

CITY OF LAKE ALFRED
GENERAL EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2017

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

December 18, 2017

Board of Trustees
City of Lake Alfred
General Employees' Retirement System
120 E. Pomelo Street
Lake Alfred, FL 33850

Re: City of Lake Alfred
General Employees' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Lake Alfred General Employees' Retirement System. Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Please note that these valuations may not be applicable for any other purposes.

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

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, 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 Lake Alfred, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Lake Alfred General Employees' Retirement System. 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: 
Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #17-6595

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Lake Alfred General Employees' Retirement System, performed as of October 1, 2017, has been completed and the results are presented in this Report. The contribution amounts developed in this valuation 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, are as follows:

Valuation Date	10/1/2017	10/1/2016
Applicable Plan/Fiscal Year End	<u>9/30/2019</u>	<u>9/30/2018</u>
 Total Required Contribution	 \$309,783	 \$284,200
 Member Contributions	 (\$79,819)	 (\$68,102)
 Balance From City ¹	 \$229,964	 \$216,098

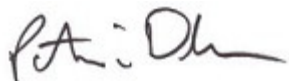
¹ Contribution requirements shown above were developed assuming the City continues its practice of making a lump-sum deposit at the beginning of the fiscal year. Should the City change this practice, the contribution requirements will need to be adjusted to include an interest component.


During the past year, the actuarial experience has been slightly less favorable than expected, relative to the Plan's actuarial assumptions. The principal sources of unfavorable experience resulted from average increases in pensionable compensation that were greater than the assumed rate and no retiree mortality. The losses were partially offset by favorable turnover and retirement experience.

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 to discuss the Report and answer any questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

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

By: 
Drew D. Ballard, EA, MAAA

CHANGES SINCE PRIOR REPORT

Plan Changes

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

Actuarial Assumption/Method Changes

As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the rates used by the Florida Retirement System actuary in the July 1, 2015 actuarial valuation to the rates used in the July 1, 2016 actuarial valuation for non-special risk lives.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2017</u>	<u>10/1/2016</u>
A. Participant Data		
Actives	36	37
Service Retirees	20	19
DROP Retirees	1	0
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	<u>32</u>	<u>30</u>
 Total	 89	 86
 Total Annual Payroll	 \$1,451,582	 \$1,238,502
Payroll Under Assumed Ret. Age	1,451,582	1,238,502
 Annual Rate of Payments to:		
Service Retirees	249,216	238,421
DROP Retirees	8,165	0
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	109,154	97,835
 B. Assets		
Actuarial Value (AVA) ¹	4,689,668	4,197,904
Market Value (MVA) ¹	4,774,481	4,043,450
 C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	2,719,591	2,334,554
Disability Benefits	98,153	85,205
Death Benefits	21,575	26,182
Vested Benefits	284,013	305,818
Refund of Contributions	88,703	71,051
Service Retirees	2,437,611	2,345,604
DROP Retirees ¹	97,755	0
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	<u>613,698</u>	<u>604,765</u>
Total	6,361,099	5,773,179

C. Liabilities - (Continued)	<u>10/1/2017</u>	<u>10/1/2016</u>
Present Value of Future Salaries	10,238,677	8,558,472
Present Value of Future Member Contributions	511,934	427,924
Normal Cost (Retirement)	158,240	135,263
Normal Cost (Disability)	5,496	4,785
Normal Cost (Death)	1,547	1,989
Normal Cost (Vesting)	13,400	14,257
Normal Cost (Refunds)	<u>16,065</u>	<u>13,712</u>
Total Normal Cost	194,748	170,006
Present Value of Future Normal Costs	1,248,444	1,082,468
Accrued Liability (Retirement)	1,680,233	1,454,703
Accrued Liability (Disability)	60,318	51,920
Accrued Liability (Death)	12,883	14,823
Accrued Liability (Vesting)	189,160	201,842
Accrued Liability (Refunds)	20,997	17,054
Accrued Liability (Inactives) ¹	<u>3,149,064</u>	<u>2,950,369</u>
Total Actuarial Accrued Liability (EAN AL)	5,112,655	4,690,711
Unfunded Actuarial Accrued Liability (UAAL)	422,987	492,807
Funded Ratio (AVA / EAN AL)	91.7%	89.5%

D. Actuarial Present Value of Accrued Benefits	<u>10/1/2017</u>	<u>10/1/2016</u>
Vested Accrued Benefits		
Inactives ¹	3,149,064	2,950,369
Actives	273,947	356,157
Member Contributions	<u>430,441</u>	<u>286,360</u>
Total	3,853,452	3,592,886
Non-vested Accrued Benefits	<u>237,383</u>	<u>269,669</u>
Total Present Value Accrued Benefits (PVAB)	4,090,835	3,862,555
Funded Ratio (MVA / PVAB)	116.7%	104.7%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	227,285	
Benefits Paid	(278,262)	
Interest	279,257	
Other	<u>0</u>	
Total	228,280	

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

E. Pension Cost

Normal Cost ²	\$206,433	\$180,206
Administrative Expenses ²	43,903	38,881
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 24 years (as of 10/1/2017) ²	59,447	65,113
Total Required Contribution	309,783	284,200
Expected Member Contributions ²	79,819	68,102
Expected City Contribution	229,964	216,098

F. Past Contributions

Plan Years Ending:	<u>9/30/2017</u>
City Requirement	170,830
Actual Contributions Made:	
Members (excluding buyback)	71,967
City	<u>263,254</u>
Total	335,221

G. Net Actuarial (Gain)/Loss	17,500
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¹ The asset values and liabilities include accumulated DROP 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	422,987
2018	394,427
2019	365,002
2025	265,804
2030	145,133
2036	855
2041	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	13.86%	6.00%
Year Ended	9/30/2016	6.98%	6.00%
Year Ended	9/30/2015	4.46%	6.00%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	7.24%	7.50%
Year Ended	9/30/2016	6.91%	7.50%
Year Ended	9/30/2015	8.69%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2017	\$1,451,582
	10/1/2007	1,276,386
(b) Total Increase		13.73%
(c) Number of Years		10.00
(d) Average Annual Rate		1.29%

STATEMENT BY ENROLLED ACTUARY

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



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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2016	\$492,807
(2) Sponsor Normal Cost developed as of October 1, 2016	108,081
(3) Expected administrative expenses for the year ended September 30, 2017	36,680
(4) Expected interest on (1), (2) and (3)	46,442
(5) Sponsor contributions to the System during the year ended September 30, 2017	263,254
(6) Expected interest on (5)	15,269
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2017 (1)+(2)+(3)+(4)-(5)-(6)	405,487
(8) Change to UAAL due to Actuarial (Gain)/Loss	17,500
(9) Unfunded Actuarial Accrued Liability as of October 1, 2017	422,987

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2017 <u>Amount</u>	Amortization <u>Amount</u>
Method Change	10/1/2006	19	110,758	10,345
Actuarial Loss **	10/1/2006	11	90,963	11,567
Actuarial Gain	10/1/2007	11	(92,423)	(11,753)
Actuarial Loss	10/1/2008	1	1,179	1,179
Method Change	10/1/2008	11	19,917	2,533
Actuarial Loss	10/1/2009	2	14,095	7,302
Actuarial Gain	10/1/2010	3	(31,055)	(11,109)
Benefit Change	10/1/2010	23	33,600	2,892
Actuarial Loss	10/1/2011	4	92,508	25,693
Benefit Change	10/1/2011	24	(25,985)	(2,201)
Actuarial Loss	10/1/2012	5	65,903	15,152
Assum Change	10/1/2012	15	50,740	5,347
Software Change	10/1/2013	16	(26,378)	(2,684)
Actuarial Gain	10/1/2013	6	(34,498)	(6,837)
Assum Changes	10/1/2013	16	73,400	7,469
Actuarial Gain	10/1/2014	7	(101,485)	(17,824)
Actuarial Gain	10/1/2015	8	(11,528)	(1,831)
Actuarial Loss	10/1/2016	9	39,136	5,707
Assum Change	10/1/2016	19	136,640	12,763
Actuarial Loss	10/1/2017	10	<u>17,500</u>	<u>2,372</u>
			422,987	56,082

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2016	\$492,807
(2) Expected UAAL as of October 1, 2017	405,487
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	11,145
Salary Increases	128,206
Decrements	(186,666)
Inactive Mortality	28,752
Other	<u>36,063</u>
Increase in UAAL due to (Gain)/Loss	17,500
(4) Actual UAAL as of October 1, 2017	\$422,987

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

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

Male: RP2000 Generational, 50% White Collar / 50% Blue Collar, Scale BB

Healthy Inactive Lives:

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

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB

Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years

Male: 100% RP2000 Disabled Male setback four years

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

Previously, the non-special risk rates from the July 1, 2015 FRS actuarial valuation report were used.

Interest Rate

7.50% per year compounded annually, net of investment related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

Retirement Age

Age 59 and 12 years of Credited Service. Also, any member who has reached these requirements is assumed to continue employment for one additional year. We believe this is reasonable based on the Plan's provisions.

Early Retirement

Commencing with eligibility for Early Retirement Age (55), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This is based on the results of an experience study for the period 1998 – 2006.

Disability Rate

Age-Based rates table (1202). This assumption was developed from those used by other plans containing Florida municipal General Employees.

Termination Rate

Please see the table below. The termination rates used are based on the results of an experience study from 1999 – 2012.

<u>Credited Service</u>	<u>Assumption</u>
First 2 Years	18.0%
Years 3-6	14.0%
Years 7+	Age-Based Rates

Salary Increases

6.00% per year until the assumed retirement age; see table below. Projected salary at retirement is increased based on individual current accruals to account for non-regular compensation. This rate was developed in an experience study performed by Foster & Foster for the period 1999 – 2012.

