

CITY OF PORT ST. LUCIE
MUNICIPAL POLICE OFFICERS'
RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2017

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

December 11, 2017

Board of Trustees
c/o Ms. Sandy Steele, Plan Administrator
City of Port St. Lucie
Police Officers' Retirement Trust Fund
121 SW Port St. Lucie Blvd.
Port St. Lucie, FL 34984

Re: City of Port St. Lucie
Municipal Police Officers' Retirement Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Port St. Lucie Municipal Police Officers' 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 reflects laws and regulations issued to date pursuant to the provisions of Chapters 112 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 the City of Port St. Lucie, 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 Port St. Lucie, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Municipal Police Officers' 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:



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 Port St. Lucie Municipal Police Officers' Retirement Trust Fund, performed as of October 1, 2017, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended September 30, 2019.

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

Valuation Date	10/1/2017	10/1/2016
Applicable Plan Year End	<u>9/30/2019</u>	<u>9/30/2018</u>
Total Required Contribution	\$8,538,868	\$7,498,619
Member Contributions (Est.)	1,744,851	1,704,933
City and State Required Contribution	6,794,017	5,793,686
State Contribution (Est.) ¹	1,296,741	1,296,741
Balance from City ¹	\$5,497,276	\$4,496,945

¹ By way of Mutual Consent under Chapter 2015-39, Laws of Florida, the City and Membership have agreed that the City has access to all future State Monies to assist with its contribution requirements. Additionally, the City has access to a \$745,072 prepaid contribution; this is available for the fiscal year ending September 30, 2018.

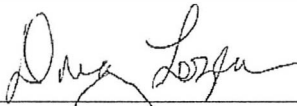
Experience since the prior valuation was less favorable than expected, relative to the Plan's actuarial assumptions. The primary sources of actuarial loss included unfavorable employee turnover, unfavorable retirement experience, no inactive mortality, and a 7.32% investment return (net-of-fees, Actuarial Asset Basis), falling short of the 7.75% assumption.

Additionally, contribution requirements have increased since the prior year, partially due to the adoption of revised assumptions as recommended in our July 10, 2017 Actuarial Experience Study.

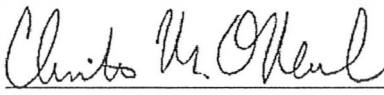
The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and any pending questions regarding its contents.

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

There were no benefit changes since the prior valuation.

Actuarial Assumption/Method Changes

As a result of the Experience Study dated July 10, 2017, the Board has adopted changes to the following assumptions in conjunction with this valuation of the Plan:

- Payroll Growth
- Salary Increases
- Investment Return
- Mortality Rates
- Normal and Early Retirement Rates
- Withdrawal Rates

Details of the above assumption changes can be found in the Actuarial Assumptions and Methods section of this report.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2017</u>	Old Assump <u>10/1/2017</u>	<u>10/1/2016</u>
A. Participant Data			
Actives	211	211	210
Service Retirees	42	42	38
DROP Retirees	17	17	17
Beneficiaries	4	4	4
Disability Retirees	7	7	7
Terminated Vested	<u>10</u>	<u>10</u>	<u>19</u>
Total	291	291	295
Total Annual Payroll	\$18,112,008	\$18,242,635	\$17,223,918
Payroll Under Assumed Ret. Age	17,658,754	18,114,944	17,107,896
Annual Rate of Payments to:			
Service Retirees	2,205,368	2,205,368	1,924,925
DROP Retirees	1,066,288	1,066,288	1,114,003
Beneficiaries	80,911	80,911	80,911
Disability Retirees	176,649	176,649	176,649
Terminated Vested	250,117	250,117	334,527
B. Assets			
Actuarial Value (AVA) ¹	91,941,803	91,941,803	82,876,241
Market Value (MVA) ¹	94,107,458	94,107,458	81,244,475
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	94,607,542	86,755,815	78,673,604
Disability Benefits	1,314,565	1,325,060	1,248,422
Death Benefits	852,158	1,770,155	1,666,118
Vested Benefits	8,127,444	9,641,644	9,449,001
Refund of Contributions	271,086	311,023	261,653
Service Retirees	25,014,295	24,465,585	21,525,457
DROP Retirees ¹	15,910,454	15,598,994	15,835,616
Beneficiaries	688,176	673,388	671,959
Disability Retirees	1,377,312	1,354,831	1,382,516
Terminated Vested	2,068,738	2,002,024	2,544,062
Share Plan Balances ¹	<u>0</u>	<u>0</u>	<u>0</u>
Total	150,231,770	143,898,519	133,258,408

C. Liabilities - (Continued)	New Assump <u>10/1/2017</u>	Old Assump <u>10/1/2017</u>	<u>10/1/2016</u>
Present Value of Future Salaries	157,162,644	151,041,148	147,023,522
Present Value of Future Member Contributions	14,144,638	13,593,703	13,232,117
Normal Cost (Retirement)	2,970,281	2,617,031	2,471,032
Normal Cost (Disability)	74,765	75,947	69,664
Normal Cost (Death)	38,070	77,436	71,687
Normal Cost (Vesting)	535,084	756,866	714,122
Normal Cost (Refunds)	<u>96,538</u>	<u>89,904</u>	<u>83,272</u>
Total Normal Cost	3,714,738	3,617,184	3,409,777
Present Value of Future Normal Costs	30,837,712	27,413,089	26,719,296
Accrued Liability (Retirement)	68,793,200	65,656,560	58,043,558
Accrued Liability (Disability)	681,412	726,123	677,406
Accrued Liability (Death)	535,839	1,168,807	1,084,947
Accrued Liability (Vesting)	4,289,678	4,753,907	4,697,772
Accrued Liability (Refunds)	34,954	85,211	75,819
Accrued Liability (Inactives) ¹	45,058,975	44,094,822	41,959,610
Share Plan Balances ¹	<u>0</u>	<u>0</u>	<u>0</u>
Total Actuarial Accrued Liability (EAN AL)	119,394,058	116,485,430	106,539,112
Unfunded Actuarial Accrued Liability (UAAL)	27,452,255	24,543,627	23,662,871
Funded Ratio (AVA / EAN AL)	77.0%	78.9%	77.8%

