

TOWN OF LONGBOAT KEY
CONSOLIDATED RETIREMENT SYSTEM

ACTUARIAL VALUATION AND REPORT
AS OF OCTOBER 1, 2017

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

February 22, 2018

Board of Trustees
Town of Longboat Key
Consolidated Retirement System
501 Bay Isles Road
Longboat Key, FL 34228

Re: Town of Longboat Key
Consolidated Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Town of Longboat Key Consolidated 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 reflects laws and regulations issued to date pursuant to the provisions of Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by the 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 Town of Longboat Key, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Town of Longboat Key Consolidated 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:



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

DHL/lke

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	5
	b. Changes Since Prior Valuation	7
	c. Requirements of Chapter 112, Part VII, Florida Statutes	8
II	Valuation Information	
	a. Reconciliation of Unfunded Actuarial Accrued Liability	24
	b. Detailed Actuarial (Gain)/Loss Analysis	30
	c. Actuarial Assumptions and Methods	33
	d. Valuation Notes	39
	e. Partial History of Premium Tax Refunds	40
III	Trust Fund	42
IV	Member Statistics	
	Valuation Participant Reconciliation	60
V	Summary of Plan Provisions	63
VI	Governmental Accounting Standards Board Disclosure Statements	71

SUMMARY OF REPORT

The regular annual actuarial valuation of the Town of Longboat Key Consolidated Retirement System, performed as of October 1, 2017, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2019.

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

Valuation Date	10/1/2017	10/1/2016
Applicable Fiscal Year	<u>9/30/2019</u>	<u>9/30/2018</u>
Police Officers	\$654,726	\$664,376
Firefighters	\$1,980,448	\$1,876,726
General Employees	<u>\$758,168</u>	<u>\$742,489</u>
Town Required Contribution ¹	\$3,393,342	\$3,283,591

¹ The Town has access to prepaid contributions (available for the current fiscal year) as follows:

Police - \$8,247

Fire - \$45,315

General - \$33,322

Aggregate experience since the prior valuation was less favorable than expected, based on the actuarial assumptions. In addition to an actuarial investment return (four-year smoothed average, net of investment-related expenses) that fell short of the 7.0% assumption, specific liability gains/losses related to the legacy Police, Fire, and General membership are as follows:

<u>Group</u>	<u>Gain Source</u>	<u>Loss Source</u>	<u>Total (Gain)/Loss ²</u>
Police	Inactive Mortality	1 Disability Retirement	1,266
Fire	None	Inactive Mortality	397,877
General	Nothing material	Inactive Mortality	69,054

² Net losses disclosed include applicable losses attributable to a lower than expected investment return.

The above losses include adoption of the state-mandated mortality assumption pursuant to Chapter 2015-157, Laws of Florida.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 

Douglas H. Lozen, EA, MAAA

By: 

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

CHANGES SINCE PRIOR VALUATION

Plan Changes

There were no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

In conjunction with this valuation of the Plan, the mortality assumption was changed to that mandated by the provisions of Chapter 2015-157, Laws of Florida.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS
POLICE OFFICERS

	<u>10/1/2017</u>	<u>10/1/2016</u>
A. Participant Data		
Actives	6	6
Service Retirees	15	16
DROP Retirees	0	0
Beneficiaries	3	3
Disability Retirees	2	1
Terminated Vested	<u>1</u>	<u>2</u>
 Total	 27	 28
 Total Annual Payroll	 N/A	 N/A
Payroll Under Assumed Ret. Age	N/A	N/A
 Annual Rate of Payments to:		
Service Retirees	675,979	692,802
DROP Retirees	0	0
Beneficiaries	91,356	89,851
Disability Retirees	59,412	19,609
Terminated Vested	7,863	50,975
 B. Assets		
Actuarial Value (AVA) ¹	7,076,693	6,919,849
Market Value (MVA) ¹	7,084,977	6,636,441
 C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	799,863	719,696
Disability Benefits	75,046	89,471
Death Benefits	6,204	14,238
Vested Benefits	20,817	26,616
Refund of Contributions	0	0
Service Retirees	9,730,574	9,910,310
DROP Retirees ¹	0	0
Beneficiaries	849,831	862,648
Disability Retirees	683,080	137,659
Terminated Vested	66,430	506,362
Excess State Monies Reserve	<u>3,601</u>	<u>3,601</u>
 Total	 12,235,446	 12,270,601

POLICE OFFICERS

C. Liabilities - (Continued)	<u>10/1/2017</u>	<u>10/1/2016</u>
Present Value of Future Salaries	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A
Normal Cost (Retirement)	0	0
Normal Cost (Disability)	15,942	16,003
Normal Cost (Death)	904	1,961
Normal Cost (Vesting)	0	0
Normal Cost (Refunds)	<u>0</u>	<u>0</u>
Total Normal Cost	16,846	17,964
Present Value of Future Normal Costs	47,900	64,660
Accrued Liability (Retirement)	799,863	719,696
Accrued Liability (Disability)	30,069	32,589
Accrued Liability (Death)	3,281	6,460
Accrued Liability (Vesting)	20,817	26,616
Accrued Liability (Refunds)	0	0
Accrued Liability (Inactives) ¹	11,329,915	11,416,979
Excess State Monies Reserve	<u>3,601</u>	<u>3,601</u>
Total Actuarial Accrued Liability (EAN AL)	12,187,546	12,205,941
Unfunded Actuarial Accrued Liability (UAAL)	5,110,853	5,286,092
Funded Ratio (AVA / EAN AL)	58.1%	56.7%

POLICE OFFICERS

D. Actuarial Present Value of		
Accrued Benefits	<u>10/1/2017</u>	<u>10/1/2016</u>
Vested Accrued Benefits		
Inactives ¹	11,329,915	11,416,979
Actives	517,143	460,711
Member Contributions	<u>379,050</u>	<u>379,050</u>
Total	12,226,108	12,256,740
Non-vested Accrued Benefits	<u>0</u>	<u>0</u>
Total Present Value		
Accrued Benefits (PVAB)	12,226,108	12,256,740
Funded Ratio (MVA / PVAB)	57.9%	54.1%
Increase (Decrease) in Present Value of		
Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	(34,453)	
Benefits Paid	(825,266)	
Interest	829,087	
Other	<u>0</u>	
Total	(30,632)	

POLICE OFFICERS

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	\$18,615	\$19,850
Administrative Expenses ²	30,553	43,368
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 25 years (as of 10/1/2017) ²	605,558	601,158
Total Required Contribution	654,726	664,376
Expected Member Contributions ²	0	0
Expected Town Contribution	654,726	664,376
F. Past Contributions		
Plan Years Ending:	<u>9/30/2017</u>	
Town Requirement	585,869	
Actual Contributions Made:		
Town	<u>585,869</u>	
Total	585,869	
G. Net Actuarial (Gain)/Loss	1,266	

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

² Funding rates include a 1.5 year interest load.

POLICE OFFICERS

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	5,110,853
2018	4,882,235
2019	4,629,815
2025	3,098,098
2031	960,408
2042	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	N/A	N/A
Year Ended	9/30/2016	N/A	N/A
Year Ended	9/30/2015	N/A	N/A

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	6.25%	7.00%
Year Ended	9/30/2016	6.73%	7.00%
Year Ended	9/30/2015	8.46%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2017	N/A
	10/1/2017	N/A
(b) Total Increase		N/A
(c) Number of Years		0.00
(d) Average Annual Rate		N/A

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS
FIREFIGHTERS

	<u>10/1/2017</u>	<u>10/1/2016</u>
A. Participant Data		
Actives	7	7
Service Retirees	32	32
DROP Retirees	0	0
Beneficiaries	0	0
Disability Retirees	3	3
Terminated Vested	<u>4</u>	<u>4</u>
 Total	 46	 46
 Total Annual Payroll	 N/A	 N/A
Payroll Under Assumed Ret. Age	N/A	N/A
 Annual Rate of Payments to:		
Service Retirees	1,882,817	1,848,307
DROP Retirees	0	0
Beneficiaries	0	0
Disability Retirees	67,055	67,055
Terminated Vested	43,809	43,809
 B. Assets		
Actuarial Value (AVA) ¹	17,196,756	16,493,651
Market Value (MVA) ¹	17,251,626	15,852,517
 C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	2,875,734	2,574,850
Disability Benefits	112,444	126,515
Death Benefits	14,734	30,716
Vested Benefits	137,354	168,591
Refund of Contributions	0	0
Service Retirees	27,705,564	27,499,853
DROP Retirees ¹	0	0
Beneficiaries	0	0
Disability Retirees	573,979	586,599
Terminated Vested	<u>227,601</u>	<u>212,809</u>
 Total	 31,647,410	 31,199,933

FIREFIGHTERS

C. Liabilities - (Continued)	<u>10/1/2017</u>	<u>10/1/2016</u>
Present Value of Future Salaries	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A
Normal Cost (Retirement)	0	0
Normal Cost (Disability)	10,435	10,404
Normal Cost (Death)	947	1,980
Normal Cost (Vesting)	0	0
Normal Cost (Refunds)	<u>0</u>	<u>0</u>
Total Normal Cost	11,382	12,384
Present Value of Future Normal Costs	41,877	53,001
Accrued Liability (Retirement)	2,875,734	2,574,850
Accrued Liability (Disability)	73,954	81,835
Accrued Liability (Death)	11,347	22,395
Accrued Liability (Vesting)	137,354	168,591
Accrued Liability (Refunds)	0	0
Accrued Liability (Inactives) ¹	<u>28,507,144</u>	<u>28,299,261</u>
Total Actuarial Accrued Liability (EAN AL)	31,605,533	31,146,932
Unfunded Actuarial Accrued Liability (UAAL)	14,408,777	14,653,281
Funded Ratio (AVA / EAN AL)	54.4%	53.0%

FIREFIGHTERS

D. Actuarial Present Value of		
Accrued Benefits	<u>10/1/2017</u>	<u>10/1/2016</u>
Vested Accrued Benefits		
Inactives ¹	28,507,144	28,299,261
Actives	2,572,763	2,329,835
Member Contributions	<u>557,306</u>	<u>557,306</u>
Total	31,637,213	31,186,402
Non-vested Accrued Benefits	<u>0</u>	<u>0</u>
Total Present Value		
Accrued Benefits (PVAB)	31,637,213	31,186,402
Funded Ratio (MVA / PVAB)	54.5%	50.8%
Increase (Decrease) in Present Value of		
Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	250,163	
Benefits Paid	(1,915,362)	
Interest	2,116,010	
Other	<u>0</u>	
Total	450,811	

FIREFIGHTERS

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	\$12,577	\$13,684
Administrative Expenses ²	72,963	39,444
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 25 years (as of 10/1/2017) ²	1,894,908	1,823,598
Total Required Contribution	1,980,448	1,876,726
Expected Member Contributions ²	0	0
Expected Town Contribution	1,980,448	1,876,726
F. Past Contributions		
Plan Years Ending:	<u>9/30/2017</u>	
Town Requirement	1,660,200	
Actual Contributions Made:		
Town	<u>1,660,200</u>	
Total	1,660,200	
G. Net Actuarial (Gain)/Loss	397,877	

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

² Funding rates include a 1.5 year interest load.

FIREFIGHTERS

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	14,408,777
2018	13,582,504
2019	12,591,723
2025	6,723,464
2031	1,357,350
2042	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	N/A	N/A
Year Ended	9/30/2016	N/A	N/A
Year Ended	9/30/2015	N/A	N/A

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	6.27%	7.00%
Year Ended	9/30/2016	6.14%	7.00%
Year Ended	9/30/2015	7.12%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2017	N/A
	10/1/2007	N/A
(b) Total Increase		N/A
(c) Number of Years		10.00
(d) Average Annual Rate		N/A

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS
GENERAL EMPLOYEES

	<u>10/1/2017</u>	<u>10/1/2016</u>
A. Participant Data		
Actives	19	19
Service Retirees	43	41
DROP Retirees	3	4
Beneficiaries	0	0
Terminated Vested	<u>11</u>	<u>12</u>
Total	76	76
Total Annual Payroll	N/A	N/A
Payroll Under Assumed Ret. Age	N/A	N/A
Annual Rate of Payments to:		
Service Retirees	915,155	848,782
DROP Retirees	90,071	135,817
Beneficiaries	0	0
Terminated Vested	135,614	183,025
B. Assets		
Actuarial Value (AVA) ¹	10,831,104	10,566,941
Market Value (MVA) ¹	10,909,386	10,241,394
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	3,067,126	2,835,572
Death Benefits	36,352	58,807
Vested Benefits	71,659	83,029
Refund of Contributions	0	0
Service Retirees	9,835,201	9,104,018
DROP Retirees ¹	1,559,443	2,143,247
Beneficiaries	0	0
Terminated Vested	<u>789,039</u>	<u>1,136,298</u>
Total	15,358,820	15,360,971

GENERAL EMPLOYEES

C. Liabilities - (Continued)	<u>10/1/2017</u>	<u>10/1/2016</u>
Present Value of Future Salaries	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A
Normal Cost (Retirement)	0	0
Normal Cost (Death)	2,272	4,174
Normal Cost (Vesting)	0	0
Normal Cost (Refunds)	<u>0</u>	<u>0</u>
Total Normal Cost	2,272	4,174
Present Value of Future Normal Costs	9,054	19,411
Accrued Liability (Retirement)	3,067,126	2,835,572
Accrued Liability (Death)	27,298	39,396
Accrued Liability (Vesting)	71,659	83,029
Accrued Liability (Refunds)	0	0
Accrued Liability (Inactives) ¹	<u>12,183,683</u>	<u>12,383,563</u>
Total Actuarial Accrued Liability (EAN AL)	15,349,766	15,341,560
Unfunded Actuarial Accrued Liability (UAAL)	4,518,662	4,774,619
Funded Ratio (AVA / EAN AL)	70.6%	68.9%

GENERAL EMPLOYEES

D. Actuarial Present Value of		
Accrued Benefits	<u>10/1/2017</u>	<u>10/1/2016</u>
Vested Accrued Benefits		
Inactives ¹	12,183,683	12,383,563
Actives	2,586,890	2,356,703
Member Contributions	<u>588,247</u>	<u>620,705</u>
Total	15,358,820	15,360,971
Non-vested Accrued Benefits	<u>0</u>	<u>0</u>
Total Present Value		
Accrued Benefits (PVAB)	15,358,820	15,360,971
Funded Ratio (MVA / PVAB)	71.0%	66.7%
Increase (Decrease) in Present Value of		
Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	43,627	
Benefits Paid	(1,083,136)	
Interest	1,037,358	
Other	<u>0</u>	
Total	(2,151)	

GENERAL EMPLOYEES

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	\$2,511	\$4,612
Administrative Expenses ²	47,140	41,828
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 25 years (as of 10/1/2017) ²	708,517	696,049
Total Required Contribution	758,168	742,489
Expected Member Contributions ²	0	0
Expected Town Contribution	758,168	742,489
F. Past Contributions		
Plan Years Ending:	<u>9/30/2017</u>	
Town Requirement	679,109	
Actual Contributions Made:		
Town	<u>679,109</u>	
Total	679,109	
G. Net Actuarial (Gain)/Loss	69,054	

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

² Funding rates include a 1.5 year interest load.