Administrative Expenses

\$41,418 annually. This is equal to the actual non-investment-related expenses paid out of the trust during the year.

Payroll Growth Assumption

None.

Funding Method

Entry Age Normal Actuarial Cost Method. The following loads are applied for determination of the Total Required Contribution:

Interest – None, based on beginning of year funding
Salary – A full year, based on the current 6.00% assumption.

Actuarial Asset Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

<u>Age</u>	<u>% Terminating Each Year (after 7 Yrs of Service)</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 57</u>
20	38.6%	0.05%	11.6%
30	19.4	0.06	20.7
40	7.3	0.12	37.1
50	2.7	0.43	66.5

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning 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 the current year's cost for benefits yet to be funded.

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

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

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

- (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by
- (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Total Cash and Equivalents	0.00	0.00
Receivables:		
Member Contributions in Transit	97.38	97.38
Total Receivable	97.38	97.38
Investments:		
FL Municipal Pension Trust Fund	4,774,383.40	4,774,383.40
Total Investments	4,774,383.40	4,774,383.40
Total Assets	4,774,480.78	4,774,480.78
<u>LIABILITIES</u>		
Total Liabilities	0.00	0.00
NET POSITION RESTRICTED FOR PENSIONS	4,774,480.78	4,774,480.78

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

ADDITIONS

Contributions:		
Member	71,967.36	
Buy-Back	165,862.44	
City	263,254.20	
 Total Contributions		 501,084.00
Investment Income:		
Net Increase in Fair Value of Investments	558,232.43	
Less Investment Expense ¹	(8,606.64)	
 Net Investment Income		 549,625.79
 Total Additions		 1,050,709.79
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments	245,203.80	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	33,057.82	
 Total Distributions		 278,261.62
 Administrative Expense		 41,417.76
 Total Deductions		 319,679.38
 Net Increase in Net Position		 731,030.41
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		4,043,450.37
 End of the Year		 4,774,480.78

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	8.40%	
09/30/2015	-0.09%	
09/30/2016	7.82%	
09/30/2017	13.25%	
Annualized Rate of Return for prior four (4) years:		7.24%
(A) 10/01/2016 Actuarial Assets:		\$4,197,904.40
(I) Net Investment Income:		
1. Interest and Dividends	0.00	
2. Realized Gains (Losses)	0.00	
3. Change in Actuarial Value	318,965.58	
4. Investment Related Expenses	(8,606.64)	
Total		310,358.94
(B) 10/01/2017 Actuarial Assets:		\$4,689,667.96
Actuarial Asset Rate of Return = 2I/(A+B-I):		7.24%
10/01/2017 Limited Actuarial Assets:		\$4,689,667.96
10/01/2017 Market Value of Assets:		\$4,774,480.78
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$11,145.49)

¹Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	71,967.36	
Buy-Back	165,862.44	
City	263,254.20	
 Total Contributions		 501,084.00
 Total Earnings and Investment Gains		 318,965.58

EXPENDITURES

Distributions to Members:		
Benefit Payments	245,203.80	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	33,057.82	
 Total Distributions		 278,261.62
 Expenses:		
Investment related ¹	8,606.64	
Administrative	41,417.76	
 Total Expenses		 50,024.40
 Change in Net Assets for the Year		 491,763.56
 Net Assets Beginning of the Year		 4,197,904.40
 Net Assets End of the Year ²		 4,689,667.96

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	0.00
Plus Additions	4,082.40
Investment Return Earned	55.69
Less Distributions	0.00
End of the Year Balance	4,138.09

STATISTICAL DATA

	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>	<u>10/1/2017</u>
<u>Actives</u>				
Number	37	37	37	36
Average Current Age	44.9	44.7	45.4	46.5
Average Age at Employment	40.0	39.8	40.1	41.5
Average Past Service	4.9	4.9	5.3	5.0
Average Annual Salary	\$30,469	\$31,629	\$33,473	\$40,322
<u>Service Retirees</u>				
Number	16	18	19	20
Average Current Age	66.5	67.0	67.8	68.2
Average Annual Benefit	\$12,460	\$13,173	\$12,548	\$12,461
<u>DROP Retirees</u>				
Number	0	0	0	1
Average Current Age	N/A	N/A	N/A	59.9
Average Annual Benefit	N/A	N/A	N/A	\$8,165
<u>Beneficiaries</u>				
Number	1	1	0	0
Average Current Age	75.3	76.3	N/A	N/A
Average Annual Benefit	\$9,659	\$9,659	N/A	N/A
<u>Disability Retirees</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Terminated Vested</u>				
Number	29	29	30	32
Average Current Age ¹	47.8	48.8	49.8	48.7
Average Annual Benefit ¹	\$9,784	\$9,784	\$9,784	\$10,915

¹ The Average Age and Annual Benefit exclude 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	2	0	0	0	0	0	0	0	0	0	0	2
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	1	0	1	1	2	1	0	0	0	0	6
35 - 39	0	1	0	0	1	0	0	0	0	0	0	2
40 - 44	2	0	1	1	0	0	0	0	0	0	0	4
45 - 49	1	1	0	1	1	1	1	0	0	0	0	6
50 - 54	1	2	0	0	0	1	1	1	0	0	0	6
55 - 59	1	0	0	0	1	1	0	0	0	0	0	3
60 - 64	0	0	1	3	0	1	0	1	0	0	0	6
65+	0	0	0	0	0	1	0	0	0	0	0	1
Total	7	5	2	6	4	7	3	2	0	0	0	36

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2016	37
b. Terminations	
i. Vested (partial or full) with deferred benefits	(3)
ii. Non-vested or full lump sum distribution received	(5)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>(1)</u>
g. Continuing participants	28
h. New entrants	<u>8</u>
i. Total active life participants in valuation	36

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	19	0	0	0	30	49
Retired	0	0	0	0	0	0
DROP	0	1	0	0	0	1
Vested Deferred	1	0	0	0	2	3
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	0	0
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	20	1	0	0	32	53

SUMMARY OF PLAN PROVISIONS
(Through Ordinance 1323-13)

<u>Eligibility</u>	Full-time employees who are classified as General Employees.
<u>Credited Service</u>	Years and fractional parts of years while employment with the City.
<u>Salary</u>	Total W-2 compensation, plus tax deferred, tax sheltered, and tax exempt items of income. Effective July 1, 2011, Salary shall not include more than three hundred (300) hours of overtime per fiscal year. Additionally, Salary will include the lesser of the amount of sick or annual leave time accrued as of July 1, 2011, or the actual amount of sick or annual leave time for which the retiree receives payment at the time of retirement.
<u>Average Final Compensation</u>	Average Salary for the best 5 years of the last 10 years preceding retirement or termination.
<u>Member Contributions</u>	5.0% of Salary.
<u>City Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.
<u>Normal Retirement</u>	
Eligibility	Age 57 and 10 years of Credited Service.
Benefit	2.72% of Average Final Compensation <u>times</u> Credited Service.
Form of Benefit	Five Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 55 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% for each year that Early retirement precedes Normal retirement.

Disability Benefits

Benefit	Accrued benefit determined as for normal retirement, actuarially reduced to reflect payment prior to normal retirement.
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Vesting

Schedule	100% after 10 years of Credited Service
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Early (reduced) or Normal Retirement Date.

Death Benefits

Pre-Retirement	If not vested, refund of accumulated member contributions, with interest. If vested, the accrued monthly benefit payable to the designated beneficiary for 5 years immediately (reduced) or at the otherwise Normal Retirement Date (unreduced).
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 60 months.
Rate of Return	At Member's election (may change method once during DROP participation) either actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or 6.5% per annum, compounded quarterly.
Form of Distribution	Cash lump sum (options available) at termination of employment.

STATEMENT OF FIDUCIARY NET POSITION
 SEPTEMBER 30, 2017

<u>ASSETS</u>	MARKET VALUE
Total Cash and Equivalents	0
Total Receivable	97
Investments:	
Mutual Funds:	
FL Municipal Pension Trust Fund	4,774,384
Total Investments	4,774,384
Total Assets	4,774,481
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	4,774,481

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

ADDITIONS

Contributions:

Member	71,967
Buy-Back	165,863
City	263,254

Total Contributions	501,084
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Investment Income:

Net Increase in Fair Value of Investments	558,233
Interest & Dividends	0
Less Investment Expense ¹	(8,607)

Net Investment Income	549,626
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Total Additions	1,050,710
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DEDUCTIONS

Distributions to Members:

Benefit Payments	245,203
Lump Sum DROP Distributions	0
Refunds of Member Contributions	33,058

Total Distributions	278,261
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Administrative Expense	41,418
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Total Deductions	319,679
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Net Increase in Net Position	731,031
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	4,043,450
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End of the Year	4,774,481
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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 City of Lake Alfred General Employees' Retirement System is a defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board consists of seven Trustees, three of whom are legal residents of the City who are appointed by the Lake Alfred City Commission, three of whom are members of the System who are appointed by a majority of the General Employees who are members of the System and a seventh Trustee who is chosen by a majority of the first six Trustees.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	19
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	30
Active Plan Members	37
	86

Benefits Provided

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

Normal Retirement:

Eligibility: Age 57 and 10 years of Credited Service.

Benefit: 2.72% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 55 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year that Early retirement precedes Normal retirement.

Vesting:

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Early (reduced) or Normal Retirement Date.

Disability:

Accrued benefit determined as for normal retirement, actuarially reduced to reflect payment prior to normal retirement.

Pre-Retirement Death Benefits:

If not vested, refund of accumulated member contributions, with interest. If vested, the accrued monthly benefit payable to the designated beneficiary for 5 years immediately (reduced) or at the otherwise Normal Retirement Date (unreduced).

Contributions

Member Contributions: 5% of Salary.

City Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.

Investments

Investment Policy:

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

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

Concentrations:

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

Rate of Return:

For the year ended September 30, 2017, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 13.25 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 (may change method once during DROP participation) either actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or 6.5% per annum, compounded quarterly.

The DROP balance as September 30, 2017 is \$4,138.

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	\$ 5,032,354
Plan Fiduciary Net Position	\$ (4,774,481)
Sponsor's Net Pension Liability	<u>\$ 257,873</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	94.88%

Actuarial Assumptions:

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

Inflation	3.00%
Salary Increases	6.00%
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate Healthy Lives:

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

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years.

Male: 100% RP2000 Disabled Male setback four years.

The most recent actuarial experience study used to review the other significant assumptions was dated, September 16, 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 2017 the inflation rate assumption of the investment advisor was 2.90%.

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

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

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

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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	\$ 901,713	\$ 257,873	\$ (270,384)

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

	09/30/2017	09/30/2016
Total Pension Liability		
Service Cost	170,659	154,686
Interest	349,574	320,365
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(4,941)	12,782
Changes of assumptions	-	164,833
Contributions - Buy Back	165,863	-
Benefit Payments, including Refunds of Employee Contributions	(278,261)	(280,105)
Net Change in Total Pension Liability	402,894	372,561
Total Pension Liability - Beginning	4,629,460	4,256,899
Total Pension Liability - Ending (a)	\$ 5,032,354	\$ 4,629,460
Plan Fiduciary Net Position		
Contributions - Employer	263,254	173,325
Contributions - Employee	71,967	58,321
Contributions - Buy Back	165,863	-
Net Investment Income	549,626	303,302
Benefit Payments, including Refunds of Employee Contributions	(278,261)	(280,105)
Administrative Expense	(41,418)	(36,680)
Net Change in Plan Fiduciary Net Position	731,031	218,163
Plan Fiduciary Net Position - Beginning	4,043,450	3,825,287
Plan Fiduciary Net Position - Ending (b)	\$ 4,774,481	\$ 4,043,450
Net Pension Liability - Ending (a) - (b)	\$ 257,873	\$ 586,010
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	94.88%	87.34%
Covered Employee Payroll ¹	\$ 1,411,453	\$ 1,166,417
Net Pension Liability as a percentage of Covered Employee Payroll	18.27%	50.24%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

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.

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	148,309	134,677
Interest	318,656	303,446
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(180,354)	-
Changes of assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(260,308)</u>	<u>(237,593)</u>
Net Change in Total Pension Liability	26,303	200,530
Total Pension Liability - Beginning	<u>4,230,596</u>	<u>4,030,066</u>
Total Pension Liability - Ending (a)	<u><u>\$ 4,256,899</u></u>	<u><u>\$ 4,230,596</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	177,969	205,381
Contributions - Employee	56,385	56,428
Contributions - Buy Back	-	-
Net Investment Income	(3,845)	308,029
Benefit Payments, including Refunds of Employee Contributions	(260,308)	(237,593)
Administrative Expense	<u>(28,284)</u>	<u>(27,085)</u>
Net Change in Plan Fiduciary Net Position	(58,083)	305,160
Plan Fiduciary Net Position - Beginning	<u>3,883,370</u>	<u>3,578,210</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 3,825,287</u></u>	<u><u>\$ 3,883,370</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 431,612</u></u>	<u><u>\$ 347,226</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	89.86%	91.79%
Covered Employee Payroll ¹	\$ 1,127,693	\$ 1,098,655
Net Pension Liability as a percentage of Covered Employee Payroll	38.27%	31.60%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>09/30/2017</u>	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>
Actuarially Determined Contribution	170,830	168,960	172,875	204,413
Contributions in relation to the Actuarially Determined Contributions	263,254	173,325	177,969	205,381
Contribution Deficiency (Excess)	<u>\$ (92,424)</u>	<u>\$ (4,365)</u>	<u>\$ (5,094)</u>	<u>\$ (968)</u>
Covered Employee Payroll ¹	\$ 1,411,453	\$ 1,166,417	\$ 1,127,693	\$ 1,098,655
Contributions as a percentage of Covered Employee Payroll	18.65%	14.86%	15.78%	18.69%

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Notes to Schedule

Valuation Date: 10/01/2015

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.								
Amortization Method:	Level Percentage of Pay, Closed.								
Remaining Amortization Period:	26 Years (as of 10/01/2015 Valuation).								
Mortality:	RP2000 Combined Healthy Mortality Table projected to valuation date using scale AA. Disabled lives set forward 5 years. We feel this assumption sufficiently accommodates expected mortality improvements.								
Interest Rate:	7.5% per year compounded annually, net of investment related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.								
Retirement Age:	Age 59 and 12 years of Credited Service. Also, any member who has reached these requirements is assumed to continue employment for one additional year. We believe this is reasonable based on the Plan's provisions.								
Early Retirement:	Commencing with eligibility for Early Retirement Age (55), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This is based on the results of an experience study for the period 1998 – 2006.								
Disability Rates:	Age-Based rates table (1202). This assumption was developed from those used by other plans containing Florida municipal General Employees.								
Termination Rates:	Please see the table on the following page. The termination rates used are based on the results of an experience study from 1999 – 2012.								
	<table border="1"> <thead> <tr> <th style="text-align: center;"><u>Credited Service</u></th> <th style="text-align: center;"><u>Assumption</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">First 2 Years</td> <td style="text-align: center;">18%</td> </tr> <tr> <td style="text-align: center;">Years 3-6</td> <td style="text-align: center;">14%</td> </tr> <tr> <td style="text-align: center;">Years 7+</td> <td style="text-align: center;">Age-Based Rates</td> </tr> </tbody> </table>	<u>Credited Service</u>	<u>Assumption</u>	First 2 Years	18%	Years 3-6	14%	Years 7+	Age-Based Rates
<u>Credited Service</u>	<u>Assumption</u>								
First 2 Years	18%								
Years 3-6	14%								
Years 7+	Age-Based Rates								
Salary Increases:	6.0% per year until the assumed retirement age. Projected salary at retirement is increased based on individual current accruals to account for non-regular compensation. This rate was developed in an experience study performed by Foster & Foster for the period 1999 – 2012.								
Payroll Growth Assumption:	1.3% per year for purposes of amortizing the UAAL. This is limited by Part VII of Chapter 112, Florida Statutes.								

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Actuarial Asset Method:

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:

Age	% Terminating Each Year (after 7 Yrs of Service)	% Becoming Disabled During the Year
20	38.6%	0.05%
30	19.4%	0.06%
40	7.3%	0.12%
50	2.7%	0.43%

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>
Annual Money-Weighted Rate of Return Net of Investment Expense	13.25%	7.82%	-0.09%	8.40%

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

General Information about the Pension Plan

Plan Description

The City of Lake Alfred General Employees' Retirement System is a defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board consists of seven Trustees, three of whom are legal residents of the City who are appointed by the Lake Alfred City Commission, three of whom are members of the System who are appointed by a majority of the General Employees who are members of the System and a seventh Trustee who is chosen by a majority of the first six Trustees.

Each person employed by the City as a full-time General Employee becomes a Member of the System as a condition of his employment. All General Employees are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	19
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	30
Active Plan Members	37
	86
	86

Benefits Provided

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

Normal Retirement:

Eligibility: Age 57 and 10 years of Credited Service.

Benefit: 2.72% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 55 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year that Early retirement precedes Normal retirement.

Vesting:

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Early (reduced) or Normal Retirement Date.

Disability:

Accrued benefit determined as for normal retirement, actuarially reduced to reflect payment prior to normal retirement.

Pre-Retirement Death Benefits:

If not vested, refund of accumulated member contributions, with interest. If vested, the accrued monthly benefit payable to the designated beneficiary for 5 years immediately (reduced) or at the otherwise Normal Retirement Date (unreduced).

Contributions

Member Contributions: 5% of Salary.

City Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.

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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	3.00%
Salary Increases	6.00%
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate Healthy Lives:

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

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years.

Male: 100% RP2000 Disabled Male setback four years.

The most recent actuarial experience study used to review the other significant assumptions was dated, September 16, 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 2017 the inflation rate assumption of the investment advisor was 2.90%.

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

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

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

GASB 68

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	\$ 4,629,460	\$ 4,043,450	\$ 586,010
Changes for a Year:			
Service Cost	170,659	-	170,659
Interest	349,574	-	349,574
Differences between Expected and Actual Experience	(4,941)	-	(4,941)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	263,254	(263,254)
Contributions - Employee	-	71,967	(71,967)
Contributions - Buy Back	165,863	165,863	-
Net Investment Income	-	549,626	(549,626)
Benefit Payments, including Refunds of Employee Contributions	(278,261)	(278,261)	-
Administrative Expense	-	(41,418)	41,418
Net Changes	402,894	731,031	(328,137)
Reporting Period Ending September 30, 2018	<u>\$ 5,032,354</u>	<u>\$ 4,774,481</u>	<u>\$ 257,873</u>

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	\$ 901,713	\$ 257,873	\$ (270,384)

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 \$215,533.

On September 30, 2017, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	8,522	60,118
Changes of assumptions	109,888	-
Net difference between Projected and Actual Earnings on Pension Plan investments	144,252	-
Employer contributions subsequent to the measurement date	263,254	-
Total	<u>\$ 525,916</u>	<u>\$ 60,118</u>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be 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	\$ 45,827
2019	\$ 105,944
2020	\$ 54,693
2021	\$ (3,920)
2022	\$ -
Thereafter	\$ -

**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 \$175,890.

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	4,261	3,294
Changes of assumptions	54,944	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	94,140
Employer contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ 97,434

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer 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	\$	56,384
2020	\$	5,133
2021	\$	(51,833)
2022	\$	(47,913)
2023	\$	-
Thereafter	\$	-

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

Reporting Period Ending	09/30/2018	09/30/2017
Measurement Date	<u>09/30/2017</u>	<u>09/30/2016</u>
Total Pension Liability		
Service Cost	170,659	154,686
Interest	349,574	320,365
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(4,941)	12,782
Changes of assumptions	-	164,833
Contributions - Buy Back	165,863	-
Benefit Payments, including Refunds of Employee Contributions	<u>(278,261)</u>	<u>(280,105)</u>
Net Change in Total Pension Liability	402,894	372,561
Total Pension Liability - Beginning	<u>4,629,460</u>	<u>4,256,899</u>
Total Pension Liability - Ending (a)	<u><u>\$ 5,032,354</u></u>	<u><u>\$ 4,629,460</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	263,254	173,325
Contributions - Employee	71,967	58,321
Contributions - Buy Back	165,863	-
Net Investment Income	549,626	303,302
Benefit Payments, including Refunds of Employee Contributions	(278,261)	(280,105)
Administrative Expense	<u>(41,418)</u>	<u>(36,680)</u>
Net Change in Plan Fiduciary Net Position	731,031	218,163
Plan Fiduciary Net Position - Beginning	<u>4,043,450</u>	<u>3,825,287</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 4,774,481</u></u>	<u><u>\$ 4,043,450</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 257,873</u></u>	<u><u>\$ 586,010</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	94.88%	87.34%
Covered Employee Payroll ¹	\$ 1,411,453	\$ 1,166,417
Net Pension Liability as a percentage of Covered Employee Payroll	18.27%	50.24%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

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.

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

Reporting Period Ending	09/30/2016	09/30/2015
Measurement Date	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	148,309	134,677
Interest	318,656	303,446
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(180,354)	-
Changes of assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(260,308)</u>	<u>(237,593)</u>
Net Change in Total Pension Liability	26,303	200,530
Total Pension Liability - Beginning	<u>4,230,596</u>	<u>4,030,066</u>
Total Pension Liability - Ending (a)	<u>\$ 4,256,899</u>	<u>\$ 4,230,596</u>
Plan Fiduciary Net Position		
Contributions - Employer	177,969	205,381
Contributions - Employee	56,385	56,428
Contributions - Buy Back	-	-
Net Investment Income	(3,845)	308,029
Benefit Payments, including Refunds of Employee Contributions	(260,308)	(237,593)
Administrative Expense	<u>(28,284)</u>	<u>(27,085)</u>
Net Change in Plan Fiduciary Net Position	(58,083)	305,160
Plan Fiduciary Net Position - Beginning	<u>3,883,370</u>	<u>3,578,210</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,825,287</u>	<u>\$ 3,883,370</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 431,612</u>	<u>\$ 347,226</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	89.86%	91.79%
Covered Employee Payroll ¹	\$ 1,127,693	\$ 1,098,655
Net Pension Liability as a percentage of Covered Employee Payroll	38.27%	31.60%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	170,830	168,960	172,875	204,413
Contributions in relation to the Actuarially Determined Contributions	263,254	173,325	177,969	205,381
Contribution Deficiency (Excess)	\$ (92,424)	\$ (4,365)	\$ (5,094)	\$ (968)
Covered Employee Payroll ¹	\$ 1,411,453	\$ 1,166,417	\$ 1,127,693	\$ 1,098,655
Contributions as a percentage of Covered Employee Payroll	18.65%	14.86%	15.78%	18.69%

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Notes to Schedule

Valuation Date: 10/01/2015

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

Methods and assumptions used to determine contribution rates:

- Funding Method: Entry Age Normal Actuarial Cost Method.
- Amortization Method: Level Percentage of Pay, Closed.
- Remaining Amortization Period: 26 Years (as of 10/01/2015 Valuation).
- Mortality: RP2000 Combined Healthy Mortality Table projected to valuation date using scale AA. Disabled lives set forward 5 years. We feel this assumption sufficiently accommodates expected mortality improvements.
- Interest Rate: 7.5% per year compounded annually, net of investment related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.
- Retirement Age: Age 59 and 12 years of Credited Service. Also, any member who has reached these requirements is assumed to continue employment for one additional year. We believe this is reasonable based on the Plan's provisions.
- Early Retirement: Commencing with eligibility for Early Retirement Age (55), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This is based on the results of an experience study for the period 1998 – 2006.
- Disability Rates: Age-Based rates table (1202). This assumption was developed from those used by other plans containing Florida municipal General Employees.
- Termination Rates: Please see the table on the following page. The termination rates used are based on the results of an experience study from 1999 – 2012.

<u>Credited Service</u>	<u>Assumption</u>
First 2 Years	18%
Years 3-6	14%
Years 7+	Age-Based Rates
- Salary Increases: 6.0% per year until the assumed retirement age. Projected salary at retirement is increased based on individual current accruals to account for non-regular compensation. This rate was developed in an experience study performed by Foster & Foster for the period 1999 – 2012.
- Payroll Growth Assumption: 1.3% per year for purposes of amortizing the UAAL. This is limited by Part VII of Chapter 112, Florida Statutes.

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Actuarial Asset Method:

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:

Age	% Terminating Each Year (after 7 Yrs of Service)	% Becoming Disabled During the Year
20	38.60%	0.05%
30	19.40%	0.06%
40	7.30%	0.12%
50	2.70%	0.43%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 431,612	\$ 144,098	\$ 407,777	\$ -
Employer Contributions made after September 30, 2016	-	-	263,254	-
Total Pension Liability Factors:				
Service Cost	154,686	-	-	154,686
Interest	320,365	-	-	320,365
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	12,782	-	12,782	-
Current year amortization of experience difference	-	(60,118)	(4,260)	(55,858)
Change in assumptions about future economic or demographic factors or other inputs	164,833	-	164,833	-
Current year amortization of change in assumptions	-	-	(54,945)	54,945
Benefit Payments	(280,105)	-	-	-
Net change	<u>372,561</u>	<u>(60,118)</u>	<u>381,664</u>	<u>474,138</u>
Plan Fiduciary Net Position:				
Contributions - Employer	173,325	-	(173,325)	-
Contributions - Employee	58,321	-	-	(58,321)
Projected Net Investment Income	283,704	-	-	(283,704)
Difference between projected and actual earnings on Pension Plan investments	19,598	19,598	-	-
Current year amortization	-	(11,873)	(58,613)	46,740
Benefit Payments	(280,105)	-	-	-
Administrative Expenses	(36,680)	-	-	36,680
Net change	<u>218,163</u>	<u>7,725</u>	<u>(231,938)</u>	<u>(258,605)</u>
Ending Balance	<u>\$ 586,010</u>	<u>\$ 91,705</u>	<u>\$ 557,503</u>	<u>\$ 215,533</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2018

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 586,010	\$ 91,705	\$ 557,503	\$ -
Employer Contributions made after September 30, 2017	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	170,659	-	-	170,659
Interest	349,574	-	-	349,574
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	165,863	-	-	165,863
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(4,941)	4,941	-	-
Current year amortization of experience difference	-	(61,765)	(4,261)	(57,504)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(54,944)	54,944
Benefit Payments	(278,261)	-	-	-
Net change	<u>402,894</u>	<u>(56,824)</u>	<u>(59,205)</u>	<u>683,536</u>
Plan Fiduciary Net Position:				
Contributions - Employer	263,254	-	(263,254)	-
Contributions - Employee	71,967	-	-	(71,967)
Contributions - Buy Back	165,863	-	-	(165,863)
Projected Net Investment Income	310,061	-	-	(310,061)
Difference between projected and actual earnings on Pension Plan investments	239,565	239,565	-	-
Current year amortization	-	(59,786)	(58,613)	(1,173)
Benefit Payments	(278,261)	-	-	-
Administrative Expenses	(41,418)	-	-	41,418
Net change	<u>731,031</u>	<u>179,779</u>	<u>(321,867)</u>	<u>(507,646)</u>
Ending Balance	<u>\$ 257,873</u>	<u>\$ 214,660</u>	<u>\$ 176,431</u>	<u>\$ 175,890</u>

* Employer 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	\$ (39,771)	5	\$ (7,954)	\$ (7,954)	\$ (7,954)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 293,064	5	\$ 58,613	\$ 58,613	\$ 58,613	\$ 58,613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (19,598)	5	\$ (3,919)	\$ (3,919)	\$ (3,920)	\$ (3,920)	\$ (3,920)	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (239,565)	5	\$ -	\$ (47,913)	\$ (47,913)	\$ (47,913)	\$ (47,913)	\$ (47,913)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 46,740	\$ (1,173)	\$ (1,174)	\$ 6,780	\$ (51,833)	\$ (47,913)	\$ -	\$ -	\$ -	\$ -

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
2016	\$ 164,833	3	\$ 54,945	\$ 54,944	\$ 54,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 54,945	\$ 54,944	\$ 54,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

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

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2015	\$ (180,354)	3	\$ (60,118)	\$ (60,118)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 12,782	3	\$ 4,260	\$ 4,261	\$ 4,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (4,941)	3	\$ -	\$ (1,647)	\$ (1,647)	\$ (1,647)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (55,858)	\$ (57,504)	\$ 2,614	\$ (1,647)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -