

CITY OF UMATILLA
MUNICIPAL POLICE OFFICERS'
RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2018

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2020

GASB 67/68 DISCLOSURE INFORMATION
AS OF SEPTEMBER 30, 2018



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

December 12, 2018

Board of Trustees
City of Umatilla
Municipal Police Officers' Retirement Trust Fund
P.O. Box 2286
Umatilla, FL 32784-2286

Re: City of Umatilla 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 Umatilla 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 reflect 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 the valuations, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by the City of Umatilla, 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, 2018. 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 Umatilla, 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: 
Christine M. O'Neal, FSA, MAAA

TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	5
	b. Changes Since Prior Valuation	7
	c. Comparative Summary of Principal Valuation Results	8
II	Valuation Information	
	a. Actuarial Assumptions and Methods	14
	b. Glossary	16
	c. Partial History of Premium Tax Refunds	17
III	Trust Fund	18
IV	Member Statistics	
	a. Statistical Data	22
	b. Age and Service Distribution	23
	c. Valuation Participant Reconciliation	24
V	Summary of Current Plan	25
VI	Governmental Accounting Standards Board Statements No. 67 and No. 68 Disclosure Information	27

SUMMARY OF REPORT

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

The contribution requirements, compared with those set forth in the October 1, 2016 actuarial valuation report, are as follows:

Valuation Date Applicable to Fiscal Year Ending	10/1/2018 <u>9/30/2020</u>	10/1/2016 <u>9/30/2018</u>
Minimum Required Contribution	\$45,502	\$34,735
Member Contributions (Est.)	2,603	2,586
City And State Required Contribution	42,899	32,149
State Contribution (Est.) ¹	32,337	32,337
City Required Contribution	\$10,562	\$0

¹ Represents the amount received in calendar 2018. As per a Mutual Consent Agreement between the Membership and the City, all State Monies received each year will be available to offset the City's required contribution.

As you can see, the Minimum Required Contribution shows an increase when compared to the results determined in the October 1, 2016 actuarial valuation report. The increase is attributable to the increase in plan expenses.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of favorable experience included a 13.30% investment return during fiscal 2017 which exceeded the 7.00% assumption and lower than anticipated salary increases. Unfavorable experience came through no active turnover.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

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

By: Paul M. Baugher
Paul M. Baugher, EA, FSA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

The mortality rates were updated to those used in the July 1, 2016 FRS actuarial valuation for special risk lives.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2018</u>	<u>10/1/2016</u>
A. Participant Data		
Actives	9	9
Service Retirees	2	2
DROP Retirees	0	0
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	<u>2</u>	<u>2</u>
Total	13	13
Total Annual Payroll	\$473,258	\$467,055
Payroll Under Assumed Ret. Age	473,258	467,055
Annual Rate of Payments to:		
Service Retirees	46,876	46,876
DROP Retirees	0	0
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	0	0
B. Assets		
Actuarial Value (AVA) ¹	2,036,542	1,705,205
Market Value (MVA) ¹	2,036,542	1,705,205
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	1,196,193	947,886
Disability Benefits	31,653	26,727
Death Benefits	16,564	28,340
Vested Benefits	389,395	342,530
Refund of Contributions	7,587	9,026
Service Retirees	506,044	521,225
DROP Retirees ¹	0	0
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	<u>1,615</u>	<u>1,615</u>
Total	2,149,051	1,877,349

C. Liabilities - (Continued)	<u>10/1/2018</u>	<u>10/1/2016</u>
Present Value of Future Salaries	4,638,186	4,482,984
Present Value of Future Member Contributions	23,191	22,415
Total Normal Cost	11,480	17,935
Present Value of Future Normal Costs (EAN)	597,333	573,788
Total Actuarial Accrued Liability (EAN AL)	1,551,718	1,303,561
Total Actuarial Accrued Liability (Aggregate)	2,036,542	1,705,205
Unfunded Actuarial Accrued Liability (UAAL)	0	0
Funded Ratio (AVA / EAN AL)	131.2%	130.8%

D. Actuarial Present Value of Accrued Benefits	<u>10/1/2018</u>	<u>10/1/2016</u>
Vested Accrued Benefits		
Inactives ¹	507,659	522,840
Actives	360,363	199,412
Member Contributions	<u>18,774</u>	<u>14,392</u>
Total	886,796	736,644
Non-vested Accrued Benefits	<u>63,576</u>	<u>75,045</u>
Total Present Value		
Accrued Benefits (PVAB)	950,372	811,689
Funded Ratio (MVA / PVAB)	214.3%	210.1%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	130,381	
Benefits Paid	(46,876)	
Interest	55,178	
Other	<u>0</u>	
Total	138,683	