GENERAL EMPLOYEES

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	4,518,662
2018	4,148,894
2019	3,795,782
2025	2,081,381
2031	170,837
2042	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	N/A	N/A
Year Ended	9/30/2016	N/A	N/A
Year Ended	9/30/2015	N/A	N/A

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	6.87%	7.00%
Year Ended	9/30/2016	6.67%	7.00%
Year Ended	9/30/2015	8.05%	7.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2017	N/A
	10/1/2007	N/A
(b) Total Increase		N/A
(c) Number of Years		10.00
(d) Average Annual Rate		N/A

STATEMENT BY ENROLLED ACTUARY

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



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

Please let us know when the report is approved by the Board and unless otherwise directed we will provide 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
POLICE OFFICERS

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2016	\$5,286,092
(2)	Sponsor Normal Cost developed as of October 1, 2016	17,964
(3)	Expected administrative expenses for the year ended September 30, 2017	39,247
(4)	Expected interest on (1), (2) and (3)	372,658
(5)	Sponsor contributions to the System during the year ended September 30, 2017	585,869
(6)	Expected interest on (5)	20,505
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2017 (1)+(2)+(3)+(4)-(5)-(6)	5,109,587
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	1,266
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2017	5,110,853

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2017 Amount</u>	<u>Amortization Amount</u>
	10/1/1991	4	157,883	43,562
	10/1/1996	9	(76,678)	(10,999)
	10/1/1999	12	(144,487)	(17,001)
method change	10/1/2002	15	1,122,192	115,150
prior losses	10/1/2002	11	1,000,556	124,702
actuarial gain	10/1/2003	11	(513,433)	(63,991)
actuarial loss	10/1/2004	11	249,787	31,132
actuarial loss	10/1/2005	11	313,764	39,105
actuarial gain	10/1/2006	11	(19,953)	(2,487)
benefit change	10/1/2006	19	874,843	79,106
actuarial loss	10/1/2007	11	591,110	73,672
assum. change	10/1/2007	20	79,946	7,053
benefit change	10/1/2007	20	400,582	35,338
actuarial gain	10/1/2008	1	(7,288)	(7,288)
method change	10/1/2008	11	194,810	24,280
actuarial loss	10/1/2009	2	136,256	70,432
actuarial gain	10/1/2010	3	(92,954)	(33,103)
actuarial gain	10/1/2011	4	(31,278)	(8,630)
actuarial gain	10/1/2012	5	(47,522)	(10,832)

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2017 <u>Amount</u>	Amortization <u>Amount</u>
assum. change	10/1/2012	15	461,342	47,339
benefit change	10/1/2012	25	(335,615)	(26,915)
actuarial gain	10/1/2013	6	(86,411)	(16,943)
actuarial gain	10/1/2014	7	(141,493)	(24,537)
assum. change	10/1/2015	18	530,570	49,295
actuarial gain	10/1/2015	8	(309,100)	(48,378)
benefit change	10/1/2015	18	(12,259)	(1,139)
assum. change	10/1/2016	19	695,918	62,927
actuarial loss	10/1/2016	9	118,499	16,998
actuarial loss	10/1/2017	10	<u>1,266</u>	<u>168</u>
			5,110,853	548,016

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES
FIREFIGHTERS

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2016	\$14,653,281
(2)	Sponsor Normal Cost developed as of October 1, 2016	12,384
(3)	Expected administrative expenses for the year ended September 30, 2017	35,696
(4)	Expected interest on (1), (2) and (3)	1,027,846
(5)	Sponsor contributions to the System during the year ended September 30, 2017	1,660,200
(6)	Expected interest on (5)	58,107
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2017 (1)+(2)+(3)+(4)-(5)-(6)	14,010,900
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	397,877
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2017	14,408,777

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2017 Amount</u>	<u>Amortization Amount</u>
	10/1/1997	10	666,472	88,683
	10/1/1998	11	(184,315)	(22,972)
	10/1/1999	12	(363,327)	(42,751)
	10/1/2001	14	1,204,733	128,743
method change	10/1/2002	15	1,919,697	196,984
prior losses	10/1/2002	11	1,706,293	212,660
actuarial loss	10/1/2003	11	152,699	19,031
actuarial loss	10/1/2004	11	1,108,750	138,186
benefit change	10/1/2005	18	1,298,088	120,604
actuarial loss	10/1/2005	11	582,342	72,579
actuarial loss	10/1/2006	11	(186,099)	(23,194)
actuarial loss	10/1/2007	11	1,524,762	190,035
assum. change	10/1/2007	20	719,509	63,473
benefit change	10/1/2007	20	(153,373)	(13,530)
actuarial gain	10/1/2008	1	(99,690)	(99,690)
method change	10/1/2008	11	186,628	23,260
actuarial loss	10/1/2009	2	338,724	175,089
actuarial loss	10/1/2010	3	41,309	14,711
actuarial loss	10/1/2011	4	325,051	89,686

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2017 <u>Amount</u>	Amortization <u>Amount</u>
actuarial gain	10/1/2012	5	(270,726)	(61,708)
benefit change	10/1/2012	25	(1,445,747)	(115,944)
actuarial loss	10/1/2013	6	132,928	26,063
actuarial loss	10/1/2014	7	70,125	12,161
assum. change	10/1/2014	17	1,198,689	114,744
actuarial loss	10/1/2015	8	104,329	16,329
assum. change	10/1/2015	18	1,492,757	138,691
benefit change	10/1/2015	20	(331,284)	(29,225)
assum. change	10/1/2016	19	1,822,624	164,808
actuarial loss	10/1/2016	9	448,952	64,400
actuarial loss	10/1/2017	10	<u>397,877</u>	<u>52,943</u>
			14,408,777	1,714,849

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES
GENERAL EMPLOYEES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2016	\$4,774,619
(2) Sponsor Normal Cost developed as of October 1, 2016	4,174
(3) Expected administrative expenses for the year ended September 30, 2017	37,853
(4) Expected interest on (1), (2) and (3)	335,840
(5) Sponsor contributions to the System during the year ended September 30, 2017	679,109
(6) Expected interest on (5)	23,769
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2017 (1)+(2)+(3)+(4)-(5)-(6)	4,449,608
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	69,054
(10) Unfunded Actuarial Accrued Liability as of October 1, 2017	4,518,662

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2017 Amount</u>	<u>Amortization Amount</u>
	10/1/1991	4	126,083	34,788
	10/1/1996	9	(122,092)	(17,514)
	10/1/1997	10	82,238	10,943
	10/1/2001	14	211,821	22,636
method change	10/1/2002	15	1,465,914	150,420
prior losses	10/1/2002	11	1,303,939	162,513
actuarial gain	10/1/2003	11	(396,600)	(49,429)
actuarial loss	10/1/2004	11	267,856	33,384
actuarial loss	10/1/2005	11	150,348	18,738
actuarial gain	10/1/2006	11	(24,349)	(3,035)
benefit change	10/1/2006	19	(184,777)	(16,708)
actuarial loss	10/1/2007	11	253,975	31,654
assum. change	10/1/2007	20	241,797	21,331
benefit change	10/1/2007	20	262,738	23,178
actuarial loss	10/1/2008	1	39,759	39,759
method change	10/1/2008	11	103,694	12,924
actuarial loss	10/1/2009	2	314,476	162,555
actuarial gain	10/1/2010	3	(126,881)	(45,185)

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2017 <u>Amount</u>	Amortization <u>Amount</u>
actuarial loss	10/1/2011	4	88,832	24,510
actuarial gain	10/1/2012	5	(433,045)	(98,706)
assum. change	10/1/2012	15	11,435	1,173
benefit change	10/1/2012	25	(676,691)	(54,268)
actuarial loss	10/1/2013	6	191,375	37,523
assum. change	10/1/2013	16	932,207	92,225
actuarial gain	10/1/2014	7	(16,778)	(2,910)
actuarial gain	10/1/2015	8	(49,016)	(7,672)
benefit change	10/1/2015	18	(304,066)	(28,250)
assum. change	10/1/2016	19	567,035	51,273
actuarial loss	10/1/2016	9	168,381	24,153
actuarial loss	10/1/2017	10	<u>69,054</u>	<u>9,189</u>
			4,518,662	641,192

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS
POLICE OFFICERS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2016	\$5,286,092
(2) Expected UAAL as of October 1, 2017	5,109,587
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	50,867
Active Decrements	(12,393)
Inactive Mortality	(138,228)
Disability Retirement for Prior Vested Terminated Member	73,852
Other	<u>27,168</u>
Increase in UAAL due to (Gain)/Loss	1,266
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2017	\$5,110,853

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS
FIREFIGHTERS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2016	\$14,653,281
 (2) Expected UAAL as of October 1, 2017	 14,010,900
 (3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	119,256
Active Decrements	27,974
Inactive Mortality	206,877
Other	<u>43,770</u>
Increase in UAAL due to (Gain)/Loss	397,877
Assumption Changes	<u>0</u>
 (4) Actual UAAL as of October 1, 2017	 \$14,408,777

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS
GENERAL EMPLOYEES

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2016	\$4,774,619
(2) Expected UAAL as of October 1, 2017	4,449,608
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	13,451
Active Decrements	(14,230)
Inactive Mortality	92,325
Other	<u>(22,492)</u>
Increase in UAAL due to (Gain)/Loss	69,054
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2017	\$4,518,662

ACTUARIAL ASSUMPTIONS AND METHODS
POLICE OFFICERS

Mortality Rates

Healthy Inactive Lives:

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

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

Healthy Active Lives:

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

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

Disabled Lives:

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

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

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

Termination Rates

See Table below (1304A). This assumption is consistent with historical Plan experience.

Disability Rates

See Table below (1205). 75% of Disability Retirements are assumed to service-related. These rates are similar to those utilized by other Florida special risk retirement programs.

Retirement Age

The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption is reasonable for the associated Plan provisions.

<u>Interest Rate</u>	7.0% per year, compounded annually, net of investment-related expenses. This assumption is supported by the Plan's investment policy and long-term expected returns by asset class.
<u>Salary Increases</u>	None.
<u>Early Retirement</u>	None.
<u>Cost of Living Adjustment</u>	3.0% per year, beginning 5 years after retirement.
<u>Payroll Growth</u>	None.
<u>Administrative Expenses</u>	\$27,650 annually, based on the actual Administrative Expenses incurred during the prior fiscal year (pro-rated for the Police portion of total assets).

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	9.2%	0.14%
30	7.3	0.18
40	3.5	0.30
50	0.8	1.00

Funding Method Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.

Asset Valuation Method The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minimis bias that is above or below the Market Value of Assets.

ACTUARIAL ASSUMPTIONS AND METHODS
FIREFIGHTERS

Mortality Rates

Healthy Inactive Lives:

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

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

Healthy Active Lives:

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

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

Disabled Lives:

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

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

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

Termination Rates

See Table on the following page (1304). This is based on the results of an experience study for the period 2002 to 2007.

Disability Rates

See Table on the following page (1205). 75% of Disability Retirements are assumed to service-related. This assumption was developed from those used by other plans containing Florida municipal Firefighters.

Retirement Age

The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based on the plan provisions.

<u>Interest Rate</u>	7.0% 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.
<u>Salary Increases</u>	None.
<u>Early Retirement</u>	None.
<u>Cost of Living Adjustment</u>	3.0% per year, beginning 5 years after retirement.
<u>Payroll Growth</u>	None.
<u>Administrative Expenses</u>	\$66,030 annually, based on the actual Administrative Expenses incurred during the prior fiscal year (pro-rated for the Firefighters' portion of total assets).
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.
<u>Asset Valuation Method</u>	The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minimis bias that is above or below the Market Value of Assets.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	12.4%	0.14%
30	10.5	0.18
40	5.7	0.30
50	1.5	1.00

ACTUARIAL ASSUMPTIONS AND METHODS
GENERAL EMPLOYEES

Mortality Rates

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.

Termination Rates

Table 1305, see sample rates below.

<u>Age</u>	<u>% Terminating During the Year</u>
20	17.2%
30	15.0
40	8.2
50	1.7

Retirement Age

Earlier of age 62 or age 55 and completion of 30 years of Credited Service. Also, any Member who has reached normal Retirement is assumed to continue employment for one additional year. We believe this assumption is reasonable based on the plan provisions.

<u>Early Retirement</u>	5% per year, for each your of eligibility, beginning at Age 50 with 15 years of Credited Service. We believe this assumption is reasonable based on the plan provisions.
<u>Interest Rate</u>	7.0% 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.
<u>Salary Increases</u>	None.
<u>Payroll Growth</u>	None.
<u>Administrative Expenses</u>	\$42,661 annually, based on the actual Administrative Expenses incurred during the prior fiscal year (pro-rated for the General Employees' portion of total assets).
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.
<u>Asset Valuation Method</u>	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

VALUATION NOTES

Total Annual Payroll – Not applicable.