D. Actuarial Present Value of Accrued Benefits	New Assump <u>10/1/2017</u>	Old Assump <u>10/1/2017</u>	<u>10/1/2016</u>
Vested Accrued Benefits			
Inactives + Share Plan Balances ¹	45,058,975	44,094,822	41,959,610
Actives	30,884,553	28,107,625	22,913,584
Member Contributions	<u>16,918,382</u>	<u>16,918,382</u>	<u>15,650,973</u>
Total	92,861,910	89,120,829	80,524,167
Non-vested Accrued Benefits	<u>1,722,073</u>	<u>1,437,662</u>	<u>1,665,162</u>
Total Present Value Accrued Benefits (PVAB)	94,583,983	90,558,491	82,189,329
Funded Ratio (MVA / PVAB)	99.5%	103.9%	98.9%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	4,025,492	0	
New Accrued Benefits	0	5,844,214	
Benefits Paid	0	(3,701,300)	
Interest	0	6,226,248	
Other	<u>0</u>	<u>0</u>	
Total	4,025,492	8,369,162	

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

E. Pension Cost

Normal Cost ²	\$4,078,346	\$4,004,584	\$3,775,672
Administrative Expenses ²	208,871	210,625	210,377
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 28 years (as of 10/1/2017) ²	4,251,651	3,931,030	3,512,570
Total Required Contribution	8,538,868	8,146,239	7,498,619
Expected Member Contributions ²	1,744,851	1,804,954	1,704,933
Expected City and State Contribution	6,794,017	6,341,285	5,793,686

F. Past Contributions

Plan Years Ending:	<u>9/30/2017</u>
City and State Requirement	5,100,319
Actual Contributions Made:	
Members (excluding buyback)	1,559,054
City	3,803,578
State	<u>1,296,741</u>
Total	6,659,373

G. Net Actuarial (Gain)/Loss

2,117,938

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

² Contributions developed as of 10/1/2017 displayed above have been adjusted to account for assumed salary increase and interest components.

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2017	27,452,255
2018	25,348,139
2019	23,486,349
2026	13,799,913
2032	5,640,928
2039	822,324
2045	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	6.90%	6.68%
Year Ended	9/30/2016	5.20%	6.60%
Year Ended	9/30/2015	3.96%	6.60%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	7.32%	7.75%
Year Ended	9/30/2016	7.77%	7.75%
Year Ended	9/30/2015	9.31%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2017	\$18,112,008
	10/1/2007	13,478,920
(b) Total Increase		34.37%
(c) Number of Years		10.00
(d) Average Annual Rate		3.00%

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.



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	\$23,662,871
(2)	Sponsor Normal Cost developed as of October 1, 2016	1,870,066
(3)	Expected administrative expenses for the year ended September 30, 2017	189,990
(4)	Expected interest on (1), (2) and (3)	1,986,165
(5)	Sponsor contributions to the System during the year ended September 30, 2017	5,100,319
(6)	Expected interest on (5)	183,084
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2017 (1)+(2)+(3)+(4)-(5)-(6)	22,425,689
(8)	Change to UAAL due to Assumption Change	2,908,628
(9)	Change to UAAL due to Actuarial (Gain)/Loss	2,117,938
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2017	27,452,255

Type of Base	Date Established	Years Remaining	10/1/2017 Amount	Amortization Amount
	10/1/1998	11	418,812	46,722
	10/1/2000	13	(770,939)	(75,676)
	10/1/2001	14	1,316,330	122,325
method change	10/1/2002	15	1,898,886	167,888
prior losses	10/1/2002	11	1,675,823	186,951
actuarial loss	10/1/2003	11	275,011	30,680
actuarial loss	10/1/2004	11	2,127,150	237,300
benefit change	10/1/2004	17	4,057,890	328,801
actuarial loss	10/1/2005	11	4,218,671	470,626
actuarial gain	10/1/2006	11	(1,322,285)	(147,511)
actuarial gain	10/1/2007	11	(394,367)	(43,995)
actuarial loss	10/1/2008	1	458,084	458,084
method change	10/1/2008	11	(370,016)	(41,278)
actuarial loss	10/1/2009	2	2,310,424	1,179,908
actuarial gain	10/1/2010	3	(1,794,343)	(623,865)
assumption	10/1/2010	13	789,272	77,476
actuarial loss	10/1/2011	4	1,896,842	505,047
assumption	10/1/2011	14	1,652,541	153,569
software change	10/1/2012	15	(3,422,751)	(302,619)

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2017 <u>Amount</u>	Amortization <u>Amount</u>
actuarial loss	10/1/2012	5	5,095	1,108
benefit change	10/1/2012	25	(14,903)	(950)
actuarial gain	10/1/2013	6	(612,263)	(113,255)
actuarial loss	10/1/2014	7	2,357,518	381,490
actuarial gain	10/1/2015	8	(1,523,649)	(220,146)
assumption	10/1/2015	18	2,746,369	214,144
benefit change	10/1/2015	28	1,332,267	79,899
assumption	10/1/2016	19	2,879,907	216,730
actuarial loss	10/1/2016	9	234,313	30,704
actuarial loss	10/1/2017	10	2,117,938	287,027
assumption	10/1/2017	20	<u>2,908,628</u>	<u>265,408</u>
			27,452,255	3,872,592

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2016	\$23,662,871
(2) Expected UAAL as of October 1, 2017	22,425,689
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	362,474
Salary Increases	(74,747)
Active Decrements	1,518,829
Inactive Mortality	93,959
Other	<u>217,423</u>
Increase in UAAL due to (Gain)/Loss	2,117,938
Assumption Changes	<u>2,908,628</u>
(4) Actual UAAL as of October 1, 2017	\$27,452,255

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rates

Healthy Inactive Lives:

Female: RP 2000 Generational, 100% Annuitant White Collar, Scale BB

Male: RP 2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB

Healthy Active Lives:

Female: RP2000 Generational, 100% Combined Healthy (previously Annuitant) White Collar, Scale BB

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

Disabled Lives:

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

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

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

Interest Rate

7.50% (previously 7.75%) per year compounded annually, net of investment-related expenses. This assumption is supported by the Plan's current asset allocation and long-term expected returns by asset class.

Payroll Increases

3.00% (previously 3.44% per year), in compliance with Chapter 112, Florida Statutes. This assumption is reasonable, given that it is based on the Plan's actual ten-year payroll growth average. No payroll growth assumption is utilized for UAAL bases developed on and after October 1, 2017.

Administrative Expenses

\$190,249 per year, based on the prior year's actual expenses.

Early Retirement

<u>Age</u>	<u>Probability of Retirement</u>
50	0%
51	4%
52	17%
53	5%
54	13%

The above rates were developed and adopted as a result of our July 10, 2017 experience study.

Normal Retirement

Less than 25 years of Credited Service

<u>Age</u>	<u>Probability of Retirement</u>
55	50%
56	10%
57	25%
58	33%
59	60%
60+	100%

25 or more years of Credited Service

<u>Age</u>	<u>Probability of Retirement</u>
52	60%
53	0%
54	50%
55+	100%

The above rates were developed and adopted as a result of our July 10, 2017 experience study.

Salary Increases

<u>Years of Service</u>	<u>Increase in Compensation</u>
0	19.0%
1	8.4%
2	6.5%
3 or more	5.0%

The above rates were developed and adopted as a result of our July 10, 2017 experience study.

Final Salary Load

<u>Credited Service on 10/1/2012</u>	<u>Load Assumption</u>
10 or more years	20%
Between 5 and 10 years	15%
Less than 5 years	0%

Funding Method

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

Interest – A half year, based on the current 7.50% assumption.

Salary – A full year, based on the current average assumption of 5.82%.

Disability Rate

See table below for sample rates. It is assumed that 75% of disablements and active member deaths are service-related.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>
20	0.03%
30	0.04
40	0.07
50	0.18

Termination Rate

<u>Credited Service</u>	<u>Probability of Withdrawal</u>
0-2	17%
3-4	7%
5-14	3%
15+	2%

The above rates were developed and adopted as a result of our July 10, 2017 experience study.

Asset Valuation

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.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay as of the valuation date of all covered Members.

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

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) 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.

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

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

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	2,980,109.75	2,980,109.75
Cash	334,923.90	334,923.90
Total Cash and Equivalents	3,315,033.65	3,315,033.65
Receivables:		
Investment Income	211,536.88	211,536.88
Total Receivable	211,536.88	211,536.88
Investments:		
U. S. Bonds and Bills	4,494,787.35	4,463,949.51
Federal Agency Guaranteed Securities	1,179,195.03	1,170,219.44
Corporate Bonds	10,129,597.93	10,120,076.50
Municipal Obligations	3,082,304.07	3,103,287.52
Stocks	19,395,335.33	22,337,697.00
Mutual Funds:		
Fixed Income	4,825,562.88	4,780,563.63
Equity	31,325,995.73	38,854,730.51
Pooled/Common/Commingled Funds:		
Real Estate	5,760,682.09	6,495,435.35
Total Investments	80,193,460.41	91,325,959.46
Total Assets	83,720,030.94	94,852,529.99
<u>LIABILITIES</u>		
Prepaid City Contribution	745,072.25	745,072.25
Total Liabilities	745,072.25	745,072.25
NET POSITION RESTRICTED FOR PENSIONS	82,974,958.69	94,107,457.74

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

ADDITIONS

Contributions:

Member	1,559,053.94
Buy-Back	127,254.00
City	3,803,577.95
State	1,296,741.05

Total Contributions	6,786,626.94
---------------------	--------------

Investment Income:

Net Realized Gain (Loss)	3,475,728.17
Unrealized Gain (Loss)	4,748,968.08
Net Increase in Fair Value of Investments	8,224,696.25
Interest & Dividends	1,977,798.59
Less Investment Expense ¹	(234,590.68)

Net Investment Income	9,967,904.16
-----------------------	--------------

Total Additions	16,754,531.10
-----------------	---------------

DEDUCTIONS

Distributions to Members:

Benefit Payments	2,358,858.02
Lump Sum DROP Distributions	1,054,623.26
Refunds of Member Contributions	287,818.24

Total Distributions	3,701,299.52
---------------------	--------------

Administrative Expense	190,248.70
------------------------	------------

Total Deductions	3,891,548.22
------------------	--------------

Net Increase in Net Position	12,862,982.88
------------------------------	---------------

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	81,244,474.86
-----------------------	---------------

End of the Year	94,107,457.74
-----------------	---------------

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

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2017

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

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return ¹	
09/30/2014	8.27%	
09/30/2015	-0.44%	
09/30/2016	9.79%	
09/30/2017	12.08%	
Annualized Rate of Return for prior four (4) years:		7.32%
(A) 10/01/2016 Actuarial Assets:		\$82,876,240.76
(I) Net Investment Income:		
1. Interest and Dividends	1,977,798.59	
2. Realized Gains (Losses)	3,475,728.17	
3. Change in Actuarial Value	951,547.37	
4. Investment Related Expenses	(234,590.68)	
Total		6,170,483.45
(B) 10/01/2017 Actuarial Assets:		\$91,941,802.93
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		7.32%
10/01/2017 Limited Actuarial Assets:		\$91,941,802.93
10/01/2017 Market Value of Assets:		\$94,107,457.74
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$362,473.75)

¹Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	1,559,053.94	
Buy-Back	127,254.00	
City	3,803,577.95	
State	1,296,741.05	
 Total Contributions		 6,786,626.94
Earnings from Investments:		
Interest & Dividends	1,977,798.59	
Net Realized Gain (Loss)	3,475,728.17	
Change in Actuarial Value	951,547.37	
 Total Earnings and Investment Gains		 6,405,074.13

EXPENDITURES

Distributions to Members:		
Benefit Payments	2,358,858.02	
Lump Sum DROP Distributions	1,054,623.26	
Refunds of Member Contributions	287,818.24	
 Total Distributions		 3,701,299.52
Expenses:		
Investment related ¹	234,590.68	
Administrative	190,248.70	
 Total Expenses		 424,839.38
 Change in Net Assets for the Year		 9,065,562.17
 Net Assets Beginning of the Year		 82,876,240.76
 Net Assets End of the Year ²		 91,941,802.93

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

²Net Assets may be limited for actuarial consideration.

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

Beginning of the Year Balance	2,747,609.14
Plus Additions	1,080,006.02
Investment Return Earned	163,093.44
Less Distributions	(1,054,623.26)
End of the Year Balance	2,936,085.34

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

(1) Required City and State Contributions	\$5,100,319.00
(2) Less Allowable State Contribution	<u>(1,296,741.05)</u>
(3) Required City Contribution for Fiscal 2017	3,803,577.95
(4) Less 2016 Prepaid Contribution	(530,368.20)
(5) Less Actual City Contributions	<u>(4,018,282.00)</u>
(6) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2017	(\$745,072.25)

STATISTICAL DATA ¹

	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>	<u>10/1/2017</u>
<u>Actives</u>				
Number	205	206	210	211
Average Current Age	41.2	39.8	40.2	40.7
Average Age at Employment	29.3	28.8	28.7	28.6
Average Past Service	11.9	11.0	11.5	12.1
Average Annual Salary	\$78,945	\$80,049	\$82,019	\$85,839
<u>Service Retirees</u>				
Number	33	36	38	42
Average Current Age	N/A	62.6	63.0	63.5
Average Annual Benefit	\$48,578	\$50,044	\$50,656	\$52,509
<u>DROP Retirees</u>				
Number	13	15	17	17
Average Current Age	N/A	58.1	58.6	58.6
Average Annual Benefit	\$65,913	\$62,943	\$65,530	\$62,723
<u>Beneficiaries</u>				
Number	4	5	4	4
Average Current Age	N/A	50.8	50.5	51.5
Average Annual Benefit	\$10,296	\$19,861	\$20,228	\$20,228
<u>Disability Retirees</u>				
Number	6	6	7	7
Average Current Age	N/A	70.7	66.3	67.3
Average Annual Benefit	\$21,086	\$21,086	\$25,236	\$25,236
<u>Terminated Vested</u>				
Number	21	24	19	10
Average Current Age ²	N/A	47.5	47.6	44.7
Average Annual Benefit ²	\$24,413	\$33,200	\$41,816	\$35,731

¹ Prior to 10/1/2015, averages were salary-weighted.

² The Average Annual Benefit and Average Current Age excludes participants awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	1	4	2	1	0	0	0	0	0	0	0	8
25 - 29	1	2	5	3	2	6	0	0	0	0	0	19
30 - 34	3	1	5	2	2	10	5	0	0	0	0	28
35 - 39	1	0	0	0	3	6	23	3	0	0	0	36
40 - 44	0	0	0	2	0	1	20	11	1	0	0	35
45 - 49	0	2	1	0	0	3	16	16	10	4	0	52
50 - 54	0	0	0	0	0	0	9	11	3	4	0	27
55 - 59	0	0	0	0	0	0	1	1	1	1	0	4
60 - 64	0	0	0	0	0	0	1	1	0	0	0	2
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	6	9	13	8	7	26	75	43	15	9	0	211

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2016	210
b. Terminations	
i. Vested (partial or full) with deferred benefits	(1)
ii. Non-vested or full lump sum distribution received	(1)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	(3)
g. Continuing participants	205
h. New entrants	<u>6</u>
i. Total active life participants in valuation	211

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

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	38	17	4	7	19	85
Retired	4	(3)	0	0	(1)	0
DROP	0	3	0	0	0	3
Vested Deferred	0	0	0	0	1	1
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	(9)	(9)
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	42	17	4	7	10	80

SUMMARY OF PLAN
(THROUGH ORDINANCE 16-28)

<u>Eligibility</u>	Full-time employees who are classified as full-time sworn police officers shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Police Officer.
<u>Salary</u>	Total W-2 compensation including tax deferred and exempt income. Effective May 1, 2013, overtime included in Salary is limited to 275 hours per calendar year. Additionally, no hours of unused sick and vacation leave earned after May 1, 2013 shall be includible for Salary purposes.
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination.
<u>Contributions</u>	
Member	9.0% of Salary.
State	0.85% tax on premiums for casualty insurance.
City	10.5% of total pay contributed for each Member plus any remaining amount necessary for payment of Normal (current year's) Cost. Once vested, Members are entitled to amounts contributed for them by the City.
<u>Normal Retirement</u>	
Date	Earlier of Age 55 and 10 years of Credited Service, or age 52 and 25 years of Credited Service.
Benefit	3.27% of Average Final Compensation times Credited Service
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year.

Vesting (Termination)

Less than 5 years of
Credited Service

Refund of Member Contributions.

5 years or more

Accrued benefit payable at Normal Retirement Age or earlier, reduced as for Early Retirement if to commence prior to Normal Retirement Date.

or

Refund of Member Contributions (including amounts contributed for Member at the rate of 6% of salary by the City effective 10/1/91, and 10.5% effective May 5, 2005).

Disability

Eligibility

Service Incurred

Covered from Date of Employment.

Non-Service Incurred

10 years of Credited Service.

Exclusions

Disability resulting from use of drugs, illegal participation in riots, service in military, etc.

Benefit

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Duration

Payable for life, with 120 months certain, or until recovery (as determined by the Board). Options are available.

Death Benefits

Pre-Retirement

Vested

Monthly accrued benefit payable to designated beneficiary for 10 years beginning at Member's Normal Retirement Date.

Non-Vested

Refund of accumulated contributions.

Post-Retirement

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

Board of Trustees

- a. Two Council appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other 4 and appointed by Council.

Deferred Retirement Option Plan

Eligibility

Satisfaction of Normal Retirement requirements.

Participation

Not to exceed 60 months.

Rate of Return

At member's election, either:

- a) 6.5% effective annual interest, compounded monthly, or
- b) Net investment return of the fund credited each fiscal quarter.

Members may change election one time during DROP participation.

Supplemental Benefit:
Chapter 185 Share Accounts

A "Share Plan" was adopted with Ordinance 16-28, but is not currently funded. The methodology of allocating applicable State Monies will be agreed upon at a later date.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	2,980,110
Cash	334,924
Total Cash and Equivalents	3,315,034
Receivables:	
Investment Income	211,537
Total Receivable	211,537
Investments:	
U. S. Bonds and Bills	4,463,949
Federal Agency Guaranteed Securities	1,170,219
Corporate Bonds	10,120,076
Municipal Obligations	3,103,288
Stocks	22,337,697
Mutual Funds:	
Fixed Income	4,780,564
Equity	38,854,731
Pooled/Common/Commingled Funds:	
Real Estate	6,495,435
Total Investments	91,325,959
Total Assets	94,852,530
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	94,852,530

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

ADDITIONS

Contributions:

Member	1,559,054	
Buy-Back	127,254	
City	4,018,282	
State	1,296,741	
 Total Contributions		 7,001,331
 Investment Income:		
Net Increase in Fair Value of Investments	8,224,696	
Interest & Dividends	1,977,799	
Less Investment Expense ¹	(234,591)	
 Net Investment Income		 9,967,904
 Total Additions		 16,969,235

DEDUCTIONS

Distributions to Members:

Benefit Payments	2,358,858	
Lump Sum DROP Distributions	1,054,623	
Refunds of Member Contributions	287,818	
 Total Distributions		 3,701,299
 Administrative Expense		 190,249
 Total Deductions		 3,891,548
 Net Increase in Net Position		 13,077,687
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		81,774,843
 End of the Year		 94,852,530

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

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

Plan Description

Plan Administration

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

- a. Two Council appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other four and appointed by Council.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	66
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	19
Active Plan Members	210
	295

Benefits Provided

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

Normal Retirement:

Date: Earlier of Age 55 and 10 years of Credited Service, or age 52 and 25 years of Credited Service.

Benefit: 3.27% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting (Termination):

Less than 5 years of Credited Service: Refund of Member Contributions.

5 years or more: Accrued benefit payable at Normal Retirement Age or earlier, reduced as for Early Retirement if to commence prior to Normal Retirement Date or Refund of Member Contributions (including amounts contributed for Member at the rate of 6% of salary by the City effective 10/1/91, and 10.5% effective May 5, 2005).

Disability:

Eligibility: Service Incurred: Covered from Date of Employment. Non-Service Incurred: 10 years of Credited Service.

Benefit: Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years beginning at Member's Normal Retirement Date.

Non-Vested: Refund of accumulated contributions.

Supplemental Benefit Chapter 185 Share Accounts:

A "Share Plan" was adopted with Ordinance 16-28, but is not currently funded. The methodology of allocating applicable State Monies will be agreed upon at a later date.

Contributions

Member: 9.0% of Salary.

State: 0.85% tax on premiums for casualty insurance.

City: 10.5% of total pay contributed for each Member plus any remaining amount necessary for payment of Normal (current year's) Cost. Once vested, Members are entitled to amounts contributed for them by the City.

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Investments

Investment Policy:

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
International Equity	15%
<u>Broad Market Fixed Income</u>	<u>35%</u>
<u>Total</u>	<u>100%</u>

Concentrations:

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

Rate of Return:

For the year ended September 30, 2017, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 12.08 percent.

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

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: At member's election, either:

a) 6.5% effective annual interest, compounded monthly, or

b) Net investment return of the fund credited each fiscal quarter.

Member may change election one time during DROP participation.

The DROP balance as September 30, 2017 is \$2,936,085.

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	\$ 115,254,233
Plan Fiduciary Net Position	<u>\$ (94,852,530)</u>
Sponsor's Net Pension Liability	<u>\$ 20,401,703</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	82.30%

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate Healthy Inactive Lives:

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

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

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Disabled Lives:

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated July 10, 2017.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2017 the inflation rate assumption of the investment advisor was 2.50%.

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

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

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.5%
International Equity	8.5%
Broad Market Fixed Income	2.5%

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Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 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 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability	\$ 35,688,632	\$ 20,401,703	\$ 7,673,442

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	3,558,152	3,431,980	3,098,598
Interest	8,103,067	7,302,342	6,561,818
Change in Excess State Money	-	(1,508,953)	364,937
Changes of benefit terms	-	2,751,119	-
Differences between Expected and Actual Experience	488,739	(660,201)	(572,414)
Changes of assumptions	3,830,114	2,757,260	2,550,583
Contributions - Buy Back	127,254	480,952	20,069
Benefit Payments, including Refunds of Employee Contributions	(3,701,299)	(2,511,841)	(2,572,372)
Net Change in Total Pension Liability	12,406,027	12,042,658	9,451,219
Total Pension Liability - Beginning	102,848,206	90,805,548	81,354,329
Total Pension Liability - Ending (a)	<u>\$ 115,254,233</u>	<u>\$ 102,848,206</u>	<u>\$ 90,805,548</u>
Plan Fiduciary Net Position			
Contributions - Employer	4,018,282	3,781,111	3,290,728
Contributions - State	1,296,741	1,247,468	1,082,037
Contributions - Employee	1,559,054	1,489,224	1,406,225
Contributions - Buy Back	127,254	480,952	20,069
Net Investment Income	9,967,904	7,021,629	(301,010)
Benefit Payments, including Refunds of Employee Contributions	(3,701,299)	(2,511,841)	(2,572,372)
Administrative Expense	(190,249)	(189,990)	(163,220)
Net Change in Plan Fiduciary Net Position	13,077,687	11,318,553	2,762,457
Plan Fiduciary Net Position - Beginning	81,774,843	70,456,290	67,693,833
Plan Fiduciary Net Position - Ending (b)	<u>\$ 94,852,530</u>	<u>\$ 81,774,843</u>	<u>\$ 70,456,290</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 20,401,703</u>	<u>\$ 21,073,363</u>	<u>\$ 20,349,258</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	82.30%	79.51%	77.59%
Covered Employee Payroll ¹	\$ 17,322,812	\$ 16,546,924	\$ 16,788,921
Net Pension Liability as a percentage of Covered Employee Payroll	117.77%	127.36%	121.21%

Notes to Schedule:

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

Changes of benefit terms:

For measurement date 09/30/2016, amounts reported as changes of benefit terms was a result of Ordinance 16-28, adopted June 13, 2016, and effective June 23, 2016, provided for an increase in the benefit accrual rate from 3.09% to 3.27% for all years of service for members retiring on and after October 1, 2015.

Changes of assumptions:

For measurement date 09/30/2017, as a result of the Experience Study dated July 10, 2017, the Board has adopted changes to the following assumptions in conjunction with the 10/01/2017 valuation of the Plan:

- Payroll Growth
- Salary Increases
- Investment Return
- Mortality Rates
- Normal and Early Retirement Rates
- Withdrawal Rates

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Changes of assumptions:

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

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

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 8.00% to 7.75%.

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	2,960,477	2,741,182
Interest	5,704,171	5,237,834
Change in Excess State Money	309,802	-
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Contributions - Buy Back	4,436,554	-
Benefit Payments, including Refunds of Employee Contributions	(2,465,108)	(2,273,086)
Net Change in Total Pension Liability	10,945,896	5,705,930
Total Pension Liability - Beginning	70,408,433	64,702,503
Total Pension Liability - Ending (a)	<u>\$ 81,354,329</u>	<u>\$ 70,408,433</u>
Plan Fiduciary Net Position		
Contributions - Employer	3,227,068	3,085,280
Contributions - State	1,026,902	972,481
Contributions - Employee	1,408,036	1,238,897
Contributions - Buy Back	4,436,554	-
Net Investment Income	4,814,924	6,621,223
Benefit Payments, including Refunds of Employee Contributions	(2,465,108)	(2,273,086)
Administrative Expense	(157,907)	(93,764)
Net Change in Plan Fiduciary Net Position	12,290,469	9,551,030
Plan Fiduciary Net Position - Beginning	55,403,364	45,852,334
Plan Fiduciary Net Position - Ending (b)	<u>\$ 67,693,833</u>	<u>\$ 55,403,364</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 13,660,496</u>	<u>\$ 15,005,069</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	83.21%	78.69%
Covered Employee Payroll ¹	\$ 15,644,848	\$ 13,765,522
Net Pension Liability as a percentage of Covered Employee Payroll	87.32%	109.00%

Notes to Schedule:

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	5,100,319	4,498,211	4,007,828	3,944,168	3,802,380
Contributions in relation to the Actuarially Determined Contributions	5,315,023	5,028,579	4,007,828	3,944,168	3,802,380
Contribution Deficiency (Excess)	\$ (214,704)	\$ (530,368)	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 17,322,812	\$ 16,546,924	\$ 16,788,921	\$ 15,644,848	\$ 13,765,522
Contributions as a percentage of Covered Employee Payroll	30.68%	30.39%	23.87%	25.21%	27.62%

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

Notes to Schedule

Valuation Date: 10/01/2015 (AIS 03/24/2016)
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
The following loads are applied for determination of the Sponsor funding requirement:
Interest - A half year, based on the current 7.75% assumption.
Salary - A full year, based on the current average assumption of 6.6%.

Amortization Method: Level Percentage of Pay, Closed.
Remaining Amortization Period: 30 Years (as of 10/01/2015).
Mortality: RP-2000 Table with no projection. (Disabled lives set forward 5 years). Based upon other studies of municipal Police Officers, we feel that this assumption sufficiently accommodates expected future mortality improvements.

Interest Rate: 7.75% per year compounded annually, net of investment related expenses.

Retirement Age: Number of Years after First Eligibility for Normal Retirement

Retirement	Probability of Retirement
0-4	40%
5 or more	100%

Commencing with a Member's eligibility for Early Retirement (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 was adopted and developed as a result of our August 9, 2011 experience study.

Salary Increases:

Years of Service	Increase in Compensation
Less than 5	8.0%
5-10	7.0%
10-15	6.5%
15-20	6.0%
More than 20	5.5%

This assumption was adopted and developed as a result of our August 9, 2011 experience study.

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Final Salary Load:	Credited Service on 10/01/2012	Load Assumption
	10 or more years	20.0%
	Between 5 and 10 years	15.0%
	Less than 5 years	0.0%

Payroll Increases: 4.97% per year.

Asset Valuation: 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.

Disability Rates: See table below for sample rates. It is assumed that 75% of disablements and active member deaths are service related.

Termination Rates: See table below for sample rates. . This assumption was adopted and developed as a result of the August 9, 2011 experience study.

Termination and Disability Rate Tables:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	12.00%	0.03%
30	10.00%	0.04%
40	5.20%	0.07%
50	1.60%	0.18%

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	12.08%	9.79%	-0.44%	8.27%	14.40%

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

General Information about the Pension Plan

Plan Description

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

- a. Two Council appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other four and appointed by Council.

Full-time employees who are classified as full-time sworn police officers shall participate in the System as a condition of employment.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	66
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	19
Active Plan Members	210
	295
	295

Benefits Provided

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

Normal Retirement:

Date: Earlier of Age 55 and 10 years of Credited Service, or age 52 and 25 years of Credited Service.

Benefit: 3.27% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting (Termination):

Less than 5 years of Credited Service: Refund of Member Contributions.

5 years or more: Accrued benefit payable at Normal Retirement Age or earlier, reduced as for Early Retirement if to commence prior to Normal Retirement Date or Refund of Member Contributions (including amounts contributed for Member at the rate of 6% of salary by the City effective 10/1/91, and 10.5% effective May 5, 2005).

Disability:

Eligibility: Service Incurred: Covered from Date of Employment. Non-Service Incurred: 10 years of Credited Service.

Benefit: Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years beginning at Member's Normal Retirement Date.

Non-Vested: Refund of accumulated contributions.

Supplemental Benefit Chapter 185 Share Accounts:

A "Share Plan" was adopted with Ordinance 16-28, but is not currently funded. The methodology of allocating applicable State Monies will be agreed upon at a later date.

Contributions

Member: 9.0% of Salary.

State: 0.85% tax on premiums for casualty insurance.

City: 10.5% of total pay contributed for each Member plus any remaining amount necessary for payment of Normal (current year's) Cost. Once vested, Members are entitled to amounts contributed for them by the City.

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Net Pension Liability

The measurement date is September 30, 2017.
 The measurement period for the pension expense was October 1, 2016 to September 30, 2017.
 The reporting period is October 1, 2017 through September 30, 2018.

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

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate Healthy Inactive Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
 Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Mortality Rate Healthy Active Lives:

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.
 Male: RP2000 Generational, 10% Combined Healthy (previously Annuitant) White Collar / 90% Combined Healthy Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

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

The most recent actuarial experience study used to review the other significant assumptions was dated July 10, 2017.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2017 the inflation rate assumption of the investment advisor was 2.50%.
 These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50%	7.50%
International Equity	15%	8.50%
Broad Market Fixed Income	35%	2.50%
Total	100%	

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Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 percent.

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2017	\$ 102,848,206	\$ 81,774,843	\$ 21,073,363
Changes for a Year:			
Service Cost	3,558,152	-	3,558,152
Interest	8,103,067	-	8,103,067
Differences between Expected and Actual Experience	488,739	-	488,739
Changes of assumptions	3,830,114	-	3,830,114
Changes of benefit terms	-	-	-
Contributions - Employer	-	4,018,282	(4,018,282)
Contributions - State	-	1,296,741	(1,296,741)
Contributions - Employee	-	1,559,054	(1,559,054)
Contributions - Buy Back	127,254	127,254	-
Net Investment Income	-	9,967,904	(9,967,904)
Benefit Payments, including Refunds of Employee Contributions	(3,701,299)	(3,701,299)	-
Administrative Expense	-	(190,249)	190,249
Net Changes	12,406,027	13,077,687	(671,660)
Reporting Period Ending September 30, 2018	\$ 115,254,233	\$ 94,852,530	\$ 20,401,703

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 35,688,632	\$ 20,401,703	\$ 7,673,442

Pension Plan Fiduciary Net Position.

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

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

For the year ended September 30, 2017, the Sponsor has recognized a Pension Expense of \$6,504,692.

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	-	974,752
Changes of assumptions	4,185,210	-
Net difference between Projected and Actual Earnings on Pension Plan investments	2,354,171	-
Employer and State contributions subsequent to the measurement date	5,315,023	-
Total	<u>\$ 11,854,404</u>	<u>\$ 974,752</u>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year ended September 30, 2017.

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

Year ended September 30:	
2018	\$ 1,454,306
2019	\$ 1,369,316
2020	\$ 1,369,316
2021	\$ 1,386,044
2022	\$ 218,233
Thereafter	\$ (232,586)

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

For the year ended September 30, 2018, the Sponsor will recognize a Pension Expense of \$5,203,676.

On September 30, 2018, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	418,920	798,663
Changes of assumptions	6,709,900	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	1,325,841
Employer and State contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ 2,124,504

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2018. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:			
2019	\$	1,369,316	
2020	\$	1,386,044	
2021	\$	218,233	
2022	\$	497,185	
2023	\$	916,559	
Thereafter	\$	616,979	

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

Reporting Period Ending	09/30/2018	09/30/2017	09/30/2016
Measurement Date	09/30/2017	09/30/2016	09/30/2015
Total Pension Liability			
Service Cost	3,558,152	3,431,980	3,098,598
Interest	8,103,067	7,302,342	6,561,818
Change in Excess State Money	-	(1,508,953)	364,937
Changes of benefit terms	-	2,751,119	-
Differences between Expected and Actual Experience	488,739	(660,201)	(572,414)
Changes of assumptions	3,830,114	2,757,260	2,550,583
Contributions - Buy Back	127,254	480,952	20,069
Benefit Payments, including Refunds of Employee Contributions	(3,701,299)	(2,511,841)	(2,572,372)
Net Change in Total Pension Liability	12,406,027	12,042,658	9,451,219
Total Pension Liability - Beginning	102,848,206	90,805,548	81,354,329
Total Pension Liability - Ending (a)	<u>\$ 115,254,233</u>	<u>\$ 102,848,206</u>	<u>\$ 90,805,548</u>
Plan Fiduciary Net Position			
Contributions - Employer	4,018,282	3,781,111	3,290,728
Contributions - State	1,296,741	1,247,468	1,082,037
Contributions - Employee	1,559,054	1,489,224	1,406,225
Contributions - Buy Back	127,254	480,952	20,069
Net Investment Income	9,967,904	7,021,629	(301,010)
Benefit Payments, including Refunds of Employee Contributions	(3,701,299)	(2,511,841)	(2,572,372)
Administrative Expense	(190,249)	(189,990)	(163,220)
Net Change in Plan Fiduciary Net Position	13,077,687	11,318,553	2,762,457
Plan Fiduciary Net Position - Beginning	81,774,843	70,456,290	67,693,833
Plan Fiduciary Net Position - Ending (b)	<u>\$ 94,852,530</u>	<u>\$ 81,774,843</u>	<u>\$ 70,456,290</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 20,401,703</u>	<u>\$ 21,073,363</u>	<u>\$ 20,349,258</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	82.30%	79.51%	77.59%
Covered Employee Payroll ¹	\$ 17,322,812	\$ 16,546,924	\$ 16,788,921
Net Pension Liability as a percentage of Covered Employee Payroll	117.77%	127.36%	121.21%

Notes to Schedule:

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

Changes of benefit terms:

For measurement date 09/30/2016, amounts reported as changes of benefit terms was a result of Ordinance 16-28, adopted June 13, 2016, and effective June 23, 2016, provided for an increase in the benefit accrual rate from 3.09% to 3.27% for all years of service for members retiring on and after October 1, 2015.

Changes of assumptions:

For measurement date 09/30/2017, as a result of the Experience Study dated July 10, 2017, the Board has adopted changes to

- Payroll Growth
- Salary Increases
- Investment Return
- Mortality Rates
- Normal and Early Retirement Rates
- Withdrawal Rates

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Changes of assumptions:

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

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

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 8.00% to 7.75%.

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

Reporting Period Ending Measurement Date	09/30/2016 <u>09/30/2014</u>	09/30/2014 <u>09/30/2013</u>
Total Pension Liability		
Service Cost	2,960,477	2,741,182
Interest	5,704,171	5,237,834
Change in Excess State Money	309,802	-
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Contributions - Buy Back	4,436,554	-
Benefit Payments, including Refunds of Employee Contributions	<u>(2,465,108)</u>	<u>(2,273,086)</u>
Net Change in Total Pension Liability	10,945,896	5,705,930
Total Pension Liability - Beginning	<u>70,408,433</u>	<u>64,702,503</u>
Total Pension Liability - Ending (a)	<u><u>\$ 81,354,329</u></u>	<u><u>\$ 70,408,433</u></u>
 Plan Fiduciary Net Position		
Contributions - Employer	3,227,068	3,085,280
Contributions - State	1,026,902	972,481
Contributions - Employee	1,408,036	1,238,897
Contributions - Buy Back	4,436,554	-
Net Investment Income	4,814,924	6,621,223
Benefit Payments, including Refunds of Employee Contributions	<u>(2,465,108)</u>	<u>(2,273,086)</u>
Administrative Expense	<u>(157,907)</u>	<u>(93,764)</u>
Net Change in Plan Fiduciary Net Position	12,290,469	9,551,030
Plan Fiduciary Net Position - Beginning	<u>55,403,364</u>	<u>45,852,334</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 67,693,833</u></u>	<u><u>\$ 55,403,364</u></u>
 Net Pension Liability - Ending (a) - (b)	<u><u>\$ 13,660,496</u></u>	<u><u>\$ 15,005,069</u></u>
 Plan Fiduciary Net Position as a percentage of the Total Pension Liability	83.21%	78.69%
 Covered Employee Payroll ¹	\$ 15,644,848	\$ 13,765,522
Net Pension Liability as a percentage of Covered Employee Payroll	87.32%	109.00%

Notes to Schedule:

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	5,100,319	4,498,211	4,007,828	3,944,168	3,802,380
Contributions in relation to the Actuarially Determined Contributions	5,315,023	5,028,579	4,007,828	3,944,168	3,802,380
Contribution Deficiency (Excess)	\$ (214,704)	\$ (530,368)	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 17,322,812	\$ 16,546,924	\$ 16,788,921	\$ 15,644,848	\$ 13,765,522
Contributions as a percentage of Covered Employee Payroll	30.68%	30.39%	23.87%	25.21%	27.62%

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

Notes to Schedule

Valuation Date: 10/01/2015 (AIS 03/24/2016)
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
The following loads are applied for determination of the Sponsor funding requirement:
Interest - A half year, based on the current 7.75% assumption.
Salary - A full year, based on the current average assumption of 6.6%.

Amortization Method: Level Percentage of Pay, Closed.
Remaining Amortization Period: 30 Years (as of 10/01/2015).
Mortality: RP-2000 Table with no projection. (Disabled lives set forward 5 years). Based upon other studies of municipal Police Officers, we feel that this assumption sufficiently accommodates expected future mortality improvements.

Interest Rate: 7.75% per year compounded annually, net of investment related expenses.

Retirement Age: Number of Years after First

Eligibility for Normal Retirement	Probability of Retirement
0-4	40%
5 or more	100%

Commencing with a Member's eligibility for Early Retirement (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 was adopted and developed as a result of our August 9, 2011 experience study.

Salary Increases:	Years of Service	Increase in Compensation
	Less than 5	8.00%
	5-10	7.00%
	10-15	6.50%
	15-20	6.00%
	More than 20	5.50%

This assumption was adopted and developed as a result of our August 9, 2011 experience study.

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Final Salary Load:	Credited Service on 10/01/2012	Load Assumption
	10 or more years	20.00%
	Between 5 and 10 years	15.00%
	Less than 5 years	0.00%

Payroll Increases: 4.97% per year.

Asset Valuation: 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.

Disability Rates: See table below for sample rates. It is assumed that 75% of disablements and active member deaths are service related.

Termination Rates: See table below for sample rates. . This assumption was adopted and developed as a result of the August 9, 2011 experience study.

Termination and Disability Rate Tables:	Age	% Terminating During the Year	% Becoming Disabled During the Year
	20	12.00%	0.03%
	30	10.00%	0.04%
	40	5.20%	0.07%
	50	1.60%	0.18%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 20,349,258	\$ 540,821	\$ 11,886,037	\$ -
Employer and State contributions made after 09/30/ 2016	-	-	5,315,023	-
Total Pension Liability Factors:				
Service Cost	3,431,980	-	-	3,431,980
Interest	7,302,342	-	-	7,302,342
Change in Excess State Money	(1,508,953)	-	-	(1,508,953)
Changes in benefit terms	2,751,119	-	-	2,751,119
Contributions - Buy Back	480,952	-	-	480,952
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(660,201)	660,201	-	-
Current year amortization of experience difference	-	(176,089)	-	(176,089)
Change in assumptions about future economic or demographic factors or other inputs	2,757,260	-	2,757,260	-
Current year amortization of change in assumptions	-	-	(758,264)	758,264
Benefit Payments	(2,511,841)	-	-	-
Net change	<u>12,042,658</u>	<u>484,112</u>	<u>7,314,019</u>	<u>13,039,615</u>
Plan Fiduciary Net Position:				
Contributions - Employer	3,781,111	-	(3,781,111)	-
Contributions - State	1,247,468	-	(1,247,468)	-
Contributions - Employee	1,489,224	-	-	(1,489,224)
Contributions - Buy Back	480,952	-	-	(480,952)
Project Net Investment Income	5,626,868	-	-	(5,626,868)
Difference between projected and actual earnings on Pension Plan investments	1,394,761	1,394,761	-	-
Current year amortization	-	(295,680)	(1,167,811)	872,131
Benefit Payments	(2,511,841)	-	-	-
Administrative Expenses	(189,990)	-	-	189,990
Net change	<u>11,318,553</u>	<u>1,099,081</u>	<u>(6,196,390)</u>	<u>(6,534,923)</u>
Ending Balance	<u>\$ 21,073,363</u>	<u>\$ 2,124,014</u>	<u>\$ 13,003,666</u>	<u>\$ 6,504,692</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2018

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 21,073,363	\$ 2,124,014	\$ 13,003,666	\$ -
Employer and State contributions made after 09/30/2017	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	3,558,152	-	-	3,558,152
Interest	8,103,067	-	-	8,103,067
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	127,254	-	-	127,254
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	488,739	-	488,739	-
Current year amortization of experience difference	-	(176,089)	(69,819)	(106,270)
Change in assumptions about future economic or demographic factors or other inputs	3,830,114	-	3,830,114	-
Current year amortization of change in assumptions	-	-	(1,305,424)	1,305,424
Benefit Payments	(3,701,299)	-	-	-
Net change	<u>12,406,027</u>	<u>(176,089)</u>	<u>2,943,610</u>	<u>12,987,627</u>
Plan Fiduciary Net Position:				
Contributions - Employer	4,018,282	-	(4,018,282)	-
Contributions - State	1,296,741	-	(1,296,741)	-
Contributions - Employee	1,559,054	-	-	(1,559,054)
Contributions - Buy Back	127,254	-	-	(127,254)
Projected Net Investment Income	6,458,054	-	-	(6,458,054)
Difference between projected and actual earnings on Pension Plan investments	3,509,850	3,509,850	-	-
Current year amortization	-	(997,649)	(1,167,811)	170,162
Benefit Payments	(3,701,299)	-	-	-
Administrative Expenses	(190,249)	-	-	190,249
Net change	<u>13,077,687</u>	<u>2,512,201</u>	<u>(6,482,834)</u>	<u>(7,783,951)</u>
Ending Balance	<u>\$ 20,401,703</u>	<u>\$ 4,460,126</u>	<u>TBD</u>	<u>\$ 5,203,676</u>

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

AMORTIZATION SCHEDULE - INVESTMENTS

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

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2014	\$ (83,633)	5	\$ (16,727)	\$ (16,727)	\$ (16,727)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 5,839,055	5	\$ 1,167,811	\$ 1,167,811	\$ 1,167,811	\$ 1,167,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (1,394,761)	5	\$ (278,953)	\$ (278,952)	\$ (278,952)	\$ (278,952)	\$ (278,952)	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (3,509,850)	5	\$ -	\$ (701,970)	\$ (701,970)	\$ (701,970)	\$ (701,970)	\$ (701,970)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 872,131	\$ 170,162	\$ 170,162	\$ 186,889	\$ (980,922)	\$ (701,970)	\$ -	\$ -	\$ -	\$ -

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
2015	\$ 2,550,583	7	\$ 364,369	\$ 364,369	\$ 364,369	\$ 364,369	\$ 364,369	\$ 364,369	\$ -	\$ -	\$ -	\$ -
2016	\$ 2,757,260	7	\$ 393,895	\$ 393,895	\$ 393,894	\$ 393,894	\$ 393,894	\$ 393,894	\$ 393,894	\$ -	\$ -	\$ -
2017	\$ 3,830,114	7	\$ -	\$ 547,160	\$ 547,159	\$ 547,159	\$ 547,159	\$ 547,159	\$ 547,159	\$ 547,159	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 758,264	\$ 1,305,424	\$ 1,305,422	\$ 1,305,422	\$ 1,305,422	\$ 1,305,422	\$ 941,053	\$ 547,159	\$ -	\$ -

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		Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Expected and Actual Experience												
2015	\$	(572,414)	7	\$ (81,774)	\$ (81,774)	\$ (81,773)	\$ (81,773)	\$ (81,773)	\$ (81,773)	\$ -	\$ -	\$ -	\$ -
2016	\$	(660,201)	7	\$ (94,315)	\$ (94,315)	\$ (94,315)	\$ (94,314)	\$ (94,314)	\$ (94,314)	\$ (94,314)	\$ -	\$ -	\$ -
2017	\$	488,739	7	\$ -	\$ 69,819	\$ 69,820	\$ 69,820	\$ 69,820	\$ 69,820	\$ 69,820	\$ 69,820	\$ -	\$ -
Net Increase (Decrease) in Pension Expense				\$ (176,089)	\$ (106,270)	\$ (106,268)	\$ (106,267)	\$ (106,267)	\$ (106,267)	\$ (24,494)	\$ 69,820	\$ -	\$ -