Valuation Date Applicable to Fiscal Year Ending	10/1/2018 <u>9/30/2020</u>	10/1/2016 <u>9/30/2018</u>
E. Pension Cost		
Normal Cost ²	\$12,629	\$19,860
Administrative Expenses ²	32,873	14,875
Payment Required to Amortize Unfunded Actuarial Accrued Liability (as of 10/1/2018) ²	0	0
Minimum Required Contribution	45,502	34,735
Expected Member Contributions ²	2,603	2,586
Expected City and State Contribution	42,899	32,149
F. Past Contributions		
Plan Years Ending:	<u>9/30/2018</u>	
City and State Requirement	32,509	
Actual Contributions Made:		
Members (excluding buyback)	2,226	
City	14,688	
State	<u>32,337</u>	
Total	49,251	
G. Net Actuarial (Gain)/Loss	N/A	

¹ The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2018 and 9/30/2016.

² Contributions developed as of 10/1/2018 displayed above have been adjusted to account for assumed salary increase and interest components.

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

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

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2018	3.30%	6.62%
Year Ended	9/30/2017	3.56%	6.85%
Year Ended	9/30/2016	6.07%	6.83%
Year Ended	9/30/2015	9.18%	6.89%
Year Ended	9/30/2014	3.29%	7.00%

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

		<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended	9/30/2018	7.49%	7.49%	7.00%
Year Ended	9/30/2017	13.30%	13.30%	7.00%
Year Ended	9/30/2016	8.17%	8.17%	7.00%
Year Ended	9/30/2015	-0.02%	-0.02%	7.00%
Year Ended	9/30/2014	8.26%	8.26%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2018	\$473,258
	10/1/2008	363,992
(b) Total Increase		30.02%
(c) Number of Years		10.00
(d) Average Annual Rate		2.66%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



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

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

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

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

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

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

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

Healthy Inactive Lives:

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

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

Disabled Lives:

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

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

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

Prior assumption: Mortality rates used in the July 1, 2015 FRS actuarial valuation report for special risk lives.

Interest Rate

7.00% per year compounded annually, gross of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Payroll Growth

None.

Salary Increases

Years of Service Salary Increase

0	10.0%
1	8.0%
2-4	7.0%
5+	5.5%

Projected Salary in year of retirement is increased 10.0% to account for non-regular compensation (for Members hired before July 1, 2011).

Expenses

\$29,882 annually, based on actual expenses incurred in the prior fiscal year.

Retirement Age

5.0% per year eligible for Early Retirement. 10.0% per year eligible for Normal Retirement (with 100% at Age 58 with 13 Years of Service or Age 55 with 28 Years of Service). Also, any member who has reached Normal Retirement Age on the valuation date is assumed to continue employment for one additional year.

Disability Rate

<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>Service</u>	<u>% Terminating During the Year</u>
0-2 Years	20.0%
3-4 Years	15.0%
5+ Years	5.0%

Funding Method

Aggregate Actuarial Cost Method. The required contributions reflect a half of year interest load as well as a full year's salary load at the current assumption of 6.99%.

Actuarial Asset Method

Market Value of Assets.

GLOSSARY

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on 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 Rate is determined in the aggregate as the ratio of (a) and (b) as follows:

- (a) The present value of benefits for all Plan participants, less the actuarial value of assets.
- (b) The present value of future compensation over the anticipated number of years of participation, determined as of the valuation date.

The Normal Cost dollar requirement is the ratio of (a) and (b), multiplied by the Total Annual Payroll as of the valuation date.

Aggregate 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).

Total Required Contribution is equal to the Normal Cost plus an adjustment for interest according to the timing of sponsor contributions during the year.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1999	20,613.00	_____ %
2000	20,106.00	-2.5%
2001	19,981.00	-0.6%
2002	24,208.00	21.2%
2003	25,989.00	7.4%
2004	29,479.00	13.4%
2005	30,304.90	2.8%
2006	30,581.23	0.9%
2007	30,304.90	-0.9%
2008	30,304.90	0.0%
2009	27,283.00	-10.0%
2010	25,577.00	-6.3%
2011	23,799.26	-7.0%
2012	49,126.84	106.4%
2013	24,402.40	-50.3%
2014	23,026.92	-5.6%
2015	23,731.20	3.1%
2016	35,314.60	48.8%
2017	28,623.19	-18.9%
2018	32,337.16	13.0%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	MARKET VALUE
Total Cash and Equivalents	0.00
Total Receivable	0.00
Investments:	
Florida Municipal Pension Trust Fund	1,921,211.83
Total Investments	1,921,211.83
Total Assets	1,921,211.83
 <u>LIABILITIES</u>	
Total Liabilities	0.00
NET POSITION RESTRICTED FOR PENSIONS	1,921,211.83