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

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

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

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

Total Required Contribution is equal to the Normal Cost plus 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.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS
POLICE OFFICERS

(Historical information only - No State Monies received after fiscal 2014)

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	30,943.80	_____%
1999	34,500.65	11.5%
2000	35,338.03	2.4%
2001	38,821.79	9.9%
2002	47,239.79	21.7%
2003	51,163.55	8.3%
2004	55,090.41	7.7%
2005	59,461.95	7.9%
2006	62,317.27	4.8%
2007	71,050.22	14.0%
2008	-	-100.0%
2009	137,801.41	N/A
2010	70,446.46	-48.9%
2011	70,893.30	0.6%
2012	77,700.11	9.6%
2013	77,298.10	-0.5%
2014	81,017.31	4.8%

PARTIAL HISTORY OF PREMIUM TAX REFUNDS
FIREFIGHTERS

(Historical information only - No State Monies received after fiscal 2013)

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	84,957.68	_____%
1999	83,629.64	-1.6%
2000	109,664.52	31.1%
2001	92,878.93	-15.3%
2002	106,726.80	14.9%
2003	138,730.84	30.0%
2004	140,408.22	1.2%
2005	177,792.61	26.6%
2006	225,258.22	26.7%
2007	295,948.69	31.4%
2008	-	-100.0%
2009	513,555.97	N/A
2010	241,221.17	-53.0%
2011	239,800.33	-0.6%
2012	274,615.73	14.5%
2013	269,818.47	-1.7%

POLICE OFFICERS

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Prepaid Benefits	68,026.13	68,026.13
Money Market	284,845.82	284,845.82
Cash	3,372.21	3,372.21
Total Cash and Equivalents	356,244.16	356,244.16
Receivables:		
From Broker for Investments Sold	3,487.11	3,487.11
Investment Income	17,388.54	17,388.54
Total Receivable	20,875.65	20,875.65
Investments:		
U. S. Bonds and Bills	694,949.83	687,810.05
Federal Agency Guaranteed Securities	346,567.72	344,298.84
Corporate Bonds	891,855.80	882,895.02
Stocks	2,020,132.81	2,404,549.33
Mutual Funds:		
Equity	1,633,281.04	2,296,337.02
Pooled/Common/Commingled Funds:		
Real Estate	128,704.00	129,196.77
Total Investments	5,715,491.20	6,745,087.03
Total Assets	6,092,611.01	7,122,206.84
<u>LIABILITIES</u>		
Payables:		
Benefit Payments	23,004.24	23,004.24
Administrative Expenses	1,398.90	1,398.90
To Broker for Investments Purchased	4,579.51	4,579.51
Prepaid Town Contribution	8,247.00	8,247.00
Total Liabilities	37,229.65	37,229.65
NET POSITION RESTRICTED FOR PENSIONS	6,055,381.36	7,084,977.19

POLICE OFFICERS

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

ADDITIONS

Contributions:

Town 585,869.00

Total Contributions 585,869.00

Investment Income:

Net Realized Gain (Loss) 142,727.29

Unrealized Gain (Loss) 449,872.55

Net Increase in Fair Value of Investments 592,599.84

Interest & Dividends 154,789.24

Less Investment Expense¹ (31,805.42)

Net Investment Income 715,583.66

Total Additions 1,301,452.66

DEDUCTIONS

Distributions to Members:

Benefit Payments 825,266.16

Lump Sum DROP Distributions 0.00

Total Distributions 825,266.16

Administrative Expense 27,650.05

Total Deductions 852,916.21

Net Increase in Net Position 448,536.45

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 6,636,440.74

End of the Year 7,084,977.19

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

POLICE OFFICERS

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	9.94%	
09/30/2015	-3.67%	
09/30/2016	8.25%	
09/30/2017	11.15%	
Annualized Rate of Return for prior four (4) years:		6.25%
(A) 10/01/2016 Actuarial Assets:		\$6,919,848.71
(I) Net Investment Income:		
1. Interest and Dividends		154,789.24
2. Realized Gains (Losses)		142,727.29
3. Change in Actuarial Value		158,180.65
4. Investment Related Expenses		(31,805.42)
Total		423,891.7600
(B) 10/01/2017 Actuarial Assets:		\$7,076,693.26
Actuarial Asset Rate of Return = 2I/(A+B-I):		6.25%
10/01/2017 Limited Actuarial Assets:		\$7,076,693.26
10/01/2017 Market Value of Assets:		\$7,084,977.19
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$50,867.01)

¹Market Value Basis, net of investment related expenses.

POLICE OFFICERS

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

REVENUES

Contributions:		
Town	585,869.00	
Total Contributions		585,869.00
Earnings from Investments:		
Interest & Dividends	154,789.24	
Net Realized Gain (Loss)	142,727.29	
Change in Actuarial Value	158,180.65	
Total Earnings and Investment Gains		455,697.18

EXPENDITURES

Distributions to Members:		
Benefit Payments	825,266.16	
Lump Sum DROP Distributions	0.00	
Total Distributions		825,266.16
Expenses:		
Investment related ¹	31,805.42	
Administrative	27,650.05	
Total Expenses		59,455.47
Change in Net Assets for the Year		156,844.55
Net Assets Beginning of the Year		6,919,848.71
Net Assets End of the Year ²		7,076,693.26

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

POLICE OFFICERS

Beginning of the Year Balance	0.00
Plus Additions	0.00
Investment Return Earned	0.00
Less Distributions	0.00
End of the Year Balance	0.00

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

POLICE OFFICERS

(1) Required Town Contribution for Fiscal 2017	585,869.00
(2) Less 2016 Prepaid Contribution	0.00
(3) Less Actual Town Contributions	<u>(594,116.00)</u>
(4) Equals Town's Shortfall/(Prepaid) Contribution as of September 30, 2017	(\$8,247.00)

FIREFIGHTERS

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Prepaid Benefits	162,494.84	162,494.84
Money Market	692,468.54	692,468.54
Cash	8,197.94	8,197.94
 Total Cash and Equivalents	 863,161.32	 863,161.32
Receivables:		
From Broker for Investments Sold	8,477.26	8,477.26
Investment Income	42,272.05	42,272.05
 Total Receivable	 50,749.31	 50,749.31
Investments:		
U. S. Bonds and Bills	1,689,443.43	1,672,086.40
Federal Agency Guaranteed Securities	842,516.29	837,000.58
Corporate Bonds	2,168,127.61	2,146,343.70
Stocks	4,911,002.13	5,845,529.96
Mutual Funds:		
Equity	3,970,554.13	5,582,462.66
Pooled/Common/Commingled Funds:		
Real Estate	312,883.20	314,081.13
 Total Investments	 13,894,526.79	 16,397,504.43
 Total Assets	 14,808,437.42	 17,311,415.06
 <u>LIABILITIES</u>		
Payables:		
Administrative Expenses	3,340.66	3,340.66
To Broker for Investments Purchased	11,132.93	11,132.93
Prepaid Town Contribution	45,315.00	45,315.00
 Total Liabilities	 59,788.59	 59,788.59
 NET POSITION RESTRICTED FOR PENSIONS	 14,748,648.83	 17,251,626.47

FIREFIGHTERS

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

ADDITIONS

Contributions:

Town	1,660,200.00	
------	--------------	--

Total Contributions		1,660,200.00
---------------------	--	--------------

Investment Income:

Net Realized Gain (Loss)	340,842.33	
Unrealized Gain (Loss)	1,084,996.58	
Net Increase in Fair Value of Investments	1,425,838.91	
Interest & Dividends	370,416.55	
Less Investment Expense ¹	(75,953.48)	

Net Investment Income		1,720,301.98
-----------------------	--	--------------

Total Additions		3,380,501.98
-----------------	--	--------------

DEDUCTIONS

Distributions to Members:

Benefit Payments	1,915,361.88	
Lump Sum DROP Distributions	0.00	

Total Distributions		1,915,361.88
---------------------	--	--------------

Administrative Expense		66,030.22
------------------------	--	-----------

Total Deductions		1,981,392.10
------------------	--	--------------

Net Increase in Net Position		1,399,109.88
------------------------------	--	--------------

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		15,852,516.59
-----------------------	--	---------------

End of the Year		17,251,626.47
-----------------	--	---------------

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

FIREFIGHTERS

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	9.60%	
09/30/2015	-3.28%	
09/30/2016	8.25%	
09/30/2017	11.15%	
Annualized Rate of Return for prior four (4) years:		6.27%
(A) 10/01/2016 Actuarial Assets:		\$16,493,651.29
(I) Net Investment Income:		
1. Interest and Dividends	370,416.55	
2. Realized Gains (Losses)	340,842.33	
3. Change in Actuarial Value	388,991.90	
4. Investment Related Expenses	(75,953.48)	
Total		1,024,297.30
(B) 10/01/2017 Actuarial Assets:		\$17,196,756.49
Actuarial Asset Rate of Return = 2I/(A+B-I):		6.27%
10/01/2017 Limited Actuarial Assets:		\$17,196,756.49
10/01/2017 Market Value of Assets:		\$17,251,626.47
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$119,256.30)

¹Market Value Basis, net of investment related expenses.

FIREFIGHTERS

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

REVENUES

Contributions:		
Town	1,660,200.00	
Total Contributions		1,660,200.00
Earnings from Investments:		
Interest & Dividends	370,416.55	
Net Realized Gain (Loss)	340,842.33	
Change in Actuarial Value	388,991.90	
Total Earnings and Investment Gains		1,100,250.78

EXPENDITURES

Distributions to Members:		
Benefit Payments	1,915,361.88	
Lump Sum DROP Distributions	0.00	
Total Distributions		1,915,361.88
Expenses:		
Investment related ¹	75,953.48	
Administrative	66,030.22	
Total Expenses		141,983.70
Change in Net Assets for the Year		703,105.20
Net Assets Beginning of the Year		16,493,651.29
Net Assets End of the Year ²		17,196,756.49

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

FIREFIGHTERS

Beginning of the Year Balance	0.00
Plus Additions	0.00
Investment Return Earned	0.00
Less Distributions	0.00
End of the Year Balance	0.00

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

FIREFIGHTERS

(1) Required Town Contribution for Fiscal 2017	1,660,200.00
(2) Less 2016 Prepaid Contribution	0.00
(3) Less Actual Town Contributions	<u>(1,705,515.00)</u>
(4) Equals Town's Shortfall/(Prepaid) Contribution as of September 30, 2017	(\$45,315.00)

GENERAL EMPLOYEES

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Prepaid Benefits	77,052.29	77,052.29
Money Market	439,124.32	439,124.32
Cash	5,198.66	5,198.66
Total Cash and Equivalents	521,375.27	521,375.27
Receivables:		
From Broker for Investments Sold	5,375.80	5,375.80
Investment Income	26,806.53	26,806.53
Total Receivable	32,182.33	32,182.33
Investments:		
U. S. Bonds and Bills	1,071,349.31	1,060,342.47
Federal Agency Guaranteed Securities	534,276.09	530,778.35
Corporate Bonds	1,374,903.69	1,361,089.59
Stocks	3,114,279.34	3,706,903.93
Mutual Funds:		
Equity	2,517,900.50	3,540,081.55
Pooled/Common/Commingled Funds:		
Real Estate	198,412.80	199,172.45
Total Investments	8,811,121.73	10,398,368.34
Total Assets	9,364,679.33	10,951,925.94
<u>LIABILITIES</u>		
Payables:		
Administrative Expenses	2,158.34	2,158.34
To Broker for Investments Purchased	7,059.87	7,059.87
Prepaid Town Contribution	33,322.00	33,322.00
Total Liabilities	42,540.21	42,540.21
NET POSITION RESTRICTED FOR PENSIONS	9,322,139.12	10,909,385.73

GENERAL EMPLOYEES

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

ADDITIONS

Contributions:

Town 679,109.00

Total Contributions 679,109.00

Investment Income:

Net Realized Gain (Loss) 220,213.84

Unrealized Gain (Loss) 704,789.79

Net Increase in Fair Value of Investments 925,003.63

Interest & Dividends 238,748.98

Less Investment Expense¹ (49,072.57)

Net Investment Income 1,114,680.04

Total Additions 1,793,789.04

DEDUCTIONS

Distributions to Members:

Benefit Payments 863,931.16

Lump Sum DROP Distributions 219,204.40

Total Distributions 1,083,135.56

Administrative Expense 42,661.25

Total Deductions 1,125,796.81

Net Increase in Net Position 667,992.23

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 10,241,393.50

End of the Year 10,909,385.73

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

GENERAL EMPLOYEES

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	9.53%	
09/30/2015	-1.01%	
09/30/2016	8.25%	
09/30/2017	11.15%	
Annualized Rate of Return for prior four (4) years:		6.87%
(A) 10/01/2016 Actuarial Assets:		\$10,566,941.38
(I) Net Investment Income:		
1. Interest and Dividends		238,748.98
2. Realized Gains (Losses)		220,213.84
3. Change in Actuarial Value		300,960.18
4. Investment Related Expenses		(49,072.57)
	Total	710,850.43
(B) 10/01/2017 Actuarial Assets:		\$10,831,104.00
Actuarial Asset Rate of Return = 2I/(A+B-I):		6.87%
10/01/2017 Limited Actuarial Assets:		\$10,831,104.00
10/01/2017 Market Value of Assets:		\$10,909,385.73
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$13,451.32)

¹Market Value Basis, net of investment related expenses.

GENERAL EMPLOYEES

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

REVENUES

Contributions:		
Town	679,109.00	
Total Contributions		679,109.00
Earnings from Investments:		
Interest & Dividends	238,748.98	
Net Realized Gain (Loss)	220,213.84	
Change in Actuarial Value	300,960.18	
Total Earnings and Investment Gains		759,923.00

EXPENDITURES

Distributions to Members:		
Benefit Payments	863,931.16	
Lump Sum DROP Distributions	219,204.40	
Total Distributions		1,083,135.56
Expenses:		
Investment related ¹	49,072.57	
Administrative	42,661.25	
Total Expenses		91,733.82
Change in Net Assets for the Year		264,162.62
Net Assets Beginning of the Year		10,566,941.38
Net Assets End of the Year ²		10,831,104.00

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

GENERAL EMPLOYEES

Beginning of the Year Balance	478,009.29
Plus Additions	128,192.72
Investment Return Earned	32,267.79
Less Distributions	(219,204.40)
End of the Year Balance	419,265.40

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

(1) Required Town Contribution for Fiscal 2017	679,109.00
(2) Less 2016 Prepaid Contribution	0.00
(3) Less Actual Town Contributions	<u>(712,431.00)</u>
(4) Equals Town's Shortfall/(Prepaid) Contribution as of September 30, 2017	(\$33,322.00)

VALUATION PARTICIPANT RECONCILIATION
POLICE OFFICERS

1. Active lives

a. Number in prior valuation 10/1/2016	6
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	6
h. New entrants	<u>0</u>
i. Total active life participants in valuation	6

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	16	0	3	1	2	22
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	(1)	0	0	0	0	(1)
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	1	(1)	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	15	0	3	2	1	21

VALUATION PARTICIPANT RECONCILIATION
FIREFIGHTERS

1. Active lives

a. Number in prior valuation 10/1/2016	7
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	7
h. New entrants	<u>0</u>
i. Total active life participants in valuation	7

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	32	0	0	3	4	39
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	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	32	0	0	3	4	39

VALUATION PARTICIPANT RECONCILIATION
GENERAL EMPLOYEES

1. Active lives

a. Number in prior valuation 10/1/2016	19
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	19
h. New entrants	<u>0</u>
i. Total active life participants in valuation	19

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	41	4	0	0	12	57
Retired	2	(1)	0	0	(1)	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	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	43	3	0	0	11	57

SUMMARY OF PLAN PROVISIONS
POLICE OFFICERS
(Through Ordinance 2016-22)

The below information is for historical reference only. Benefits are frozen as of February 1, 2014

<u>Eligibility</u>	Full-time Police Officers participate as a condition of employment. Members hired after January 31, 2014 do not participate in this System.
<u>Credited Service</u>	Total years and fractional parts of years of service as a Police Officer with the Town. Credited Service is frozen as of January 31, 2014.
<u>Salary</u>	Total W-2 compensation, plus tax deferred, tax-sheltered, and tax-exempt income. Salary earned after January 31, 2014 is not counted for determination of the accrued benefit.
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination. Average Final Compensation is not applicable for the determination of the accrued benefit after January 31, 2014.
<u>Member Contributions</u>	None (previously 10%).
<u>Town Contributions</u>	Amount necessary to maintain actuarial soundness and meet State requirements.
<u>Normal Retirement</u>	
Eligibility	Attainment of 1) age 60, 2) age 55 and the completion of 10 years of Credited Service or 3) the completion of 25 years of Credited Service, regardless of age.
Benefit	3.5% of Average Final Compensation times Years of Credited Service. The accrued benefit is frozen as of January 31, 2014.
Form of Benefit	10 Year Certain and Life Annuity (options are available).

Early Retirement (removed with Ordinance 2013-13)

Eligibility	Age 45 and the completion of 15 years of Credited Service or Age 50 and the completion of 10 years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year.
<u>Supplemental Benefit</u>	\$10.00 per month for each year of Credited Service, payable to age 65. Credited Service is frozen as of January 31, 2014 for determination of the Supplemental Benefit.
<u>Cost of Living Adjustment</u>	Service Retirees receive a 3% annual increase in benefits commencing on the October 1 following the receipt of 5 years of benefit payments.
<u>Vesting (Termination)</u>	Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) of Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

<u>Years of Service</u>	<u>Percentage ¹</u>
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

¹ Members are 100% vested in their frozen accrued benefit as of January 31, 2014.

Death Benefit

Vested or Eligible for Retirement	Monthly accrued benefit payable to designated beneficiary. The accrued benefit is frozen as of January 31, 2014.
Non-Vested	Refund of Member Contributions.

Disability

Eligibility

Service Incurred Covered from Date of Employment.

Non-Service Incurred 10 years of Credited Service.

Benefit

3.5% of Average Final Compensation times Credited Service (but not less than 42% of Average Final Compensation for Service Incurred). Average Final Compensation and Credited Service for purposes of determining the applicable minimum Disability Benefit are frozen as of January 31, 2014.

Form of Benefit

Ten year Certain and Life Annuity (options are available).

Board of Trustees

a. Five Commission appointees, and

b. Two Town Manager appointees

Deferred Retirement Option Plan (DROP)

Eligibility

Satisfaction of Normal Retirement requirements.

Participation

Not to exceed 36 months.

Rate of Return

At the Member's election:

a. Actual net rate of investment return credited each fiscal quarter, or

b. A fixed rate money market account.

Form of Distribution

Cash lump sum (options available) at termination of employment.

SUMMARY OF PLAN PROVISIONS
FIREFIGHTERS
(Through Ordinance 2016-22)

The below information is for historical reference only. Benefits are frozen as of September 30, 2013.

<u>Eligibility</u>	Full-time certified Firefighters participate as a condition of employment. Members hired after September 30, 2013 do not participate in this System
<u>Credited Service</u>	Total years and fractional parts of years of service as a Firefighter with the Town. Credited Service is frozen as of September 30, 2013.
<u>Salary</u>	Total W-2 compensation, plus tax deferred, tax-sheltered, and tax-exempt income. Salary earned after September 30, 2013 is not counted for determination of the accrued benefit.
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination. Average Final Compensation is not applicable for the determination of the accrued benefit after September 30, 2013.
<u>Member Contributions</u>	None.
<u>Town Contributions</u>	Amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years (per Chapter 112, Florida Statutes).
<u>Normal Retirement</u>	
Eligibility	Attainment of 1) age 60, 2) age 55 and the completion of 10 years of Credited Service or 3) the completion of 25 years of Credited Service, regardless of age.
Benefit	3.5% of Average Final Compensation times Years of Credited Service. The accrued benefit is frozen as of September 30, 2013.
Form of Benefit	10 Year Certain and Life Annuity (options are available).

Early Retirement (removed with Ordinance 2013-13)

Eligibility Age 45 and the completion of 15 years of Credited Service or Age 50 and the completion of 10 years of Credited Service.

Benefit Accrued benefit, reduced 3% per year.

Supplemental Benefit \$10.00 per month for each year of Credited Service, payable to age 65. Credited Service is frozen as of September 30, 2013 for determination of the Supplemental Benefit.

Vesting (Termination) Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) of Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

<u>Years of Service</u>	<u>Percentage ¹</u>
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

¹ Members are 100% vested in their frozen accrued benefit as of September 30, 2013.

Disability

Eligibility

Service Incurred Covered from Date of Employment.

Non-Service Incurred 10 years of Credited Service.

Benefit 3.5% of Average Final Compensation times Credited Service (but not less than 42% of Average Final Compensation for Service Incurred). Average Final Compensation and Credited Service for purposes of determining the applicable minimum Disability Benefit are frozen as of September 30, 2013.

Form of Benefit Ten year Certain and Life Annuity (options are available)

Cost of Living Adjustment

Service Retirees receive a 3% annual increase in benefits commencing on the October 1 following the receipt of 5 years of benefit payments.

Death Benefit

Vested or Eligible
for Retirement

Monthly accrued benefit payable to designated beneficiary. The accrued benefit is frozen as of September 30, 2013.

Non-Vested

Refund of Member Contributions.

Board of Trustees

- a. Five Commission appointees, and
- b. Two Town Manager appointees

Deferred Retirement Option Plan (DROP)

Eligibility

Satisfaction of Normal Retirement requirements. New DROP participants are not permitted after September 30, 2013.

Participation

Not to exceed 36 months.

Rate of Return

At the Member's election:

- a. Actual net rate of investment return credited each fiscal quarter, or
- b. A fixed rate money market account.

Form of Distribution

Cash lump sum (options available) at termination of employment.

SUMMARY OF PLAN PROVISIONS
GENERAL EMPLOYEES
(Through Ordinance No. 2016-22)

The information below is for historical reference only. Benefits are frozen as of September 30, 2013.

<u>Effective Date</u>	April 1, 1992
<u>Latest Amendment</u>	August 14, 2013
<u>Eligibility</u>	Full-time employees hired before September 30, 2013 become Members as a condition of employment.
<u>Compensation</u>	W-2 earnings, plus tax-deferred, tax-sheltered, and tax-exempt income. Salary earned after September 30, 2013 is not counted for determination of the accrued benefit.
<u>Average Final Compensation</u>	Average Compensation paid an employee during the best 5 years within the last 10 years preceding September 30, 2013.
<u>Credited Service</u>	Years and fractional parts of years of service with the Town as a General Employee through September 30, 2013.
<u>Normal Retirement</u>	
Eligibility	Earlier of 1) Age 62 or 2) Age 55 and the completion of 30 years of Credited Service.
Benefit	2.75% of Average Final Compensation times Years of Credited Service. The benefit is frozen as of September 30, 2013.
Form of Benefit	Life Annuity with 120 months certain (options available).
<u>Early Retirement</u>	
Date	Attainment of age 50 and the completion of 15 years of Credited Service.
Benefit	Accrued benefit reduced 3.0% for each year preceding the Normal Retirement Date.

Contributions

Employee

None.

Town

Amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years (per Chapter 112, F.S.).

STATEMENT OF
FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Prepaid Benefits	68,026
Money Market	284,846
Cash	3,372
Total Cash and Equivalents	356,244
Receivables:	
From Broker for Investments Sold	3,487
Investment Income	17,389
Total Receivable	20,876
Investments:	
U. S. Bonds and Bills	687,810
Federal Agency Guaranteed Securities	344,299
Corporate Bonds	882,895
Stocks	2,404,549
Equity	2,296,337
Real Estate	129,197
Total Investments	6,745,087
Total Assets	7,122,207
<u>LIABILITIES</u>	
Payables:	
Benefit Payments	23,004
Administrative Expenses	1,399
To Broker for Investments Purchased	4,580
Total Liabilities	28,983
NET POSITION RESTRICTED FOR PENSIONS	7,093,224

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

ADDITIONS

Contributions:

Town	594,116	
Total Contributions		594,116
Investment Income:		
Net Increase in Fair Value of Investments	592,599	
Interest & Dividends	154,789	
Less Investment Expense ¹	(31,805)	
Net Investment Income		715,583
Total Additions		1,309,699

DEDUCTIONS

Distributions to Members:

Benefit Payments	825,266	
Lump Sum DROP Distributions	0	
Total Distributions		825,266
Administrative Expense		27,650
Total Deductions		852,916
Net Increase in Net Position		456,783

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		6,636,441
End of the Year		7,093,224

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

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

Plan Description

Plan Administration

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

- a. Five Commission appointees, and
- b. Two Town Manager appointees.

Full-time Police Officers participate as a condition of employment. Members hired after January 31, 2014 do not participate in this System.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	20
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	6
	28
	28

Benefits Provided

The below information is for historical reference only. Benefits are frozen as of February 1, 2014.

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

Normal Retirement:

Eligibility: Attainment of 1) age 60, 2) age 55 and the completion of 10 years of Credited Service or 3) the completion of 25 years of Credited Service, regardless of age.

Benefit: 3.5% of Average Final Compensation times Years of Credited Service. The accrued benefit is frozen as of January 31, 2014.

Early Retirement (removed with Ordinance 2013-13):

Eligibility: Age 45 and the completion of 15 years of Credited Service or Age 50 and the completion of 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Supplemental Benefit:

\$10.00 per month for each year of Credited Service, payable to age 65. Credited Service is frozen as of January 31, 2014 for determination of the Supplemental Benefit.

Cost-of-Living Adjustment:

Service Retirees receive a 3% annual increase in benefits commencing on the October 1 following the receipt of 5 years of benefit payments.

Vesting (Termination):

Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) of Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

Years of Service	Percentage ¹
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

¹Members are 100% vested in their frozen accrued benefit as of January 31, 2014.

Death Benefit:

Vested or Eligible for Retirement: Monthly accrued benefit payable to designated beneficiary. The accrued benefit is frozen as of January 31, 2014.

Non-Vested: Refund of Member Contributions.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred 10 years of Credited Service.

Benefit Amount: 3.5% of Average Final Compensation times Credited Service (but not less than 42% of Average Final Compensation for Service Incurred). Average Final Compensation and Credited Service for purposes of determining the applicable minimum. Disability Benefit are frozen as of January 31, 2014.

Contributions

Member Contributions: None.

Town Contributions: Amount necessary to maintain actuarial soundness and meet State requirements.

Investments

Investment Policy:

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	45%
International Equity	15%
Fixed Income	25%
Real Estate	10%
Master Limited Partnerships	5%
Total	100%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2017, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 11.15 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 36 months.

At Member's election:

- a. Actual net rate of investment return credited each fiscal quarter, or
- b. A fixed rate money market account.

The DROP balance as September 30, 2017 is \$0.

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	\$ 12,220,711
Plan Fiduciary Net Position	\$ (7,093,224)
Sponsor's Net Pension Liability	<u>\$ 5,127,487</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	58.04%

Actuarial Assumptions:

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

Inflation	2.30%
Salary Increases	None
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated February 25, 2008.

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

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

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

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

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	6.45%
International Equity	5.90%
Fixed Income	2.15%
Real Estate	2.90%
Master Limited Partnerships	5.10%

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	\$ 6,586,159	\$ 5,127,487	\$ 3,919,560

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015
Total Pension Liability			
Service Cost	19,241	14,674	28,625
Interest	814,693	797,181	812,505
Changes of benefit terms	-	(9,211)	-
Differences between Expected and Actual Experience	176,585	(337,539)	(4,365)
Changes of assumptions	-	653,987	570,366
Benefit Payments, including Refunds of Employee Contributions	(825,266)	(940,156)	(717,957)
Net Change in Total Pension Liability	185,253	178,936	689,174
Total Pension Liability - Beginning	12,035,458	11,856,522	11,167,348
Total Pension Liability - Ending (a)	<u>\$ 12,220,711</u>	<u>\$ 12,035,458</u>	<u>\$ 11,856,522</u>
Plan Fiduciary Net Position			
Contributions - Employer	594,116	623,019	621,921
Contributions - State	-	-	-
Contributions - Employee	-	-	-
Net Investment Income	715,583	519,859	(246,652)
Benefit Payments, including Refunds of Employee Contributions	(825,266)	(940,156)	(717,957)
Administrative Expense	(27,650)	(39,247)	(42,386)
Net Change in Plan Fiduciary Net Position	456,783	163,475	(385,074)
Plan Fiduciary Net Position - Beginning	6,636,441	6,472,966	6,858,040
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,093,224</u>	<u>\$ 6,636,441</u>	<u>\$ 6,472,966</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,127,487</u>	<u>\$ 5,399,017</u>	<u>\$ 5,383,556</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	58.04%	55.14%	54.59%
Covered Employee Payroll ¹	N/A	\$ 429,341	\$ 603,217
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	1257.51%	892.47%

Notes to Schedule:

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

Changes of benefit terms:

For measurement date 09/30/2016, amounts reported as changes of benefit terms resulted from Ordinance 2016-22, adopted and effective July 5, 2016, provided a lump sum cash out option to active Members and prior Vested participants who were due a deferred monthly benefit.

