (169,609)

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

	<u>09/30/2017</u>	<u>09/30/2016</u>	<u>09/30/2015</u>
Total Pension Liability			
Service Cost	-	-	-
Interest	1,510	2,381	2,247
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	1,590	(10,628)	4,093
Changes of assumptions	-	2,080	-
Benefit Payments, including Refunds of Employee Contributions	(4,115)	(4,115)	(5,213)
Net Change in Total Pension Liability	(1,015)	(10,282)	1,127
Total Pension Liability - Beginning	21,536	31,818	30,691
Total Pension Liability - Ending (a)	<u>\$ 20,521</u>	<u>\$ 21,536</u>	<u>\$ 31,818</u>
Plan Fiduciary Net Position			
Net Investment Income	20,370	16,561	1,776
Benefit Payments, including Refunds of Employee Contributions	(4,115)	(4,115)	(5,213)
Administrative Expense	(4,370)	(4,796)	(6,130)
Net Change in Plan Fiduciary Net Position	11,885	7,650	(9,567)
Plan Fiduciary Net Position - Beginning	177,417	169,767	179,334
Plan Fiduciary Net Position - Ending (b)	<u>\$ 189,302</u>	<u>\$ 177,417</u>	<u>\$ 169,767</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (168,781)</u>	<u>\$ (155,881)</u>	<u>\$ (137,949)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	922.48%	823.82%	533.56%
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:*Changes of assumptions:*

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

- The investment return assumption was lowered from 8.00% to 7.75%.
- As mandated by Chapter 2015-137, Laws of Florida, the assumed rates of mortality were changed to the mortality table used by the Florida Retirement System.

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

	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability		
Service Cost	-	-
Interest	2,564	3,019
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(7,835)</u>	<u>(9,586)</u>
Net Change in Total Pension Liability	(5,271)	(6,567)
Total Pension Liability - Beginning	35,962	42,529
Total Pension Liability - Ending (a)	<u>\$ 30,691</u>	<u>\$ 35,962</u>
Plan Fiduciary Net Position		
Net Investment Income	18,826	20,163
Benefit Payments, including Refunds of Employee Contributions	(7,835)	(9,586)
Administrative Expense	<u>(455)</u>	<u>(1,950)</u>
Net Change in Plan Fiduciary Net Position	10,536	8,627
Plan Fiduciary Net Position - Beginning	168,798	160,171
Plan Fiduciary Net Position - Ending (b)	<u>\$ 179,334</u>	<u>\$ 168,798</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (148,643)</u>	<u>\$ (132,836)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	584.32%	469.38%
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	-	-	-	-	-
Contributions in relation to the Actuarially Determined Contributions	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
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

Methods and assumptions used to determine contribution rates:

Funding Method: Aggregate Actuarial Cost Method.
 Amortization Method: N/A.
 Remaining Amortization Period: N/A.
 Interest Rate: 7.75% per year, compounded annually, net of investment-related expenses.
 Mortality: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB
 Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB
 Asset Valuation Method: The market value of assets is adjusted to recognize, over a four-year period, investment earnings greater than (or less than) the assumed investment return. The Actuarial Value of Assets shall not be more than 120% or less than 80% of the market value of assets.

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2017</u>	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return					
Net of Investment Expense	11.76%	10.02%	1.02%	11.43%	13.06%

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

General Information about the Pension Plan

Plan Membership as of October 1, 2016:

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

Contributions

Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

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	2.70%
Salary Increases	N/A
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate Healthy Lives:

Mortality Table - RP2000 Fully Generational with Scale BB, with collar and annuitant adjustments as follows:

Males – 50% Annuitant White Collar, 50% Annuitant Blue Collar.

Females – 100% Annuitant White Collar.

Mortality Rate Disabled Lives:

Mortality Table - RP2000 without projection, with the following adjustments:

Males – 100% Disabled Male with four year setback

Females – 100% Disabled Female with two year set forward.

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 2.60%.

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.

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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
Domestic Equity	35%	7.0%
International Equity	15%	3.7%
Bonds	25%	4.0%
Convertibles	10%	6.0%
Private Real Estate	10%	4.8%
MLPs	5%	9.7%
Total	100%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.75 percent.

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2016	\$ 21,536	\$ 177,417	\$ (155,881)
Changes for a Year:			
Service Cost	-	-	-
Interest	1,510	-	1,510
Differences between Expected and Actual Experience	1,590	-	1,590
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Net Investment Income	-	20,370	(20,370)
Benefit Payments, including Refunds of Employee Contributions	(4,115)	(4,115)	-
Administrative Expense	-	(4,370)	4,370
Net Changes	(1,015)	11,885	(12,900)
Balances at September 30, 2017	\$ 20,521	\$ 189,302	\$ (168,781)

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ (167,879)	\$ (168,781)	\$ (169,609)

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 -\$5,584.

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	-	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	2,715
Total	\$ -	\$ 2,715

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	\$	366
2019	\$	366
2020	\$	(2,057)
2021	\$	(1,390)
2022	\$	-
Thereafter	\$	-

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	-	-	-
Interest	1,510	2,381	2,247
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	1,590	(10,628)	4,093
Changes of assumptions	-	2,080	-
Benefit Payments, including Refunds of Employee Contributions	(4,115)	(4,115)	(5,213)
Net Change in Total Pension Liability	(1,015)	(10,282)	1,127
Total Pension Liability - Beginning	21,536	31,818	30,691
Total Pension Liability - Ending (a)	<u>\$ 20,521</u>	<u>\$ 21,536</u>	<u>\$ 31,818</u>
Plan Fiduciary Net Position			
Net Investment Income	20,370	16,561	1,776
Benefit Payments, including Refunds of Employee Contributions	(4,115)	(4,115)	(5,213)
Administrative Expense	(4,370)	(4,796)	(6,130)
Net Change in Plan Fiduciary Net Position	11,885	7,650	(9,567)
Plan Fiduciary Net Position - Beginning	177,417	169,767	179,334
Plan Fiduciary Net Position - Ending (b)	<u>\$ 189,302</u>	<u>\$ 177,417</u>	<u>\$ 169,767</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (168,781)</u>	<u>\$ (155,881)</u>	<u>\$ (137,949)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	922.48%	823.82%	533.56%
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:

Changes of assumptions:

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

- The investment return assumption was lowered from 8.00% to 7.75%.
- As mandated by Chapter 2015-137, Laws of Florida, the assumed rates of mortality were changed to the mortality table used by the Florida Retirement System.

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

	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability		
Service Cost	-	-
Interest	2,564	3,019
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(7,835)</u>	<u>(9,586)</u>
Net Change in Total Pension Liability	(5,271)	(6,567)
Total Pension Liability - Beginning	35,962	42,529
Total Pension Liability - Ending (a)	<u>\$ 30,691</u>	<u>\$ 35,962</u>
Plan Fiduciary Net Position		
Net Investment Income	18,826	20,163
Benefit Payments, including Refunds of Employee Contributions	(7,835)	(9,586)
Administrative Expense	<u>(455)</u>	<u>(1,950)</u>
Net Change in Plan Fiduciary Net Position	10,536	8,627
Plan Fiduciary Net Position - Beginning	168,798	160,171
Plan Fiduciary Net Position - Ending (b)	<u>\$ 179,334</u>	<u>\$ 168,798</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (148,643)</u>	<u>\$ (132,836)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	584.32%	469.38%
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	-	-	-	-	-
Contributions in relation to the					
Actuarially Determined Contributions	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
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

Methods and assumptions used to determine contribution rates:

Funding Method:	Aggregate Actuarial Cost Method.
Amortization Method:	N/A.
Remaining Amortization Period:	N/A.
Interest Rate:	7.75% per year, compounded annually, net of investment-related expenses.
Mortality:	Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB
Asset Valuation Method:	The market value of assets is adjusted to recognize, over a four-year period, investment earnings greater than (or less than) the assumed investment return. The Actuarial Value of Assets shall not be more than 120% or less than 80% of the market value of assets.

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (155,881)	\$ 2,668	\$ 7,269	\$ -
Total Pension Liability Factors:				
Service Cost	-	-	-	-
Interest	1,510	-	-	1,510
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	1,590	-	1,590	-
Current year amortization of experience difference	-	-	(1,590)	1,590
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(4,115)	-	-	-
Net change	<u>(1,015)</u>	<u>-</u>	<u>-</u>	<u>3,100</u>
Plan Fiduciary Net Position:				
Projected Net Investment Income	13,421	-	-	(13,421)
Difference between projected and actual earnings on Pension Plan investments	6,949	6,949	-	-
Current year amortization	-	(2,056)	(2,423)	367
Benefit Payments	(4,115)	-	-	-
Administrative Expenses	(4,370)	-	-	4,370
Net change	<u>11,885</u>	<u>4,893</u>	<u>(2,423)</u>	<u>(8,684)</u>
Ending Balance	<u><u>\$ (168,781)</u></u>	<u><u>\$ 7,561</u></u>	<u><u>\$ 4,846</u></u>	<u><u>\$ (5,584)</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)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2015	\$ 12,117	5	\$ 2,423	\$ 2,423	\$ 2,423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (3,336)	5	\$ (667)	\$ (667)	\$ (667)	\$ (667)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (6,949)	5	\$ (1,389)	\$ (1,390)	\$ (1,390)	\$ (1,390)	\$ (1,390)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 367	\$ 366	\$ 366	\$ (2,057)	\$ (1,390)	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2017	\$ -	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

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

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2017	\$ 1,590	1	\$ 1,590	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			<u>\$ 1,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>