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

ADDITIONS

Contributions:		
Member	2,154.98	
City	14,617.33	
State	28,623.19	
 Total Contributions		 45,395.50
Investment Income:		
Net Increase in Fair Value of Investments	226,123.57	
Less Investment Expense ¹	(3,527.39)	
 Net Investment Income		 222,596.18
 Total Additions		 267,991.68

DEDUCTIONS

Distributions to Members:		
Benefit Payments	46,875.72	
Refunds of Member Contributions	0.00	
 Total Distributions		 46,875.72
 Administrative Expense		 5,109.40
 Total Deductions		 51,985.12
 Net Increase in Net Position		 216,006.56
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		1,705,205.27
 End of the Year		 1,921,211.83
 Actuarial Asset Rate of Return		 13.3%
Actuarial Gain/(Loss) due to Investment Return		107,113.30

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

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018

<u>ASSETS</u>	MARKET VALUE
Total Cash and Equivalents	0.00
Total Receivable	0.00
Investments:	
Florida Municipal Pension Trust Fund	2,036,542.14
Total Investments	2,036,542.14
Total Assets	2,036,542.14
 <u>LIABILITIES</u>	
Total Liabilities	0.00
NET POSITION RESTRICTED FOR PENSIONS	2,036,542.14

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

ADDITIONS

Contributions:		
Member	2,226.18	
City	14,687.99	
State	32,337.16	
 Total Contributions		 49,251.33
Investment Income:		
Net Increase in Fair Value of Investments	142,837.17	
Less Investment Expense ¹	(3,906.94)	
 Net Investment Income		 138,930.23
 Total Additions		 188,181.56

DEDUCTIONS

Distributions to Members:		
Benefit Payments	46,875.72	
Refunds of Member Contributions	0.00	
 Total Distributions		 46,875.72
 Administrative Expense		 25,975.53
 Total Deductions		 72,851.25
 Net Increase in Net Position		 115,330.31
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		1,921,211.83
 End of the Year		 2,036,542.14
 Actuarial Asset Rate of Return		 7.5%
Actuarial Gain/(Loss) due to Investment Return		9,315.08

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

STATISTICAL DATA

	<u>10/1/2011</u>	<u>10/1/2014</u>	<u>10/1/2016</u>	<u>10/1/2018</u>
<u>Actives</u>				
Number	8	8	9	9
Average Current Age	38.5	32.5	36.9	38.9
Average Age at Employment	29.4	27.0	30.7	30.7
Average Past Service	9.1	5.5	6.2	8.2
Average Annual Salary	\$43,310	\$46,229	\$51,895	\$52,584
<u>Service Retirees</u>				
Number	N/A	N/A	2	2
Average Current Age	N/A	N/A	68.9	70.9
Average Annual Benefit	N/A	N/A	\$23,438	\$23,438
<u>DROP Retirees</u>				
Number	N/A	N/A	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Beneficiaries</u>				
Number	N/A	N/A	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Disability Retirees</u>				
Number	N/A	N/A	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Terminated Vested</u>				
Number	N/A	N/A	2	2
Average Current Age ¹	N/A	N/A	30.9	N/A
Average Annual Benefit ²	N/A	N/A	N/A	N/A

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

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

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

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

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2016	9
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>0</u>
g. Continuing participants	9
h. New entrants	<u>0</u>
i. Total active life participants in valuation	9

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	2	0	0	0	2	4
Retired	0	0	0	0	0	0
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	0	0
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	(1)	(1)
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	1	1
b. Number current valuation	2	0	0	0	2	4

SUMMARY OF CURRENT PLAN
(Through Ordinance No. 2016-D)