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 2.30%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.50% to 7.00%.

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

	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability		
Service Cost	6,496	6,043
Interest	823,074	835,385
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,267,283)</u>	<u>(744,769)</u>
Net Change in Total Pension Liability	(437,713)	96,659
Total Pension Liability - Beginning	<u>11,605,061</u>	<u>11,508,403</u>
Total Pension Liability - Ending (a)	<u>\$ 11,167,348</u>	<u>\$ 11,605,061</u>
Plan Fiduciary Net Position		
Contributions - Employer	552,573	824,909
Contributions - State	81,017	77,298
Contributions - Employee	35,601	100,547
Net Investment Income	662,893	785,731
Benefit Payments, including Refunds of Employee Contributions	(1,267,283)	(744,769)
Administrative Expense	<u>(39,110)</u>	<u>(28,794)</u>
Net Change in Plan Fiduciary Net Position	25,691	1,014,922
Plan Fiduciary Net Position - Beginning	<u>6,832,349</u>	<u>5,817,427</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,858,040</u>	<u>\$ 6,832,349</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,309,308</u>	<u>\$ 4,772,713</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	61.41%	58.87%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	N/A

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	585,869	623,019	621,921	633,590	902,207
Contributions in relation to the Actuarially Determined Contributions	594,116	623,019	621,921	633,590	902,207
Contribution Deficiency (Excess)	\$ (8,247)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	N/A	\$ 429,341	\$ 603,217	N/A	N/A
Contributions as a percentage of Covered Employee Payroll	N/A	145.11%	103.10%	N/A	N/A

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

Notes to Schedule

Valuation Date: 10/01/2015 (AIS 06/30/2016)
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.

Amortization Method: Level Dollar.

Remaining Amortization Period: 27 Years (as of 10/01/2015).

Mortality: RP-2000 (combined healthy with no projection). Disabled lives set forward 5 years. We believe this table sufficiently accommodates future mortality improvements.

Termination Rates: See Table below (1304A). This assumption is consistent with historical Plan experience.

Disability Rates: See Table below (1205). 75% of Disability Retirements are assumed to service-related. These rates are similar to those utilized by other Florida special risk retirement programs.

Retirement Age: The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption is reasonable for the associated Plan provisions

Interest Rate: 7.0% per year, compounded annually, net of investment-related expenses. This assumption is supported by the Plan's investment policy and long-term expected returns by asset class.

Salary Increases: None.

Early Retirement: None.

Cost of Living Adjustment: 3.0% per year, beginning 5 years after retirement.

Payroll Growth: None.

Asset Valuation Method: The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	9.2%	0.14%
30	7.3%	0.18%
40	3.5%	0.30%
50	0.8%	1.00%

SCHEDULE OF INVESTMENT RETURNS

Last 10 Fiscal Years

	<u>09/30/2017</u>	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return					
Net of Investment Expense	11.15%	8.25%	-3.67%	9.94%	13.20%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2018)

General Information about the Pension Plan

Plan Description

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

- a. Five Commission appointees, and
- b. Two Town Manager appointees.

Full-time Police Officers participate as a condition of employment. Members hired after January 31, 2014 do not participate in this System.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	20
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	6
	28
	28

Benefits Provided

The below information is for historical reference only. Benefits are frozen as of February 1, 2014.

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

Normal Retirement:

Eligibility: Attainment of 1) age 60, 2) age 55 and the completion of 10 years of Credited Service or 3) the completion of 25 years of Credited Service, regardless of age.

Benefit: 3.5% of Average Final Compensation times Years of Credited Service. The accrued benefit is frozen as of January 31, 2014.

Early Retirement (removed with Ordinance 2013-13):

Eligibility: Age 45 and the completion of 15 years of Credited Service or Age 50 and the completion of 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Supplemental Benefit:

\$10.00 per month for each year of Credited Service, payable to age 65. Credited Service is frozen as of January 31, 2014 for determination of the Supplemental Benefit.

Cost-of-Living Adjustment:

Service Retirees receive a 3% annual increase in benefits commencing on the October 1 following the receipt of 5 years of benefit payments.

Vesting (Termination):

Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) of Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

Years of Service	Percentage ¹
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

¹Members are 100% vested in their frozen accrued benefit as of January 31, 2014.

Death Benefit:

Vested or Eligible for Retirement: Monthly accrued benefit payable to designated beneficiary. The accrued benefit is frozen as of January 31, 2014.

Non-Vested: Refund of Member Contributions.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred 10 years of Credited Service.

Benefit Amount: 3.5% of Average Final Compensation times Credited Service (but not less than 42% of Average Final Compensation for Service Incurred). Average Final Compensation and Credited Service for purposes of determining the applicable minimum. Disability Benefit are frozen as of January 31, 2014.

Contributions

Member Contributions: None.

Town Contributions: Amount necessary to maintain actuarial soundness and meet State requirements.

Net Pension Liability

The measurement date is September 30, 2017.

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

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

The Sponsor's Net Pension Liability was measured as of September 30, 2017.

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

Actuarial Assumptions:

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

Inflation	2.30%
Salary Increases	None
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated February 25, 2008.

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

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	45%	6.45%
International Equity	15%	5.90%
Fixed Income	25%	2.15%
Real Estate	10%	2.90%
Master Limited Partnerships	5%	5.10%
Total	100%	

Discount Rate:

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2017	\$ 12,035,458	\$ 6,636,441	\$ 5,399,017
Changes for a Year:			
Service Cost	19,241	-	19,241
Interest	814,693	-	814,693
Differences between Expected and Actual Experience	176,585	-	176,585
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	594,116	(594,116)
Net Investment Income	-	715,583	(715,583)
Benefit Payments, including Refunds of Employee Contributions	(825,266)	(825,266)	-
Administrative Expense	-	(27,650)	27,650
Net Changes	185,253	456,783	(271,530)
Reporting Period Ending September 30, 2018	\$ 12,220,711	\$ 7,093,224	\$ 5,127,487

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	\$ 6,586,159	\$ 5,127,487	\$ 3,919,560

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 \$1,101,151. On September 30, 2017, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	320,365	-
Employer contributions subsequent to the measurement date	594,116	-
Total	\$ 914,481	\$ -

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year ended September 30, 2017. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2018	\$ 100,446
2019	\$ 100,446
2020	\$ 135,318
2021	\$ (15,845)
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 \$631,104.

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	-	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	11,847	-
Employer contributions subsequent to the measurement date	TBD	-
Total	<u>TBD</u>	<u>\$ -</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, 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	\$ 48,428
2020	\$ 83,300
2021	\$ (67,863)
2022	\$ (52,018)
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	09/30/2016
Measurement Date	09/30/2017	09/30/2016	09/30/2015
Total Pension Liability			
Service Cost	19,241	14,674	28,625
Interest	814,693	797,181	812,505
Changes of benefit terms	-	(9,211)	-
Differences between Expected and Actual Experience	176,585	(337,539)	(4,365)
Changes of assumptions	-	653,987	570,366
Benefit Payments, including Refunds of Employee Contributions	(825,266)	(940,156)	(717,957)
Net Change in Total Pension Liability	185,253	178,936	689,174
Total Pension Liability - Beginning	12,035,458	11,856,522	11,167,348
Total Pension Liability - Ending (a)	<u>\$ 12,220,711</u>	<u>\$ 12,035,458</u>	<u>\$ 11,856,522</u>
Plan Fiduciary Net Position			
Contributions - Employer	594,116	623,019	621,921
Contributions - State	-	-	-
Contributions - Employee	-	-	-
Net Investment Income	715,583	519,859	(246,652)
Benefit Payments, including Refunds of Employee Contributions	(825,266)	(940,156)	(717,957)
Administrative Expense	(27,650)	(39,247)	(42,386)
Net Change in Plan Fiduciary Net Position	456,783	163,475	(385,074)
Plan Fiduciary Net Position - Beginning	6,636,441	6,472,966	6,858,040
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,093,224</u>	<u>\$ 6,636,441</u>	<u>\$ 6,472,966</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,127,487</u>	<u>\$ 5,399,017</u>	<u>\$ 5,383,556</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	58.04%	55.14%	54.59%
Covered Employee Payroll ¹	N/A	\$ 429,341	\$ 603,217
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	1257.51%	892.47%

Notes to Schedule:

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

Changes of benefit terms:

For measurement date 09/30/2016, amounts reported as changes of benefit terms resulted from Ordinance 2016-22, adopted and effective July 5, 2016, provided a lump sum cash out option to active Members and prior Vested participants who were due a deferred monthly benefit.

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 2.30%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.50% to 7.00%.

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

Reporting Period Ending	09/30/2015	09/30/2014
Measurement Date	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability		
Service Cost	6,496	6,043
Interest	823,074	835,385
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,267,283)</u>	<u>(744,769)</u>
Net Change in Total Pension Liability	(437,713)	96,659
Total Pension Liability - Beginning	<u>11,605,061</u>	<u>11,508,403</u>
Total Pension Liability - Ending (a)	<u>\$ 11,167,348</u>	<u>\$ 11,605,061</u>
Plan Fiduciary Net Position		
Contributions - Employer	552,573	824,909
Contributions - State	81,017	77,298
Contributions - Employee	35,601	100,547
Net Investment Income	662,893	785,731
Benefit Payments, including Refunds of Employee Contributions	(1,267,283)	(744,769)
Administrative Expense	<u>(39,110)</u>	<u>(28,794)</u>
Net Change in Plan Fiduciary Net Position	25,691	1,014,922
Plan Fiduciary Net Position - Beginning	<u>6,832,349</u>	<u>5,817,427</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,858,040</u>	<u>\$ 6,832,349</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,309,308</u>	<u>\$ 4,772,713</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	61.41%	58.87%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	N/A

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	585,869	623,019	621,921	633,590	902,207
Contributions in relation to the Actuarially Determined Contributions	594,116	623,019	621,921	633,590	902,207
Contribution Deficiency (Excess)	\$ (8,247)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	N/A	\$ 429,341	\$ 603,217	N/A	N/A
Contributions as a percentage of Covered Employee Payroll	N/A	145.11%	103.10%	N/A	N/A

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

Notes to Schedule

Valuation Date: 10/01/2015 (AIS 06/30/2016)
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.

Amortization Method: Level Dollar.

Remaining Amortization Period: 27 Years (as of 10/01/2015).

Mortality: RP-2000 (combined healthy with no projection). Disabled lives set forward 5 years. We believe this table sufficiently accommodates future mortality improvements.

Termination Rates: See Table below (1304A). This assumption is consistent with historical Plan

Disability Rates: See Table below (1205). 75% of Disability Retirements are assumed to service-related. These rates are similar to those utilized by other Florida special risk

Retirement Age: The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption is

Interest Rate: 7.0% per year, compounded annually, net of investment-related expenses. This

Salary Increases: None.

Early Retirement: None.

Cost of Living Adjustment: 3.0% per year, beginning 5 years after retirement.

Payroll Growth: None.

Asset Valuation Method: The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.

Termination and Disability Rate Table:	% Terminating During the Year	% Becoming Disabled During the Year
Age		
20	9.20%	0.14%
30	7.30%	0.18%
40	3.50%	0.30%
50	0.80%	1.00%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 5,383,556	\$ 106,799	\$ 1,512,854	\$ -
Employer Contributions made after 09/30/2016	-	-	594,116	-
Total Pension Liability Factors:				
Service Cost	14,674	-	-	14,674
Interest	797,181	-	-	797,181
Changes in benefit terms	(9,211)	-	-	(9,211)
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(337,539)	337,539	-	-
Current year amortization of experience difference	-	(339,722)	-	(339,722)
Change in assumptions about future economic or demographic factors or other inputs	653,987	-	653,987	-
Current year amortization of change in assumptions	-	-	(939,170)	939,170
Benefit Payments, including Refunds of Employee Contributions	(940,156)	-	-	-
Net change	<u>178,936</u>	<u>(2,183)</u>	<u>308,933</u>	<u>1,402,092</u>
Plan Fiduciary Net Position:				
Contributions - Employer	623,019	-	(623,019)	-
Projected Net Investment Income	440,634	-	-	(440,634)
Difference between projected and actual earnings on Pension Plan investments	79,225	79,225	-	-
Current year amortization	-	(50,717)	(151,163)	100,446
Benefit Payments, including Refunds of Employee Contributions	(940,156)	-	-	-
Administrative Expenses	(39,247)	-	-	39,247
Net change	<u>163,475</u>	<u>28,508</u>	<u>(774,182)</u>	<u>(300,941)</u>
Ending Balance	<u><u>\$ 5,399,017</u></u>	<u><u>\$ 133,124</u></u>	<u><u>\$ 1,047,605</u></u>	<u><u>\$ 1,101,151</u></u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2018

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 5,399,017	\$ 133,124	\$ 1,047,605	\$ -
Employer Contributions made after 09/30/2017	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	19,241	-	-	19,241
Interest	814,693	-	-	814,693
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	176,585	-	176,585	-
Current year amortization of experience difference	-	-	(176,585)	176,585
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(825,266)	-	-	-
Net change	<u>185,253</u>	<u>-</u>	<u>-</u>	<u>1,010,519</u>
Plan Fiduciary Net Position:				
Contributions - Employer	594,116	-	(594,116)	-
Projected Net Investment Income	455,493	-	-	(455,493)
Difference between projected and actual earnings on Pension Plan investments	260,090	260,090	-	-
Current year amortization	-	(102,735)	(151,163)	48,428
Benefit Payments, including Refunds of Employee Contributions	(825,266)	-	-	-
Administrative Expenses	(27,650)	-	-	27,650
Net change	<u>456,783</u>	<u>157,355</u>	<u>(745,279)</u>	<u>(379,415)</u>
Ending Balance	<u>\$ 5,127,487</u>	<u>\$ 290,479</u>	<u>TBD</u>	<u>\$ 631,104</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.