LATEST AMENDMENT	August 16 th , 2016
CREDITED SERVICE	Years and Fractional Parts of Years of Service with the City as a Police Officer.
SALARY	Total Compensation reportable on form W-2, plus all tax deferred, tax sheltered, and tax-exempt items of income.
AVERAGE FINAL COMPENSATION	Average Salary of the best 5 years of the last 10 years prior to retirement, termination, or death.
NORMAL RETIREMENT	
Eligibility	Earlier of: 1) Age 55 and 10 years of Credit Service, or 2) Age 52 and 25 years of Credited Service.
Benefit Amount	2.50% of Average Final Compensation times Credited Service.
Form of Benefit	10 Year Certain and Life thereafter (options available).
EARLY RETIREMENT	
Eligibility	Age 50 and 10 years of Credited Service.
Benefit Amount	Accrued Benefit, reduced 3.00% for each year that benefit commencement precedes Normal Retirement.
Form of Benefit	10 Year Certain and Life thereafter (options available).
PRE-RETIREMENT DEATH	
Less than 10 Years	Refund of Member Contributions, without interest.
10 or More Years	Accrued Benefit (reduced if Member was not eligible for Normal Retirement) paid to Beneficiary for 10 Years.
Post-Retirement	According to option selected, if any.
DISABILITY	
Eligibility	a.) Date of Hire (Service Incurred); 10 years of Credited Service (Non-Service Incurred). b.) Total and permanent disability prior to Normal Retirement Date.

Benefit Amount	Accrued Benefit to date of disability but not less than 42% of Average Final Compensation (Service Incurred).
VESTING (TERMINATION)	
Less than 10 Years	Refund of Member Contributions.
10 or More Years	Accrued Benefit payable at the Member's otherwise Normal or Early (reduced) Retirement Date, or refund of Member Contributions.
CONTRIBUTIONS	
Employee	0.50% of Salary.
City & State	Remaining amount required for actuarial soundness.
BOARD OF TRUSTEES	a) Two City Council Appointees, b) Two elected Police Officers from the Department and c) a Fifth Member elected by the other 4 and appointed by the City Council.
DEFERRED RETIREMENT OPTION PLAN (DROP)	
Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 60 months.
Rate of Return	Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.
Form of Distribution	Cash Lump Sum payment at termination of employment.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018

<u>ASSETS</u>	MARKET VALUE
Total Cash and Equivalents	0
Total Receivable	0
Investments:	
Florida Municipal Pension Trust Fund	2,036,542
Total Investments	2,036,542
Total Assets	2,036,542
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	2,036,542

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

ADDITIONS

Contributions:

Member	2,227	
City	14,688	
State	32,337	
 Total Contributions		 49,252
 Investment Income:		
Net Increase in Fair Value of Investments	142,837	
Interest & Dividends	0	
Less Investment Expense ¹	(3,907)	
 Net Investment Income		 138,930
 Total Additions		 188,182

DEDUCTIONS

Distributions to Members:

Benefit Payments	46,876	
Refunds of Member Contributions	0	
 Total Distributions		 46,876
 Administrative Expense		 25,976
 Total Deductions		 72,852
 Net Increase in Net Position		 115,330

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		1,921,212
End of the Year		2,036,542

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

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

Plan Description

Plan Administration

The City of Umatilla Municipal Police Officers' Retirement Trust Fund is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the plan. The Board consists of five Trustees, two of whom shall be legal residents of the City who are appointed by the City Council, two of whom are Members of the plan who are elected by a majority of the Police Officers who are Members of the plan and a fifth Trustee who is chosen by a majority of the first four Trustees.

Plan Membership as of October 1, 2018:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	2
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	9
	13
	13

Benefits Provided

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

Normal Retirement:

Eligibility: Earlier of: 1) age 55 and the completion of 10 years of Credited Service, or 2) the attainment of age 52 and the completion of 25 years of credit service.

Benefit: 2.50% of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 50 and 10 years of Credited Service.

Benefit Amount: Accrued Benefit, reduced 3.00% for each year that benefit commencement precedes Normal Retirement.

Pre-Retirement Death:

Less than 10 Years: Refund of Member Contributions, without interest.

10 or More Years: Accrued Benefit (reduced if Member was not eligible for Normal Retirement) paid to Beneficiary for 10 Years.

Disability:

Eligibility a.) Date of Hire (Service Incurred); 10 years of Credited Service (Non-Service Incurred).

b.) Total and permanent disability prior to Normal Retirement Date.

Benefit amount: Accrued Benefit to date of disability but not less than 42% of Average Final Compensation (Service Incurred).

Vesting (Termination):

Less than 10 Years: Refund of Member Contributions.

10 or More Years: Accrued Benefit payable at the Member's otherwise Normal or Early (reduced) Retirement Date, or refund of Member Contributions.

Contributions

Police Officers: 0.5%.

City and State: Remaining amount required for actuarial soundness.

Investments

Investment Policy:

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

Asset Class	Target Allocation
US Large Cap Equity	34.00%
US Small Cap Equity	11.00%
International Equity	15.00%
Core Bonds	15.00%
Core Plus	15.00%
Core Real Estate	10.00%
Total	100.00%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2018, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 7.31 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: Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.

The DROP balance as September 30, 2018 is \$0.

NET PENSION LIABILITY OF THE SPONSOR

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

Total Pension Liability	\$ 1,523,821
Plan Fiduciary Net Position	\$ (2,036,542)
Sponsor's Net Pension Liability	<u>\$ (512,721)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	133.65%

Actuarial Assumptions:

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

Inflation	2.92%
Salary Increases	Service based
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Active 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 Inactive Lives:

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

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

Mortality Rate Disabled Lives:

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated December 1, 2013.

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

For 2018 the inflation rate assumption of the investment advisor was 2.80%.

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

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
US Large Cap Equity	5.3%
US Small Cap Equity	5.7%
International Equity	5.7%
Core Bonds	1.5%
Core Plus	1.7%
Core Real Estate	4.6%

GASB 67

Discount Rate:

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Sponsor's Net Pension Liability	\$ (242,216)	\$ (512,721)	\$ (731,354)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2018	09/30/2017	09/30/2016
Total Pension Liability			
Service Cost	59,977	62,352	52,149
Interest	100,016	87,800	79,144
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	18,443	73,619	-
Changes of assumptions	-	-	25,280
Benefit Payments, including Refunds of Employee Contributions	(46,876)	(46,876)	(46,876)
Net Change in Total Pension Liability	131,560	176,895	109,697
Total Pension Liability - Beginning	1,392,261	1,215,366	1,105,669
Total Pension Liability - Ending (a)	<u>\$ 1,523,821</u>	<u>\$ 1,392,261</u>	<u>\$ 1,215,366</u>
Plan Fiduciary Net Position			
Contributions - Employer	14,688	14,618	20,798
Contributions - State	32,337	28,623	35,314
Contributions - Employee	2,227	2,155	2,120
Net Investment Income	138,930	222,596	125,610
Benefit Payments, including Refunds of Employee Contributions	(46,876)	(46,876)	(46,876)
Administrative Expense	(25,976)	(5,109)	(10,191)
Net Change in Plan Fiduciary Net Position	115,330	216,007	126,775
Plan Fiduciary Net Position - Beginning	1,921,212	1,705,205	1,578,430
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,036,542</u>	<u>\$ 1,921,212</u>	<u>\$ 1,705,205</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (512,721)</u>	<u>\$ (528,951)</u>	<u>\$ (489,839)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	133.65%	137.99%	140.30%
Covered Employee Payroll	\$ 445,231	\$ 431,000	\$ 424,000
Net Pension Liability as a percentage of Covered Employee Payroll	-115.16%	-122.73%	-115.53%

Notes to Schedule:

Ordinance No. 2016-D, that was adopted August 16, 2016, transitioned the Plan to "Local Law".

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 2.92%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

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

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	48,398	45,232
Interest	73,867	68,715
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(46,876)</u>	<u>(40,168)</u>
Net Change in Total Pension Liability	75,389	73,779
Total Pension Liability - Beginning	<u>1,030,280</u>	<u>956,501</u>
Total Pension Liability - Ending (a)	<u>\$ 1,105,669</u>	<u>\$ 1,030,280</u>
 Plan Fiduciary Net Position		
Contributions - Employer	47,980	42,479
Contributions - State	23,731	23,027
Contributions - Employee	1,889	1,588
Net Investment Income	(3,466)	121,384
Benefit Payments, including Refunds of Employee Contributions	(46,876)	(40,168)
Administrative Expense	<u>(7,692)</u>	<u>(7,518)</u>
Net Change in Plan Fiduciary Net Position	15,566	140,792
Plan Fiduciary Net Position - Beginning	<u>1,562,864</u>	<u>1,422,072</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,578,430</u>	<u>\$ 1,562,864</u>
 Net Pension Liability - Ending (a) - (b)	<u>\$ (472,761)</u>	<u>\$ (532,584)</u>
 Plan Fiduciary Net Position as a percentage of the Total Pension Liability	142.76%	151.69%
 Covered Employee Payroll	\$ 377,800	\$ 317,519
Net Pension Liability as a percentage of Covered Employee Payroll	-125.14%	-167.73%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a percentage of Covered Employee Payroll
09/30/2018	\$ 32,149	\$ 47,025	\$ (14,876)	\$ 445,231	10.56%
09/30/2017	\$ -	\$ 43,241	\$ (43,241)	\$ 431,000	10.03%
09/30/2016	\$ -	\$ 56,112	\$ (56,112)	\$ 424,000	13.23%
09/30/2015	\$ 57,048	\$ 71,711	\$ (14,663)	\$ 377,800	18.98%
09/30/2014	\$ 47,944	\$ 51,219	\$ (3,275)	\$ 317,519	16.13%

Notes to Schedule

Valuation Date: 10/01/2016

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

Methods and assumptions used to determine contribution rates:

Mortality Rate:

Healthy Lives:

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

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

Disabled Lives:

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

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

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

Interest Rate: 7.0% per year, compounded annually, gross of investment related expenses.

Retirement Age: 5.0% per year eligible for Early Retirement. 10.0% per year eligible for Normal Retirement (with 100% at Age 58 with 13 Years of Service or Age 55 with 28 Years of Service). Also, any member who has reached Normal Retirement Age on the valuation date is assumed to continue employment for one additional year.

Disability Rates:

Age	% Becoming Disabled During the Year
20	0.03%
30	0.04%
40	0.07%
50	0.18%

Termination Rates:

Service	% Terminating During the Year
0-2 Years	20.0%
3-4 Years	15.0%
5+ Years	5.0%

GASB 67

Salary Increases:

Years of Service	Salary Increase
0	10.00%
1	8.00%
2-4	7.00%
5+	5.50%

Projected Salary in year of retirement is increased 10.0% to account for non-regular compensation (for Members hired before July 1, 2011).

Payroll Growth Assumption:

None.

Funding Method:

Aggregate Actuarial Cost Method. The required contributions reflect a half of year interest load as well as a full year's salary load at the current assumption of 6.99%.

Actuarial Asset Method:

Market Value of Assets.

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2018	7.31%
09/30/2017	13.18%
09/30/2016	7.95%
09/30/2015	-0.22%
09/30/2014	8.48%

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

General Information about the Pension Plan

Plan Description

The City of Umatilla Municipal Police Officers' Retirement Trust Fund is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the plan. The Board consists of five Trustees, two of whom shall be legal residents of the City who are appointed by the City Council, two of whom are Members of the plan who are elected by a majority of the Police Officers who are Members of the plan and a fifth Trustee who is chosen by a majority of the first four. Each person employed by the Umatilla Police Department as a full-time Police Officer becomes a member of the plan as a condition of his employment. All Police Officers are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

Plan Membership as of October 1, 2018:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	2
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	9
	13
	13

Benefits Provided

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

Normal Retirement:

Eligibility: Earlier of: 1) age 55 and the completion of 10 years of Credited Service, or 2) the attainment of age 52 and the completion of 25 years of credit service.

Benefit: 2.50% of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 50 and 10 years of Credited Service.

Benefit Amount: Accrued Benefit, reduced 3.00% for each year that benefit commencement precedes Normal Retirement.

Pre-Retirement Death:

Less than 10 Years: Refund of Member Contributions, without interest.

10 or More Years: Accrued Benefit (reduced if Member was not eligible for Normal Retirement) paid to Beneficiary for 10 Years.

Disability:

Eligibility a.) Date of Hire (Service Incurred); 10 years of Credited Service (Non-Service Incurred).

b.) Total and permanent disability prior to Normal Retirement Date.

Benefit amount: Accrued Benefit to date of disability but not less than 42% of Average Final Compensation (Service Incurred).

Vesting (Termination):

Less than 10 Years: Refund of Member Contributions.

10 or More Years: Accrued Benefit payable at the Member's otherwise Normal or Early (reduced) Retirement Date, or refund of Member Contributions.

Contributions

Police Officers: 0.5%.

City and State: Remaining amount required for actuarial soundness.

Net Pension Liability

The measurement date is September 30, 2018.

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

The reporting period is October 1, 2017 through September 30, 2018.

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

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

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

Inflation	2.92%
Salary Increases	Service based
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Active 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 Inactive Lives:

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

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

Mortality Rate Disabled Lives:

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated December 1, 2013.

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

For 2018 the inflation rate assumption of the investment advisor was 2.80%.

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

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Large Cap Equity	34.00%	5.3%
US Small Cap Equity	11.00%	5.7%
International Equity	15.00%	5.7%
Core Bonds	15.00%	1.5%
Core Plus	15.00%	1.7%
Core Real Estate	10.00%	4.6%
Total	100.00%	

GASB 68

Discount Rate:

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2017	\$ 1,392,261	\$ 1,921,212	\$ (528,951)
Changes for a Year:			
Service Cost	59,977	-	59,977
Interest	100,016	-	100,016
Differences between Expected and Actual Experience	18,443	-	18,443
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	14,688	(14,688)
Contributions - State	-	32,337	(32,337)
Contributions - Employee	-	2,227	(2,227)
Net Investment Income	-	138,930	(138,930)
Benefit Payments, including Refunds of Employee Contributions	(46,876)	(46,876)	-
Administrative Expense	-	(25,976)	25,976
Net Changes	131,560	115,330	16,230
Balances at September 30, 2018	\$ 1,523,821	\$ 2,036,542	\$ (512,721)

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability	\$ (242,216)	\$ (512,721)	\$ (731,354)

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, 2018, the Sponsor will recognize a Pension Expense of \$60,105.

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	68,395	-
Changes of assumptions	15,800	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	49,617
Total	\$ 84,195	\$ 49,617

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	\$	14,257
2020	\$	(8,450)
2021	\$	(5,434)
2022	\$	15,258
2023	\$	16,312
Thereafter	\$	2,635

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

	09/30/2018	09/30/2017	09/30/2016
Total Pension Liability			
Service Cost	59,977	62,352	52,149
Interest	100,016	87,800	79,144
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	18,443	73,619	-
Changes of assumptions	-	-	25,280
Benefit Payments, including Refunds of Employee Contributions	(46,876)	(46,876)	(46,876)
Net Change in Total Pension Liability	131,560	176,895	109,697
Total Pension Liability - Beginning	1,392,261	1,215,366	1,105,669
Total Pension Liability - Ending (a)	<u>\$ 1,523,821</u>	<u>\$ 1,392,261</u>	<u>\$ 1,215,366</u>
Plan Fiduciary Net Position			
Contributions - Employer	14,688	14,618	20,798
Contributions - State	32,337	28,623	35,314
Contributions - Employee	2,227	2,155	2,120
Net Investment Income	138,930	222,596	125,610
Benefit Payments, including Refunds of Employee Contributions	(46,876)	(46,876)	(46,876)
Administrative Expense	(25,976)	(5,109)	(10,191)
Net Change in Plan Fiduciary Net Position	115,330	216,007	126,775
Plan Fiduciary Net Position - Beginning	1,921,212	1,705,205	1,578,430
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,036,542</u>	<u>\$ 1,921,212</u>	<u>\$ 1,705,205</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (512,721)</u>	<u>\$ (528,951)</u>	<u>\$ (489,839)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	133.65%	137.99%	140.30%
Covered Employee Payroll	\$ 445,231	\$ 431,000	\$ 424,000
Net Pension Liability as a percentage of Covered Employee Payroll	-115.16%	-122.73%	-115.53%

Notes to Schedule:

Effective for the City's fiscal year ending 09/30/2016, the GASB 68 measurement date of the Pension Expense has been changed from 09/30/2015 to 09/30/2016.

Ordinance No. 2016-D, that was adopted August 16, 2016, transitioned the Plan to "Local Law".

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 2.92%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

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

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	48,398	45,232
Interest	73,867	68,715
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(46,876)</u>	<u>(40,168)</u>
Net Change in Total Pension Liability	75,389	73,779
Total Pension Liability - Beginning	1,030,280	956,501
Total Pension Liability - Ending (a)	<u>\$ 1,105,669</u>	<u>\$ 1,030,280</u>
Plan Fiduciary Net Position		
Contributions - Employer	47,980	42,479
Contributions - State	23,731	23,027
Contributions - Employee	1,889	1,588
Net Investment Income	(3,466)	121,384
Benefit Payments, including Refunds of Employee Contributions	(46,876)	(40,168)
Administrative Expense	<u>(7,692)</u>	<u>(7,518)</u>
Net Change in Plan Fiduciary Net Position	15,566	140,792
Plan Fiduciary Net Position - Beginning	1,562,864	1,422,072
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,578,430</u>	<u>\$ 1,562,864</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (472,761)</u>	<u>\$ (532,584)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	142.76%	151.69%
Covered Employee Payroll	\$ 377,800	\$ 317,519
Net Pension Liability as a percentage of Covered Employee Payroll	-125.14%	-167.73%

Notes to Schedule:

Effective for the City's fiscal year ending 09/30/2016, the GASB 68 measurement date of the Pension Expense has been changed from 09/30/2015 to 09/30/2016.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a percentage of Covered Employee Payroll
09/30/2018	\$ 32,149	47,025	\$ (14,876)	\$ 445,231	10.56%
09/30/2017	\$ -	\$ 43,241	\$ (43,241)	\$ 431,000	10.03%
09/30/2016	\$ -	\$ 56,112	\$ (56,112)	\$ 424,000	13.23%
09/30/2015	\$ 57,048	\$ 71,711	\$ (14,663)	\$ 377,800	18.98%
09/30/2014	\$ 47,944	\$ 51,219	\$ (3,275)	\$ 317,519	16.13%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Mortality Rate: *Healthy Lives:*
Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue
Disabled Lives:
Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.
Male: 60% RP2000 Disabled Male setback four years /40% Annuitant White Collar with no setback, no projection scale.
The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2015 FRS actuarial valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements

Interest Rate: 7.0% per year, compounded annually, gross of investment related expenses.
Retirement Age: 5.0% per year eligible for Early Retirement. 10.0% per year eligible for Normal Retirement (with 100% at Age 58 with 13 Years of Service or Age 55 with 28 Years of Service). Also, any member who has reached Normal Retirement Age on the valuation date is assumed to continue employment for one additional year.

Disability Rates:

Age	% Becoming Disabled During the Year
20	0.03%
30	0.04%
40	0.07%
50	0.18%

Termination Rates:

Service	% Terminating During the Year
0-2 Years	20.0%
3-4 Years	15.0%
5+ Years	5.0%

GASB 68

Salary Increases:

Years of Service	Salary Increase
0	10.0%
1	8.0%
2-4	7.0%
5+	5.5%

Projected Salary in year of retirement is increased 10.0% to account for non-regular compensation (for Members hired before July 1, 2011).

Payroll Growth Assumption:

None.

Funding Method:

Aggregate Actuarial Cost Method. The required contributions reflect a half of year interest load as well as a full year's salary load at the current assumption of 6.99%.

Actuarial Asset Method:

Market Value of Assets.

EXPENSE DEVELOPMENT AND AMORTIZATION SCHEDULES

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

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2018

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (528,951)	\$ 96,048	\$ 127,476	\$ -
Total Pension Liability Factors:				
Service Cost	59,977	-	-	59,977
Interest	100,016	-	-	100,016
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	18,443	-	18,443	-
Current year amortization of experience difference	-	-	(13,150)	13,150
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(3,160)	3,160
Benefit Payments, including Refunds of Employee Contributions	(46,876)	-	-	-
Net change	<u>131,560</u>	<u>-</u>	<u>2,133</u>	<u>176,303</u>
Plan Fiduciary Net Position:				
Contributions - Employer	14,688	-	-	-
Contributions - State	32,337	-	-	-
Contributions - Employee	2,227	-	-	(2,227)
Projected Net Investment Income	133,659	-	-	(133,659)
Difference between projected and actual earnings on Pension Plan investments	5,271	5,271	-	-
Current year amortization	-	(28,995)	(22,707)	(6,288)
Benefit Payments, including Refunds of Employee Contributions	(46,876)	-	-	-
Administrative Expenses	(25,976)	-	-	25,976
Net change	<u>115,330</u>	<u>(23,724)</u>	<u>(22,707)</u>	<u>(116,198)</u>
Ending Balance	<u>\$ (512,721)</u>	<u>\$ 72,324</u>	<u>\$ 106,902</u>	<u>\$ 60,105</u>

AMORTIZATION SCHEDULE - INVESTMENTS

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

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2014	\$ (21,160)	5	\$ (4,232)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 113,533	5	\$ 22,707	\$ 22,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (15,079)	5	\$ (3,016)	\$ (3,016)	\$ (3,016)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (103,462)	5	\$ (20,692)	\$ (20,692)	\$ (20,692)	\$ (20,692)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (5,271)	5	\$ (1,055)	\$ (1,054)	\$ (1,054)	\$ (1,054)	\$ (1,054)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (6,288)	\$ (2,055)	\$ (24,762)	\$ (21,746)	\$ (1,054)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

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

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2016	\$ 25,280	8	\$ 3,160	\$ 3,160	\$ 3,160	\$ 3,160	\$ 3,160	\$ 3,160	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 3,160	\$ 3,160	\$ 3,160	\$ 3,160	\$ 3,160	\$ 3,160	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

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

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2017	\$ 73,619	7	\$ 10,517	\$ 10,517	\$ 10,517	\$ 10,517	\$ 10,517	\$ 10,517	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 18,443	7	\$ 2,633	\$ 2,635	\$ 2,635	\$ 2,635	\$ 2,635	\$ 2,635	\$ 2,635	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 13,150	\$ 13,152	\$ 13,152	\$ 13,152	\$ 13,152	\$ 13,152	\$ 2,635	\$ -	\$ -	\$ -	\$ -