Town of Longboat Key Police Officers' Retirement System

AMORTIZATION SCHEDULE - INVESTMENTS

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

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2014	\$ (174,362)	5	\$ (34,872)	\$ (34,872)	\$ (34,872)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 755,814	5	\$ 151,163	\$ 151,163	\$ 151,163	\$ 151,163	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (79,225)	5	\$ (15,845)	\$ (15,845)	\$ (15,845)	\$ (15,845)	\$ (15,845)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (260,090)	5	\$ -	\$ (52,018)	\$ (52,018)	\$ (52,018)	\$ (52,018)	\$ (52,018)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 100,446	\$ 48,428	\$ 48,428	\$ 83,300	\$ (67,863)	\$ (52,018)	\$ -	\$ -	\$ -	\$ -	\$ -

Town of Longboat Key Police Officers' Retirement System

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

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

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2015	\$ 570,366	2	\$ 285,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 653,987	1	\$ 653,987	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 939,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Town of Longboat Key Police Officers' Retirement System

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	2027
2015	\$ (4,365)	2	\$ (2,183)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (337,539)	1	\$ (337,539)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ 176,585	1	\$ -	\$ 176,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (339,722)	\$ 176,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Prepaid Benefits	162,495
Money Market	692,469
Cash	8,198
Total Cash and Equivalents	863,162
Receivables:	
From Broker for Investments Sold	8,477
Investment Income	42,272
Total Receivable	50,749
Investments:	
U. S. Bonds and Bills	1,672,086
Federal Agency Guaranteed Securities	837,000
Corporate Bonds	2,146,344
Stocks	5,845,530
Mutual Funds:	
Equity	5,582,463
Pooled/Common/Commingled Funds:	
Real Estate	314,081
Total Investments	16,397,504
Total Assets	17,311,415
<u>LIABILITIES</u>	
Payables:	
Administrative Expenses	3,341
To Broker for Investments Purchased	11,133
Total Liabilities	14,474
NET POSITION RESTRICTED FOR PENSIONS	17,296,941

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

ADDITIONS

Contributions:

Town	1,705,515	
Total Contributions		1,705,515
Investment Income:		
Net Increase in Fair Value of Investments	1,425,839	
Interest & Dividends	370,416	
Less Investment Expense ¹	(75,954)	
Net Investment Income		1,720,301
Total Additions		3,425,816

DEDUCTIONS

Distributions to Members:

Benefit Payments	1,915,362	
Lump Sum DROP Distributions	0	
Refunds of Member Contributions	0	
Total Distributions		1,915,362
Administrative Expense		66,030
Total Deductions		1,981,392
Net Increase in Net Position		1,444,424

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		15,852,517
End of the Year		17,296,941

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

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

Plan Description

Plan Administration

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

- a. Five Commission appointees, and
- b. Two Town Manager appointees.

Full-time certified Firefighters participate as a condition of employment. Members hired after September 30, 2013 do not participate in this System

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	35
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	4
Active Plan Members	7
	46

Benefits Provided

The below information is for historical reference only. Benefits are frozen as of September 30, 2013.

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

Normal Retirement:

Eligibility: Attainment of 1) age 60, 2) age 55 and the completion of 10 years of Credited Service or 3) the completion of 25 years of Credited Service, regardless of age.

Benefit: 3.5% of Average Final Compensation times Years of Credited Service. The accrued benefit is frozen as of September 30, 2013.

Early Retirement (removed with Ordinance 2013-13):

Eligibility: Age 45 and the completion of 15 years of Credited Service or Age 50 and the completion of 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Supplemental Benefit:

\$10.00 per month for each year of Credited Service, payable to age 65. Credited Service is frozen as of September 30, 2013 for determination of the Supplemental Benefit.

Vesting (Termination):

Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) or Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

<u>Years of Service</u>	<u>Percentage¹</u>
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

¹Members are 100% vested in their frozen accrued benefit as of September 30, 2013.

Disability:

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

Benefit: 3.5% of Average Final Compensation times Credited Service (but not less than 42% of Average Final Compensation for Service Incurred). Average Final Compensation and Credited Service for purposes of determining the applicable minimum Disability Benefit are frozen as of September 30, 2013.

Cost-of-Living Adjustment:

Service Retirees receive a 3% annual increase in benefits commencing on the October 1 following the receipt of 5 years of benefit payments.

Death Benefit:

Vested or Eligible for Retirement: Monthly accrued benefit payable to designated beneficiary. The accrued benefit is frozen as of September 30, 2013.

Non-Vested: Refund of Member Contributions.

Contributions

Member Contributions: None.

Town Contributions: Amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years (per Chapter 112, Florida Statutes).

Investments

Investment Policy:

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	45%
International Equity	15%
Fixed Income	25%
Real Estate	10%
<u>Master Limited Partnerships</u>	<u>5%</u>
Total	<u><u>100%</u></u>

Concentrations:

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

Rate of Return:

For the year ended September 30, 2017, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 11.15 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. New DROP participants are not permitted after September 30, 2013.

Participation: Not to exceed 36 months.

Rate of Return: At the Member's election:

- a. Actual net rate of investment return credited each fiscal quarter, or
- b. A fixed rate money market account.

The DROP balance as September 30, 2017 is \$0.

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	\$ 31,358,071
Plan Fiduciary Net Position	\$ (17,296,941)
Sponsor's Net Pension Liability	<u>\$ 14,061,130</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	55.16%

Actuarial Assumptions:

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

Inflation	2.30%
Salary Increases	None.
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated March 10, 2008.

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

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

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

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

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	6.45%
International Equity	5.90%
Fixed Income	2.15%
Real Estate	2.90%
Master Limited Partnerships	5.10%

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	\$ 18,023,394	\$ 14,061,130	\$ 10,802,724

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015
Total Pension Liability			
Service Cost	12,384	7,140	16,994
Interest	2,077,039	2,005,250	2,089,626
Changes of benefit terms	-	(349,443)	-
Differences between Expected and Actual Experience	566,726	79,615	82,293
Changes of assumptions	-	1,696,399	1,573,612
Benefit Payments, including Refunds of Employee Contributions	(1,915,362)	(3,620,803)	(1,616,182)
Net Change in Total Pension Liability	740,787	(181,842)	2,146,343
Total Pension Liability - Beginning	30,617,284	30,799,126	28,652,783
Total Pension Liability - Ending (a)	<u>\$ 31,358,071</u>	<u>\$ 30,617,284</u>	<u>\$ 30,799,126</u>
Plan Fiduciary Net Position			
Contributions - Employer	1,705,515	1,758,137	2,906,549
Contributions - State	-	-	-
Contributions - Employee	-	-	-
Net Investment Income	1,720,301	1,308,231	(507,354)
Benefit Payments, including Refunds of Employee Contributions	(1,915,362)	(3,620,803)	(1,616,182)
Administrative Expense	(66,030)	(35,696)	(47,913)
Net Change in Plan Fiduciary Net Position	1,444,424	(590,131)	735,100
Plan Fiduciary Net Position - Beginning	15,852,517	16,442,648	15,707,548
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,296,941</u>	<u>\$ 15,852,517</u>	<u>\$ 16,442,648</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 14,061,130</u>	<u>\$ 14,764,767</u>	<u>\$ 14,356,478</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	55.16%	51.78%	53.39%
Covered Employee Payroll ¹	N/A	\$ 893,374	\$ 1,491,476
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	1652.70%	962.57%

Notes to Schedule:

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

Changes of benefit terms:

For measurement date 09/30/2016, amounts reported as changes of benefit terms resulted from Ordinance 2016-22, adopted and effective July 5, 2016, provided a lump sum cash out option to active Members and prior Vested participants who were due a deferred monthly benefit.

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 2.30%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.50% to 7.00%.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability		
Service Cost	17,183	15,910
Interest	2,082,208	2,046,450
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	1,446,265	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,806,573)</u>	<u>(1,426,754)</u>
Net Change in Total Pension Liability	1,739,083	635,606
Total Pension Liability - Beginning	<u>26,913,700</u>	<u>26,278,094</u>
Total Pension Liability - Ending (a)	<u>\$ 28,652,783</u>	<u>\$ 26,913,700</u>
Plan Fiduciary Net Position		
Contributions - Employer	1,526,725	1,542,566
Contributions - State	-	269,818
Contributions - Employee	-	259,097
Net Investment Income	1,384,179	1,401,812
Benefit Payments, including Refunds of Employee Contributions	<u>(1,806,573)</u>	<u>(1,426,754)</u>
Administrative Expense	<u>(60,183)</u>	<u>(54,125)</u>
Net Change in Plan Fiduciary Net Position	1,044,148	1,992,415
Plan Fiduciary Net Position - Beginning	<u>14,663,400</u>	<u>12,670,985</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,707,548</u>	<u>\$ 14,663,400</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 12,945,234</u>	<u>\$ 12,250,300</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	54.82%	54.48%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	N/A

Notes to Schedule:*Changes of assumptions:*

For measurement date 09/30/2014, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 8.00% to 7.50%.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	1,660,200	1,758,137	1,638,549	1,526,725	1,812,384
Contributions in relation to the Actuarially Determined Contributions	1,705,515	1,758,137	2,906,549	1,526,725	1,812,384
Contribution Deficiency (Excess)	\$ (45,315)	\$ -	\$ (1,268,000)	\$ -	\$ -
Covered Employee Payroll ¹	N/A	\$ 893,374	\$ 1,491,476	N/A	N/A
Contributions as a percentage of Covered Employee Payroll	N/A	196.80%	194.88%	N/A	N/A

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

Notes to Schedule

Valuation Date: 10/01/2015 (AIS 06/30/2016)
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 27 Years (as of 10/01/2015).

Mortality: RP-2000 (combined healthy with no projection). Disabled lives set forward 5 years. We believe this sufficiently accounts for future mortality improvements.

Termination Rates: See table on following page (1304). This is based on the results of an experience study for the period 2002 to 2007.

Disability Rates: See Table on the following page (1205). 75% of Disability Retirements are assumed to service-related. This assumption was developed from those used by other plans containing Florida municipal Firefighters.

Retirement Age: The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based on the plan provisions.

Interest Rate: 7.0% 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.

Salary Increases: None.

Early Retirement: None.

Cost of Living Adjustment: 3.0% per year, beginning 5 years after retirement.

Payroll Growth: None.

Asset Valuation Method: The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	12.4%	0.14%
30	10.5%	0.18%
40	5.7%	0.30%
50	1.5%	1.00%

SCHEDULE OF INVESTMENT RETURNS

Last 10 Fiscal Years

	<u>09/30/2017</u>	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return					
Net of Investment Expense	11.15%	8.25%	-3.28%	9.60%	10.62%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2018)

General Information about the Pension Plan

Plan Description

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

- a. Five Commission appointees, and
- b. Two Town Manager appointees.

Full-time certified Firefighters participate as a condition of employment. Members hired after September 30, 2013 do not participate in this System.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	35
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	4
Active Plan Members	7
	46
	46

Benefits Provided

The below information is for historical reference only. Benefits are frozen as of September 30, 2013.

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

Normal Retirement:

Eligibility: Attainment of 1) age 60, 2) age 55 and the completion of 10 years of Credited Service or 3) the completion of 25 years of Credited Service, regardless of age.

Benefit: 3.5% of Average Final Compensation times Years of Credited Service. The accrued benefit is frozen as of September 30, 2013.

Early Retirement (removed with Ordinance 2013-13):

Eligibility: Age 45 and the completion of 15 years of Credited Service or Age 50 and the completion of 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Supplemental Benefit:

\$10.00 per month for each year of Credited Service, payable to age 65. Credited Service is frozen as of September 30, 2013 for determination of the Supplemental Benefit.

Vesting (Termination):

Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) of Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

Years of Service	Percentage ¹
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

¹Members are 100% vested in their frozen accrued benefit as of September 30, 2013.

Disability:

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

Benefit: 3.5% of Average Final Compensation times Credited Service (but not less than 42% of Average Final Compensation for Service Incurred). Average Final Compensation and Credited Service for purposes of determining the applicable minimum Disability Benefit are frozen as of September 30, 2013.

Cost-of-Living Adjustment:

Service Retirees receive a 3% annual increase in benefits commencing on the October 1 following the receipt of 5 years of benefit payments.

Death Benefit:

Vested or Eligible for Retirement: Monthly accrued benefit payable to designated beneficiary. The accrued benefit is frozen as of September 30, 2013.

Non-Vested: Refund of Member Contributions.

Contributions

Member Contributions: None.

Town Contributions: Amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years (per Chapter 112, Florida Statutes).

Net Pension Liability

The measurement date is September 30, 2017.

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

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

The Sponsor's Net Pension Liability was measured as of September 30, 2017.

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

Actuarial Assumptions:

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

Inflation	2.30%
Salary Increases	None.
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated March 10, 2008.

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

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	45%	6.45%
International Equity	15%	5.90%
Fixed Income	25%	2.15%
Real Estate	10%	2.90%
Master Limited Partnerships	5%	5.10%
Total	100.00%	

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)
Reporting Period Ending September 30, 2017	\$ 30,617,284	\$ 15,852,517	\$ 14,764,767
Changes for a Year:			
Service Cost	12,384	-	12,384
Interest	2,077,039	-	2,077,039
Differences between Expected and Actual Experience	566,726	-	566,726
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	1,705,515	(1,705,515)
Net Investment Income	-	1,720,301	(1,720,301)
Benefit Payments, including Refunds of Employee Contributions	(1,915,362)	(1,915,362)	-
Administrative Expense	-	(66,030)	66,030
Net Changes	<u>740,787</u>	<u>1,444,424</u>	<u>(703,637)</u>
Reporting Period Ending September 30, 2018	<u>\$ 31,358,071</u>	<u>\$ 17,296,941</u>	<u>\$ 14,061,130</u>

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	\$ 18,023,394	\$ 14,061,130	\$ 10,802,724

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 \$2,586,783.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	39,808	-
Changes of assumptions	848,200	-
Net difference between Projected and Actual Earnings on Pension Plan investments	770,371	-
Employer contributions subsequent to the measurement date	1,705,515	-
Total	\$ 3,363,894	\$ -

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

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

Year ended September 30:			
2018	\$	1,144,731	
2019	\$	256,722	
2020	\$	301,664	
2021	\$	(44,738)	
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 \$2,642,833.

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	-	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	17,424	-
Employer contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ -

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		\$	132,666	
2020		\$	177,608	
2021		\$	(168,794)	
2022		\$	(124,056)	
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	09/30/2016
Measurement Date	09/30/2017	09/30/2016	09/30/2015
Total Pension Liability			
Service Cost	12,384	7,140	16,994
Interest	2,077,039	2,005,250	2,089,626
Changes of benefit terms	-	(349,443)	-
Differences between Expected and Actual Experience	566,726	79,615	82,293
Changes of assumptions	-	1,696,399	1,573,612
Benefit Payments, including Refunds of Employee Contributions	(1,915,362)	(3,620,803)	(1,616,182)
Net Change in Total Pension Liability	740,787	(181,842)	2,146,343
Total Pension Liability - Beginning	30,617,284	30,799,126	28,652,783
Total Pension Liability - Ending (a)	\$ 31,358,071	\$ 30,617,284	\$ 30,799,126
Plan Fiduciary Net Position			
Contributions - Employer	1,705,515	1,758,137	2,906,549
Contributions - State	-	-	-
Contributions - Employee	-	-	-
Net Investment Income	1,720,301	1,308,231	(507,354)
Benefit Payments, including Refunds of Employee Contributions	(1,915,362)	(3,620,803)	(1,616,182)
Administrative Expense	(66,030)	(35,696)	(47,913)
Net Change in Plan Fiduciary Net Position	1,444,424	(590,131)	735,100
Plan Fiduciary Net Position - Beginning	15,852,517	16,442,648	15,707,548
Plan Fiduciary Net Position - Ending (b)	\$ 17,296,941	\$ 15,852,517	\$ 16,442,648
Net Pension Liability - Ending (a) - (b)	\$ 14,061,130	\$ 14,764,767	\$ 14,356,478
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	55.16%	51.78%	53.39%
Covered Employee Payroll ¹	N/A	\$ 893,374	\$ 1,491,476
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	1652.70%	962.57%

Notes to Schedule:

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

Changes of benefit terms:

For measurement date 09/30/2016, amounts reported as changes of benefit terms resulted from Ordinance 2016-22, adopted and effective July 5, 2016, provided a lump sum cash out option to active Members and prior Vested participants who were due a deferred monthly benefit.

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 2.30%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.50% to 7.00%.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

Reporting Period Ending	09/30/2015	09/30/2014
Measurement Date	09/30/2014	09/30/2013
Total Pension Liability		
Service Cost	17,183	15,910
Interest	2,082,208	2,046,450
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	1,446,265	-
Benefit Payments, including Refunds of Employee Contributions	(1,806,573)	(1,426,754)
Net Change in Total Pension Liability	1,739,083	635,606
Total Pension Liability - Beginning	26,913,700	26,278,094
Total Pension Liability - Ending (a)	<u>\$ 28,652,783</u>	<u>\$ 26,913,700</u>
Plan Fiduciary Net Position		
Contributions - Employer	1,526,725	1,542,566
Contributions - State	-	269,818
Contributions - Employee	-	259,097
Net Investment Income	1,384,179	1,401,812
Benefit Payments, including Refunds of Employee Contributions	(1,806,573)	(1,426,754)
Administrative Expense	(60,183)	(54,125)
Net Change in Plan Fiduciary Net Position	1,044,148	1,992,415
Plan Fiduciary Net Position - Beginning	14,663,400	12,670,985
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,707,548</u>	<u>\$ 14,663,400</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 12,945,234</u>	<u>\$ 12,250,300</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	54.82%	54.48%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	N/A

Notes to Schedule:*Changes of assumptions:*

For measurement date 09/30/2014, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 8.00% to 7.50%.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	1,660,200	1,758,137	1,638,549	1,526,725	1,812,384
Contributions in relation to the Actuarially Determined Contributions	1,705,515	1,758,137	2,906,549	1,526,725	1,812,384
Contribution Deficiency (Excess)	\$ (45,315)	\$ -	\$ (1,268,000)	\$ -	\$ -
Covered Employee Payroll ¹	N/A	\$ 893,374	\$ 1,491,476	N/A	N/A
Contributions as a percentage of Covered Employee Payroll	N/A	196.80%	194.88%	N/A	N/A

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

Notes to Schedule

Valuation Date: 10/01/2015 (AIS 06/30/2016)
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 27 Years (as of 10/01/2015).

Mortality: RP-2000 (combined healthy with no projection). Disabled lives set forward 5 years. We believe this sufficiently accounts for future mortality improvements.

Termination Rates: See table on following page (1304). This is based on the results of an experience study for the period 2002 to 2007.

Disability Rates: See Table on the following page (1205). 75% of Disability Retirements are assumed to service-related. This assumption was developed from those used by other plans containing Florida municipal Firefighters.

Retirement Age: The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based on the plan provisions.

Interest Rate: 7.0% 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.

Salary Increases: None.

Early Retirement: None.

Cost of Living Adjustment: 3.0% per year, beginning 5 years after retirement.

Payroll Growth: None.

Asset Valuation Method: The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	12.40%	0.14%
30	10.50%	0.18%
40	5.70%	0.30%
50	1.50%	1.00%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 14,356,478	\$ 134,826	\$ 3,971,699	\$ -
Employer Contributions made after 09/30/2016	-	-	1,705,515	-
Total Pension Liability Factors:				
Service Cost	7,140	-	-	7,140
Interest	2,005,250	-	-	2,005,250
Changes in benefit terms	(349,443)	-	-	(349,443)
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	79,615	-	79,615	-
Current year amortization of experience difference	-	-	(80,954)	80,954
Change in assumptions about future economic or demographic factors or other inputs	1,696,399	-	1,696,399	-
Current year amortization of change in assumptions	-	-	(1,635,005)	1,635,005
Benefit Payments, including Refunds of Employee Contributions	(3,620,803)	-	-	-
Net change	(181,842)	-	1,765,570	3,378,906
Plan Fiduciary Net Position:				
Contributions - Employer	1,758,137	-	(1,758,137)	-
Projected Net Investment Income	1,084,543	-	-	(1,084,543)
Difference between projected and actual earnings on Pension Plan investments	223,688	223,688	-	-
Current year amortization	-	(89,679)	(346,403)	256,724
Benefit Payments, including Refunds of Employee Contributions	(3,620,803)	-	-	-
Administrative Expenses	(35,696)	-	-	35,696
Net change	(590,131)	134,009	(2,104,540)	(792,123)
Ending Balance	\$ 14,764,767	\$ 268,835	\$ 3,632,729	\$ 2,586,783

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2018

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 14,764,767	\$ 268,835	\$ 3,632,729	\$ -
Employer Contributions made after 09/30/2017	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	12,384	-	-	12,384
Interest	2,077,039	-	-	2,077,039
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	566,726	-	566,726	-
Current year amortization of experience difference	-	-	(606,534)	606,534
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(848,200)	848,200
Benefit Payments, including Refunds of Employee Contributions	(1,915,362)	-	-	-
Net change	<u>740,787</u>	<u>-</u>	<u>(888,008)</u>	<u>3,544,157</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,705,515	-	(1,705,515)	-
Projected Net Investment Income	1,100,020	-	-	(1,100,020)
Difference between projected and actual earnings on Pension Plan investments	620,281	620,281	-	-
Current year amortization	-	(213,736)	(346,402)	132,666
Benefit Payments, including Refunds of Employee Contributions	(1,915,362)	-	-	-
Administrative Expenses	(66,030)	-	-	66,030
Net change	<u>1,444,424</u>	<u>406,545</u>	<u>(2,051,917)</u>	<u>(901,324)</u>
Ending Balance	<u>\$ 14,061,130</u>	<u>\$ 675,380</u>	<u>TBD</u>	<u>\$ 2,642,833</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.

Town of Longboat Key Firefighters' Retirement System

AMORTIZATION SCHEDULE - INVESTMENTS

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

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2014	\$ (224,708)	5	\$ (44,942)	\$ (44,942)	\$ (44,942)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 1,732,012	5	\$ 346,403	\$ 346,402	\$ 346,402	\$ 346,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (223,688)	5	\$ (44,737)	\$ (44,737)	\$ (44,738)	\$ (44,738)	\$ (44,738)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (620,281)	5	\$ -	\$ (124,057)	\$ (124,056)	\$ (124,056)	\$ (124,056)	\$ (124,056)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 256,724	\$ 132,666	\$ 132,666	\$ 177,608	\$ (168,794)	\$ (124,056)	\$ -	\$ -	\$ -	\$ -	\$ -

Town of Longboat Key Firefighters' Retirement System

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	2027
2015	\$ 1,573,612	2	\$ 786,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 1,696,399	2	\$ 848,199	\$ 848,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 1,635,005	\$ 848,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Town of Longboat Key Firefighters' Retirement System

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		Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience										
	Expected and Actual Experience	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2015	\$ 82,293	2	\$ 41,147	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 79,615	2	\$ 39,807	\$ 39,808	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ 566,726	1	\$ -	\$ 566,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 80,954	\$ 606,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Prepaid Benefits	77,052
Money Market	439,124
Cash	5,199
Total Cash and Equivalents	521,375
Receivables:	
From Broker for Investments Sold	5,376
Investment Income	26,807
Total Receivable	32,183
Investments:	
U. S. Bonds and Bills	1,060,342
Federal Agency Guaranteed Securities	530,778
Corporate Bonds	1,361,090
Stocks	3,706,904
Mutual Funds:	
Equity	3,540,082
Real Estate	199,172
Total Investments	10,398,368
Total Assets	10,951,926
<u>LIABILITIES</u>	
Payables:	
Administrative Expenses	2,158
To Broker for Investments Purchased	7,060
Total Liabilities	9,218
NET POSITION RESTRICTED FOR PENSIONS	10,942,708

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

ADDITIONS

Contributions:

Town	712,431	
Total Contributions		712,431
Investment Income:		
Net Increase in Fair Value of Investments	925,004	
Interest & Dividends	238,749	
Less Investment Expense ¹	(49,073)	
Net Investment Income		1,114,680
Total Additions		1,827,111

DEDUCTIONS

Distributions to Members:

Benefit Payments	863,931	
Lump Sum DROP Distributions	219,205	
Refunds of Member Contributions	0	
Total Distributions		1,083,136
Administrative Expense		42,661
Total Deductions		1,125,797
Net Increase in Net Position		701,314

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		10,241,394
End of the Year		10,942,708

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

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

Plan Description

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees. The Board shall consist of seven Trustees, five of whom, unless otherwise prohibited by law, must be registered voters and residents of the town, who shall be appointed by the Longboat Key Town Commission, and two of whom shall be appointed by the Town Manager.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	45
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	12
Active Plan Members	19
	76

Benefits Provided

The information below is for historical reference only. Benefits are frozen as of September 30, 2013.

The Plan provides retirement, termination, and death benefits.

Normal Retirement:

Eligibility: Earlier of 1) Age 62 or 2) Age 55 and the completion of 30 years of Credited Service.

Benefit: 2.75% of Average Final Compensation times Years of Credited Service. The benefit is frozen as of September 30, 2013.

Early Retirement:

Date: Attainment of age 50 and the completion of 15 years of Credited Service.

Benefit: Accrued benefit reduced 3.0% for each year preceding the Normal Retirement Date.

Death Benefit:

Not Vested: Refund of Member Contributions.

Vested: Accrued benefit paid to Beneficiary for 120 months at Member's otherwise Early (reduced) or Normal Retirement Date.

Termination of Employment:

Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) or Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

<u>Years of Service</u>	<u>Percentage</u>
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

Members are 100% vested on September 30, 2013.

Contributions

Employee: None.

Town: Amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years, as per Chapter 112, Florida Statutes.

Investments

Investment Policy:

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	45%
International Equity	15%
Fixed Income	25%
Real Estate	10%
Master Limited Partnerships	5%
Total	100%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2017, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 11.15 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: Within 12 months following satisfaction of Normal Retirement requirements (age 62 or age 55 and 30 years of Credited Service.) New DROP Participants are not allowed after September 30, 2013.

Participation: Not to exceed 60 months.

Rate of Return: At election of Member (may change once during the DROP period) either: 1) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), or 2) 6.5%. Earnings are credited each fiscal quarter.

The DROP balance as September 30, 2017 is \$419,265.

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	\$ 15,298,890
Plan Fiduciary Net Position	\$ (10,942,708)
Sponsor's Net Pension Liability	<u>\$ 4,356,182</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	71.53%

Actuarial Assumptions:

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

Inflation	2.30%
Salary Increases	None
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

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

Male: RP2000 Generational, 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 March, 7, 2008.

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

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

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

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

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	6.45%
International Equity	5.90%
Fixed Income	2.15%
Real Estate	2.90%
Master Limited Partnerships	5.10%

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	\$ 5,984,909	\$ 4,356,182	\$ 2,991,946

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015
Total Pension Liability			
Service Cost	4,174	753	2,151
Interest	1,020,584	988,019	1,008,600
Changes of benefit terms	-	(327,798)	-
Differences between Expected and Actual Experience	240,109	51,519	34,090
Changes of assumptions	-	508,618	-
Benefit Payments, including Refunds of Employee Contributions	(1,083,136)	(1,091,116)	(928,199)
Net Change in Total Pension Liability	181,731	129,995	116,642
Total Pension Liability - Beginning	15,117,159	14,987,164	14,870,522
Total Pension Liability - Ending (a)	<u>\$ 15,298,890</u>	<u>\$ 15,117,159</u>	<u>\$ 14,987,164</u>
Plan Fiduciary Net Position			
Contributions - Employer	712,431	738,676	704,515
Contributions - Employee	-	-	-
Net Investment Income	1,114,680	797,582	(101,832)
Benefit Payments, including Refunds of Employee Contributions	(1,083,136)	(1,091,116)	(928,199)
Administrative Expense	(42,661)	(37,853)	(44,104)
Net Change in Plan Fiduciary Net Position	701,314	407,289	(369,620)
Plan Fiduciary Net Position - Beginning	10,241,394	9,834,105	10,203,725
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,942,708</u>	<u>\$ 10,241,394</u>	<u>\$ 9,834,105</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,356,182</u>	<u>\$ 4,875,765</u>	<u>\$ 5,153,059</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.53%	67.75%	65.62%
Covered Employee Payroll ¹	N/A	\$ 1,198,776	\$ 1,763,906
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	406.73%	292.14%

Notes to Schedule:

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

Changes of benefit terms:

For measurement date 09/30/2016, amounts reported as changes of benefit terms resulted from Ordinance 2016-22, adopted and effective July 5, 2016, provided a lump sum cash out option to active Members and prior Vested participants who were due a deferred monthly benefit.

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.

The inflation assumption rate was lowered from 3.00% to 2.30%, 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>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability		
Service Cost	2,197	2,053
Interest	999,070	976,287
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(801,953)</u>	<u>(504,068)</u>
Net Change in Total Pension Liability	199,314	474,272
Total Pension Liability - Beginning	<u>14,671,208</u>	<u>14,196,936</u>
Total Pension Liability - Ending (a)	<u>\$ 14,870,522</u>	<u>\$ 14,671,208</u>
Plan Fiduciary Net Position		
Contributions - Employer	597,459	986,240
Contributions - Employee	-	153,500
Net Investment Income	896,778	865,756
Benefit Payments, including Refunds of Employee Contributions	(801,953)	(504,068)
Administrative Expense	<u>(49,855)</u>	<u>(23,491)</u>
Net Change in Plan Fiduciary Net Position	642,429	1,477,937
Plan Fiduciary Net Position - Beginning	<u>9,561,296</u>	<u>8,083,359</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,203,725</u>	<u>\$ 9,561,296</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,666,797</u>	<u>\$ 5,109,912</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	68.62%	65.17%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	N/A

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	679,109	738,676	704,515	597,459	986,240
Contributions in relation to the Actuarially Determined Contributions	712,431	738,676	704,515	597,459	986,240
Contribution Deficiency (Excess)	\$ (33,322)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	N/A	\$ 1,198,776	\$ 1,763,906	N/A	N/A
Contributions as a percentage of Covered Employee Payroll	N/A	61.62%	\$ 1,763,906	N/A	N/A

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

Notes to Schedule

Valuation Date: 10/01/2015 (AIS 06/30/2016)

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 27 Years (as of 10/01/2015).

Mortality: RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA.

Termination Rates: Table 1305, see sample rates below.

Age	% Terminating During the Year
20	17.2%
30	15.0%
40	8.2%
50	1.7%

Retirement Age: Earlier of age 62 or age 55 and completion of 30 years of Credited Service. Also, any Member who has reached normal Retirement is assumed to continue employment for one additional year. We believe this assumption is reasonable based on the plan provisions.

Early Retirement: 5% per year, for each year of eligibility, beginning at Age 50 with 15 years of Credited Service. We believe this assumption is reasonable based on the plan provisions.

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

Salary Increases: None.

Payroll Growth: None.

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

SCHEDULE OF INVESTMENT RETURNS

Last 10 Fiscal Years

	<u>09/30/2017</u>	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return					
Net of Investment Expense	11.15%	8.25%	-1.01%	9.53%	10.30%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2018)

General Information about the Pension Plan

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees. The Board shall consist of seven Trustees, five of whom, unless otherwise prohibited by law, must be registered voters and residents of the town, who shall be appointed by the Longboat Key Town Commission, and two of whom shall be appointed by the Town Manager. Full-time employees hired before September 30, 2013 become Members as a condition of employment.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	45
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	12
Active Plan Members	19
	76
	76

Benefits Provided

The information below is for historical reference only. Benefits are frozen as of September 30, 2013.

The Plan provides retirement, termination, and death benefits.

Normal Retirement:

Eligibility: Earlier of 1) Age 62 or 2) Age 55 and the completion of 30 years of Credited Service.

Benefit: 2.75% of Average Final Compensation times Years of Credited Service. The benefit is frozen as of September 30, 2013.

Early Retirement:

Date: Attainment of age 50 and the completion of 15 years of Credited Service.

Benefit: Accrued benefit reduced 3.0% for each year preceding the Normal Retirement Date.

Death Benefit:

Not Vested: Refund of Member Contributions.

Vested: Accrued benefit paid to Beneficiary for 120 months at Member's otherwise Early (reduced) or Normal Retirement Date.

Termination of Employment:

Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) or Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

Years of Service	Percentage
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

Members are 100% vested on September 30, 2013.

Contributions

Employee: None.

Town: Amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years, as per Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2017.

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

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

The Sponsor's Net Pension Liability was measured as of September 30, 2017.

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

Actuarial Assumptions:

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

Inflation	2.30%
Salary Increases	None
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

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

Male: RP2000 Generational, 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 March, 7, 2008.

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

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	45%	6.45%
International Equity	15%	5.90%
Fixed Income	25%	2.15%
Real Estate	10%	2.90%
Master Limited Partnerships	5%	5.10%
Total	100%	

Discount Rate:

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2017	\$ 15,117,159	\$ 10,241,394	\$ 4,875,765
Changes for a Year:			
Service Cost	4,174	-	4,174
Interest	1,020,584	-	1,020,584
Differences between Expected and Actual Experience	240,109	-	240,109
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	712,431	(712,431)
Net Investment Income	-	1,114,680	(1,114,680)
Benefit Payments, including Refunds of Employee Contributions	(1,083,136)	(1,083,136)	-
Administrative Expense	-	(42,661)	42,661
Net Changes	181,731	701,314	(519,583)
Reporting Period Ending September 30, 2018	\$ 15,298,890	\$ 10,942,708	\$ 4,356,182

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	\$ 5,984,909	\$ 4,356,182	\$ 2,991,946

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 \$405,027.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	37,123	-
Changes of assumptions	254,309	-
Net difference between Projected and Actual Earnings on Pension Plan investments	291,192	-
Employer Contributions subsequent to the measurement date	712,431	-
Total	\$ 1,295,055	\$ -

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer Contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year ended September 30, 2017. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:		
2018	\$	380,927
2019	\$	89,495
2020	\$	136,773
2021	\$	(24,571)
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 \$783,520.

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	120,055	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	128,103
Employer Contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ 128,103

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			\$	127,100	
2020			\$	54,323	
2021			\$	(107,021)	
2022			\$	(82,450)	
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	09/30/2016
Measurement Date	09/30/2017	09/30/2016	09/30/2015
Total Pension Liability			
Service Cost	4,174	753	2,151
Interest	1,020,584	988,019	1,008,600
Changes of benefit terms	-	(327,798)	-
Differences between Expected and Actual Experience	240,109	51,519	34,090
Changes of assumptions	-	508,618	-
Benefit Payments, including Refunds of Employee Contributions	(1,083,136)	(1,091,116)	(928,199)
Net Change in Total Pension Liability	181,731	129,995	116,642
Total Pension Liability - Beginning	15,117,159	14,987,164	14,870,522
Total Pension Liability - Ending (a)	\$ 15,298,890	\$ 15,117,159	\$ 14,987,164
Plan Fiduciary Net Position			
Contributions - Employer	712,431	738,676	704,515
Contributions - Employee	-	-	-
Net Investment Income	1,114,680	797,582	(101,832)
Benefit Payments, including Refunds of Employee Contributions	(1,083,136)	(1,091,116)	(928,199)
Administrative Expense	(42,661)	(37,853)	(44,104)
Net Change in Plan Fiduciary Net Position	701,314	407,289	(369,620)
Plan Fiduciary Net Position - Beginning	10,241,394	9,834,105	10,203,725
Plan Fiduciary Net Position - Ending (b)	\$ 10,942,708	\$ 10,241,394	\$ 9,834,105
Net Pension Liability - Ending (a) - (b)	\$ 4,356,182	\$ 4,875,765	\$ 5,153,059
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.53%	67.75%	65.62%
Covered Employee Payroll ¹	N/A	\$ 1,198,776	\$ 1,763,906
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	406.73%	292.14%

Notes to Schedule:

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

Changes of benefit terms:

For measurement date 09/30/2016, amounts reported as changes of benefit terms resulted from Ordinance 2016-22, adopted and effective July 5, 2016, provided a lump sum cash out option to active Members and prior Vested participants who were due a deferred monthly benefit.

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.

The inflation assumption rate was lowered from 3.00% to 2.30%, 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

Reporting Period Ending	09/30/2015	09/30/2014
Measurement Date	09/30/2014	09/30/2013
Total Pension Liability		
Service Cost	2,197	2,053
Interest	999,070	976,287
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	(801,953)	(504,068)
Net Change in Total Pension Liability	199,314	474,272
Total Pension Liability - Beginning	14,671,208	14,196,936
Total Pension Liability - Ending (a)	<u>\$ 14,870,522</u>	<u>\$ 14,671,208</u>
Plan Fiduciary Net Position		
Contributions - Employer	597,459	986,240
Contributions - Employee	-	153,500
Net Investment Income	896,778	865,756
Benefit Payments, including Refunds of Employee Contributions	(801,953)	(504,068)
Administrative Expense	(49,855)	(23,491)
Net Change in Plan Fiduciary Net Position	642,429	1,477,937
Plan Fiduciary Net Position - Beginning	9,561,296	8,083,359
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,203,725</u>	<u>\$ 9,561,296</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,666,797</u>	<u>\$ 5,109,912</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	68.62%	65.17%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	N/A

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2013	09/30/2013
Actuarially Determined Contribution	679,109	738,676	704,515	986,240	986,240
Contributions in relation to the Actuarially Determined Contributions	712,431	738,676	704,515	986,240	986,240
Contribution Deficiency (Excess)	\$ (33,322)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	N/A	\$ 1,198,776	\$ 1,763,906	N/A	N/A
Contributions as a percentage of Covered Employee Payroll	N/A	61.62%	\$ 1,763,906	N/A	N/A

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

Notes to Schedule

Valuation Date: 10/01/2015 (AIS 06/30/2016)
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 27 Years (as of 10/01/2015).

Mortality: RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA.

Termination Rates: Table 1305, see sample rates below.

Age	% Terminating During the Year
20	17.2%
30	15.0%
40	8.2%
50	1.7%

Retirement Age: Earlier of age 62 or age 55 and completion of 30 years of Credited Service. Also, any Member who has reached normal Retirement is assumed to continue employment for one additional year. We believe this assumption is reasonable based on the plan provisions.

Early Retirement: 5% per year, for each year of eligibility, beginning at Age 50 with 15 years of Credited Service. We believe this assumption is reasonable based on the plan provisions.

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

Salary Increases: None.

Payroll Growth: None.

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

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 5,153,059	\$ 141,833	\$ 1,406,778	\$ -
Employer Contributions made after 09/30/2016	-	-	712,431	-
Total Pension Liability Factors:				
Service Cost	753	-	-	753
Interest	988,019	-	-	988,019
Changes in benefit terms	(327,798)	-	-	(327,798)
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	51,519	-	51,519	-
Current year amortization of experience difference	-	-	(37,122)	37,122
Change in assumptions about future economic or demographic factors or other inputs	508,618	-	508,618	-
Current year amortization of change in assumptions	-	-	(254,309)	254,309
Benefit Payments, including Refunds of Employee Contributions	(1,091,116)	-	-	-
Net change	<u>129,995</u>	<u>-</u>	<u>981,137</u>	<u>952,405</u>
Plan Fiduciary Net Position:				
Contributions - Employer	738,676	-	(738,676)	-
Projected Net Investment Income	674,727	-	-	(674,727)
Difference between projected and actual earnings on Pension Plan investments	122,855	122,855	-	-
Current year amortization	-	(71,848)	(161,344)	89,496
Benefit Payments, including Refunds of Employee Contributions	(1,091,116)	-	-	-
Administrative Expenses	(37,853)	-	-	37,853
Net change	<u>407,289</u>	<u>51,007</u>	<u>(900,020)</u>	<u>(547,378)</u>
Ending Balance	<u>\$ 4,875,765</u>	<u>\$ 192,840</u>	<u>\$ 1,487,895</u>	<u>\$ 405,027</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2018

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 4,875,765	\$ 192,840	\$ 1,487,895	\$ -
Employer Contributions made after 09/30/2017	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	4,174	-	-	4,174
Interest	1,020,584	-	-	1,020,584
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	240,109	-	240,109	-
Current year amortization of experience difference	-	-	(157,177)	157,177
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(254,309)	254,309
Benefit Payments, including Refunds of Employee Contributions	(1,083,136)	-	-	-
Net change	<u>181,731</u>	<u>-</u>	<u>(171,377)</u>	<u>1,436,244</u>
Plan Fiduciary Net Position:				
Contributions - Employer	712,431	-	(712,431)	-
Projected Net Investment Income	702,430	-	-	(702,430)
Difference between projected and actual earnings on Pension Plan investments	412,250	412,250	-	-
Current year amortization	-	(154,299)	(161,344)	7,045
Benefit Payments, including Refunds of Employee Contributions	(1,083,136)	-	-	-
Administrative Expenses	(42,661)	-	-	42,661
Net change	<u>701,314</u>	<u>257,951</u>	<u>(873,775)</u>	<u>(652,724)</u>
Ending Balance	<u>\$ 4,356,182</u>	<u>\$ 450,791</u>	<u>TBD</u>	<u>\$ 783,520</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 Projected and Actual Earnings	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2014	\$ (236,389)	5	\$ (47,277)	\$ (47,278)	\$ (47,278)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 806,720	5	\$ 161,344	\$ 161,344	\$ 161,344	\$ 161,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (122,855)	5	\$ (24,571)	\$ (24,571)	\$ (24,571)	\$ (24,571)	\$ (24,571)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (412,250)	5	\$ -	\$ (82,450)	\$ (82,450)	\$ (82,450)	\$ (82,450)	\$ (82,450)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 89,496	\$ 7,045	\$ 7,045	\$ 54,323	\$ (107,021)	\$ (82,450)	\$ -	\$ -	\$ -	\$ -	\$ -

Town of Longboat Key General Employees' Retirement System
 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	2027
2016	\$ 508,618	2	\$ 254,309	\$ 254,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 254,309	\$ 254,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Town of Longboat Key General Employees' Retirement System

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	2027
2015	\$ 34,090	3	\$ 11,363	\$ 11,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 51,519	2	\$ 25,759	\$ 25,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ 240,109	2	\$ -	\$ 120,054	\$ 120,055	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 37,122	\$ 157,177	\$ 120,055	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -