

TOWN OF LADY LAKE
POLICE OFFICERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2017

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

December 8, 2017

Board of Trustees
Lady Lake Police Officers'
Retirement Trust Fund
409 Fennell Blvd.
Lady Lake, FL 32159

Re: Town of Lady Lake
Police Officers' Retirement Trust Fund

Dear Board:

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

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

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2016. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2017 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 67 and No. 68.


The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Town of Lady Lake, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Town of Lady Lake Police Officers' Retirement Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

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

CMON/Ike

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the Town of Lady Lake Police Officers' Retirement Trust Fund, performed as of October 1, 2017, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended September 30, 2019.

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

Valuation Date	10/1/2017	10/1/2016
Applicable Plan Year End	<u>9/30/2019</u>	<u>9/30/2018</u>
Total Required Contribution ¹		
% of Total Annual Payroll	23.6%	24.0%
Less Member Cont's (Est.)		
% of Total Annual Payroll	5.0%	5.0%
Equals Required Town & State		
% of Total Annual Payroll	18.6% ¹	19.0% ¹
State Contribution ²	97,907	97,907
% of Total Annual Payroll	6.4%	6.4%
Balance from Town ²		
% of Total Annual Payroll	12.2%	12.6%

¹ Per Florida Statutes, the contributions from the Town, State and Members have to at least equal the Normal Cost. Had this minimum requirement not existed, the required Town and State contribution would have been 15.3% of Total Annual Payroll for fiscal 2018 and 13.6% for fiscal 2019.

² Reflects traditional interpretation of Chapter 99-1, Florida Statutes. It is important to note that the Collective Bargaining Agreement expired September 30, 2017. In absence of mutual consent between the Town and Membership upon the beginning of the next Collective Bargaining Agreement, the level of State Contributions will be determined according to Chapter 2015-39, Laws of Florida. For budgeting purposes, the required Sponsor Contribution (Town and State) is 18.6% of Pensionable Earnings for the fiscal year ending September 30, 2019. The precise Town requirement for the year is this amount, less actual State Contributions (up to the maximum \$97,907). The Town has a prepaid contribution of \$18,016.44 available to help offset the current year's funding requirements.

During the past year the actuarial experience has been slightly more favorable than expected. The primary component of favorable actuarial experience was salary increases that were less than the assumed rates. This gain was partially offset by unfavorable retirement and turnover experience, Board approval of a disability retirement for a terminated employment, the effect of a 7.33% investment return (Actuarial Asset Basis) that was less than the 7.75% assumption, and no retiree mortality.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

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

By: 
Sara E. Carlson

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2016	12.5%
(2) Summary of Contribution Impact by component:	
Change in Available State Money	0.1%
Change in Normal Cost Rate	-0.4%
Change in Administrative Expense Percentage	-0.1%
Payroll Change Effect on UAAL Amortization	-0.1%
Investment Return (Actuarial Asset Basis)	0.2%
Salary Increases	-1.1%
Decrements	0.7%
Inactive Mortality	0.2%
Other	<u>0.2%</u>
Total Change in Contribution	-0.3%
(3) Contribution Determined as of October 1, 2017	12.2%

CHANGES SINCE PRIOR VALUATION

Plan Changes

There were no plan changes since the prior valuation.

Actuarial Assumption/Method Changes

As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the Florida Retirement System July 1, 2016 valuation from the July 1, 2015 valuation for special risk lives. Additionally, the payroll growth assumption was lowered from 3.31% to 1.13% based on the actual average annual rate as required by Florida Statutes.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2017</u>	<u>10/1/2016</u>
A. Participant Data		
Actives	27	26
Service Retirees	8	6
Beneficiaries	0	0
Disability Retirees	3	2
Terminated Vested	<u>5</u>	<u>4</u>
 Total	 43	 38
 Total Annual Payroll	 \$1,527,162	 \$1,503,497
Payroll Under Assumed Ret. Age	1,527,162	1,503,497
 Annual Rate of Payments to:		
Service Retirees	242,376	205,659
Beneficiaries	0	0
Disability Retirees	63,226	40,765
Terminated Vested	18,653	40,565
 B. Assets		
Actuarial Value (AVA)	7,581,278	7,027,493
Market Value (MVA)	7,854,597	7,005,074
 C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	5,520,268	5,367,327
Disability Benefits	85,013	86,505
Death Benefits	36,547	74,974
Vested Benefits	415,424	389,592
Refund of Contributions	51,534	44,478
Service Retirees	2,615,157	2,234,372
Beneficiaries	0	0
Disability Retirees	632,795	383,554
Terminated Vested	203,802	301,970
Excess State Monies Reserve	<u>53,498</u>	<u>48,526</u>
 Total	 9,614,038	 8,931,298

C. Liabilities - (Continued)	<u>10/1/2017</u>	<u>10/1/2016</u>
Present Value of Future Salaries	12,146,675	11,566,222
Present Value of Future Member Contributions	607,334	578,311
Normal Cost (Retirement)	298,250	299,919
Normal Cost (Disability)	11,162	11,014
Normal Cost (Death)	2,311	4,502
Normal Cost (Vesting)	27,200	23,364
Normal Cost (Refunds)	<u>7,774</u>	<u>8,135</u>
Total Normal Cost	346,697	346,934
Present Value of Future Normal Costs	2,603,211	2,451,333
Accrued Liability (Retirement)	3,231,041	3,218,460
Accrued Liability (Disability)	30,831	29,944
Accrued Liability (Death)	19,496	40,451
Accrued Liability (Vesting)	215,023	213,927
Accrued Liability (Refunds)	9,184	8,761
Accrued Liability (Inactives)	3,451,754	2,919,896
Excess State Monies Reserve	<u>53,498</u>	<u>48,526</u>
Total Actuarial Accrued Liability (EAN AL)	7,010,827	6,479,965
Unfunded Actuarial Accrued Liability (UAAL)	(570,451)	(547,528)
Funded Ratio (AVA / EAN AL)	108.1%	108.4%

D. Actuarial Present Value of Accrued Benefits	<u>10/1/2017</u>	<u>10/1/2016</u>
Vested Accrued Benefits		
Inactives	3,451,754	2,919,896
Actives	1,288,962	1,157,204
Member Contributions	<u>458,238</u>	<u>477,556</u>
Total	5,198,954	4,554,656
Non-vested Accrued Benefits	<u>563,739</u>	<u>705,395</u>
Total Present Value Accrued Benefits (PVAB)	5,762,693	5,260,051
Funded Ratio (MVA / PVAB)	136.3%	133.2%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	398,432	
Benefits Paid	(292,124)	
Interest	396,334	
Other	<u>0</u>	
Total	502,642	

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 (with interest) % of Total Annual Payroll ¹	23.6	24.0
Administrative Expenses (with interest) % of Total Annual Payroll ¹	1.9	2.0
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 23 years (as of 10/1/2017, with interest) % of Total Annual Payroll ¹	(6.9)	(5.7)
Total Required Contribution % of Total Annual Payroll ¹	23.6 ²	24.0 ²
Expected Member Contributions % of Total Annual Payroll ¹	5.0	5.0
Expected Town and State Contribution % of Total Annual Payroll ¹	18.6 ²	19.0 ²

F. Past Contributions

Plan Years Ending:	<u>9/30/2017</u>
Town and State Requirement	278,520
Actual Contributions Made:	
Members (excluding buyback)	73,295
Town	180,613
State	<u>97,907</u>
Total	351,815

G. Net Actuarial (Gain)/Loss (15,707)

¹ Contributions developed as of 10/1/2017 are expressed as a percentage of total annual payroll at 10/1/2017 of \$1,527,162.
² Florida Statutes requires that a minimum of the Normal Cost less Member Contributions is contributed by the Town and State

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	(570,451) *

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	2.93%	6.25%
Year Ended	9/30/2016	5.22%	6.25%
Year Ended	9/30/2015	-2.39%	6.25%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	7.33%	7.75%
Year Ended	9/30/2016	6.83%	7.75%
Year Ended	9/30/2015	8.72%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2017	\$1,527,162
	10/1/2007	1,364,739
(b) Total Increase		11.90%
(c) Number of Years		10.00
(d) Average Annual Rate		1.13%

* Based on current State law, the UAAL is not anticipated to become positive.

STATEMENT BY ENROLLED ACTUARY

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



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

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

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

Ms. Sarah Carr
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2016	(\$547,528)
(2)	Sponsor Normal Cost developed as of October 1, 2016	271,759
(3)	Expected administrative expenses for the year ended September 30, 2017	29,580
(4)	Expected interest on (1), (2) and (3)	(20,226)
(5)	Sponsor contributions to the System during the year ended September 30, 2017	278,520
(6)	Expected interest on (5)	9,809
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2017 (1)+(2)+(3)+(4)-(5)-(6)	(554,744)
(8)	Change to UAAL due to Actuarial (Gain)/Loss	(15,707)
(9)	Unfunded Actuarial Accrued Liability as of October 1, 2017	(570,451)

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2017 Amount</u>	<u>Amortization Amount</u>
Method	10/1/2004	17	204,366	19,033
Prior Loss	10/1/2004	11	172,939	21,159
Benefit	10/1/2005	18	194,548	17,562
Gain	10/1/2005	11	(182,305)	(22,305)
Gain	10/1/2006	11	(342,604)	(41,917)
Gain	10/1/2007	11	(37,809)	(4,626)
Loss	10/1/2008	1	9,325	9,325
Method	10/1/2008	11	(118,096)	(14,449)
Loss	10/1/2009	2	47,759	24,636
Assumption	10/1/2009	12	175,871	20,282
Loss	10/1/2010	3	64,001	22,700
Benefit	10/1/2010	23	(2,275)	(182)
Gain	10/1/2011	4	(152,814)	(41,910)
Gain	10/1/2012	5	(16,871)	(3,815)
Gain	10/1/2013	6	(32,603)	(6,330)
Gain	10/1/2014	7	(266,459)	(45,673)
Gain	10/1/2015	8	(412,747)	(63,738)
Assumption	10/1/2016	19	156,778	13,756
Gain	10/1/2016	9	(15,748)	(2,225)
Gain	10/1/2017	10	<u>(15,707)</u>	<u>(2,055)</u>
			(570,451)	(100,772)

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2016	(\$547,528)
(2) Expected UAAL as of October 1, 2017	(554,744)
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	29,599
Salary Increases	(134,293)
Decrements	84,701
Inactive Mortality	23,382
Other	<u>(19,096)</u>
Increase in UAAL due to (Gain)/Loss	(15,707)
(4) Actual UAAL as of October 1, 2017	(\$570,451)

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy 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 Blue Collar, Scale BB

Healthy Inactive Lives:

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

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

Disabled Lives:

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

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

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

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

Interest Rate

7.75% 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.

Retirement Age

Earlier of age 55 and 10 years of service or the completion of 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. We believe this assumption is reasonable given the plan provisions.

Early Retirement

Commencing with eligibility for Early Retirement Age (age 50 with 10 years of Service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. We believe this assumption is reasonable given the plan provisions.

Disability Rate

See table below (1201). It is assumed that 75% of disablements and active member deaths are service related. This assumption is consistent with other plans covering police officers.

Termination Rate

See table below (1302). This assumption is consistent with other plans covering police officers.

Salary Increases

6.25% per year until the assumed retirement age; see table on following page. Projected salary at retirement is increased individually to account for non-regular compensation. This is based on the results of an experience study issued December 8, 2009.

Payroll Growth

1.13% per year (previously 3.31% per year).

Administrative Expenses

\$27,452 annually, based on the prior year's expenses.

Funding Method

Entry Age Normal Actuarial Cost Method.

Asset Valuation

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

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as a % of Salary at Age 53</u>
20	0.03%	12.0%	13.5%
30	0.04	10.0	24.8
40	0.07	5.2	45.5
50	0.18	1.6	83.4

VALUATION NOTES

Total Annual Payroll is the annual rate of pay for the fiscal year following the valuation date of all covered Members.

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

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

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

(a) The normal cost accrual rate equals

(i) the present value of future benefits for the Participant, determined as of the Participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the Participant for each year of the Participant's anticipated future service, determined as of the Participant's entry age.

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

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

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

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	38,224.00	_____%
1999	44,931.63	17.5%
2000	83,611.21	86.1%
2001	68,911.16	-17.6%
2002	79,849.47	15.9%
2003	83,511.11	4.6%
2004	93,282.31	11.7%
2005	98,209.34	5.3%
2006	98,209.34	0.0%
2007	101,743.55	3.6%
2008	101,337.56	-0.4%
2009	102,614.59	1.3%
2010	89,527.35	-12.8%
2011	88,122.72	-1.6%
2012	87,389.86	-0.8%
2013	85,098.25	-2.6%
2014	88,481.74	4.0%
2015	98,306.14	11.1%
2016	101,651.30	3.4%
2017	102,878.64	1.2%

EXCESS STATE MONIES RESERVE

	<u>Actual</u> <u>State Contribution</u>	<u>Applicable</u> <u>"Frozen" Amount</u>	<u>Excess State</u> <u>Monies Reserve</u>
2004	93,282.31	65,801.00	27,481.31
2005	98,209.34	65,801.00	32,408.34
2006	98,209.34	65,801.00	32,408.34
2007	101,743.55	97,907.00	3,836.55
2008	101,337.56	97,907.00	3,430.56
2009	102,614.59	97,907.00	4,707.59
2010	89,527.35	97,907.00	0.00
2011	88,122.72	97,907.00	0.00
2012	87,389.86	97,907.00	0.00
2013	85,098.25	97,907.00	0.00
2014	88,481.74	97,907.00	0.00
2015	98,306.14	97,907.00	399.14
2016	101,651.30	97,907.00	3,744.30
2017	102,878.64	97,907.00	<u>4,971.64</u>
Total Excess State Monies			113,387.77
Less Excess Used in Funding Ordinance No. 2006-74 (3.30% BR, \$200 Supp)			<u>(59,889.65)</u>
Equals Current State Monies Reserve			\$53,498.12

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	154,980.86	154,980.86
Cash	3,875.00	3,875.00
Total Cash and Equivalents	158,855.86	158,855.86
Receivables:		
Investment Income	79.71	79.71
Total Receivable	79.71	79.71
Investments:		
Mutual Funds:		
Fixed Income	1,965,558.25	2,031,993.16
Equity	3,994,684.43	4,879,372.80
Pooled/Common/Commingled Funds:		
Real Estate	765,171.00	802,312.00
Total Investments	6,725,413.68	7,713,677.96
Total Assets	6,884,349.25	7,872,613.53
<u>LIABILITIES</u>		
Prepaid Town Contribution	18,016.44	18,016.44
Total Liabilities	18,016.44	18,016.44
NET POSITION RESTRICTED FOR PENSIONS	6,866,332.81	7,854,597.09

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

ADDITIONS

Contributions:		
Member		73,294.64
Town		180,612.63
State		102,878.64
Total Contributions		356,785.91
Investment Income:		
Net Realized Gain (Loss)	71,239.13	
Unrealized Gain (Loss)	432,933.12	
Net Increase in Fair Value of Investments		504,172.25
Interest & Dividends		324,766.16
Less Investment Expense ¹		(16,625.00)
Net Investment Income		812,313.41
Total Additions		1,169,099.32
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments		274,505.78
Refunds of Member Contributions		17,618.64
Total Distributions		292,124.42
Administrative Expense		27,451.75
Total Deductions		319,576.17
Net Increase in Net Position		849,523.15
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		7,005,073.94
End of the Year		7,854,597.09

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

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2017

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

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return ¹	
09/30/2014	9.08%	
09/30/2015	-0.14%	
09/30/2016	9.20%	
09/30/2017	11.57%	
Annualized Rate of Return for prior four (4) years:		7.33%
(A) 10/01/2016 Actuarial Assets:		\$7,027,492.86
(I) Net Investment Income:		
1. Interest and Dividends	324,766.16	
2. Realized Gains (Losses)	71,239.13	
3. Change in Actuarial Value	137,195.51	
4. Investment Related Expenses	(16,625.00)	
Total		516,575.80
(B) 10/01/2017 Actuarial Assets:		\$7,581,278.40
Actuarial Asset Rate of Return = 2I/(A+B-I):		7.33%
10/01/2017 Limited Actuarial Assets:		\$7,581,278.40
10/01/2017 Market Value of Assets:		\$7,854,597.09
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$29,599.16)

¹Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	73,294.64	
Town	180,612.63	
State	102,878.64	
Total Contributions		356,785.91
Earnings from Investments:		
Interest & Dividends	324,766.16	
Net Realized Gain (Loss)	71,239.13	
Change in Actuarial Value	137,195.51	
Total Earnings and Investment Gains		533,200.80
EXPENDITURES		
Distributions to Members:		
Benefit Payments	274,505.78	
Refunds of Member Contributions	17,618.64	
Total Distributions		292,124.42
Expenses:		
Investment related ¹	16,625.00	
Administrative	27,451.75	
Total Expenses		44,076.75
Change in Net Assets for the Year		553,785.54
Net Assets Beginning of the Year		7,027,492.86
Net Assets End of the Year ²		7,581,278.40

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

²Net Assets may be limited for actuarial consideration.

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

(1)	Total Required Contribution Rate	24.0%
(2)	Pensionable Payroll Derived from Member Contributions	\$1,465,892.80
(3)	Total Required Contribution (1) x (2)	351,814.27
(4)	Less Actual Member Contributions	(73,294.64)
(5)	Less Allowable State Contribution	<u>(97,907.00)</u>
(6)	Equals Required Town Contribution for Fiscal 2017	180,612.63
(7)	Less 2016 Prepaid Contribution	(47,312.79)
(8)	Less Actual Town Contributions	<u>(151,316.28)</u>
(9)	Equals Town's Shortfall/(Prepaid) Contribution as of September 30, 2017	(\$18,016.44)

STATISTICAL DATA

	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>	<u>10/1/2017</u>
<u>Actives</u>				
Number	26	28	26	27
Average Current Age	45.2	43.9	42.4	40.9
Average Age at Employment	38.2	37.6	35.7	34.6
Average Past Service	7.0	6.3	6.7	6.3
Average Annual Salary	\$59,317	\$55,734	\$57,827	\$56,562
<u>Service Retirees</u>				
Number	4	4	6	8
Average Current Age	57.6	58.6	63.7	62.5
Average Annual Benefit	\$40,056	\$40,056	\$34,277	\$30,297
<u>Beneficiaries</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Disability Retirees</u>				
Number	2	2	2	3
Average Current Age	54.9	55.9	56.9	52.9
Average Annual Benefit	\$20,383	\$20,383	\$20,383	\$21,075
<u>Terminated Vested</u>				
Number	5	5	4	5
Average Current Age	49.5	45.7	46.7	37.2
Average Annual Benefit ¹	\$18,653	\$20,283	\$20,283	\$18,653

¹ The Average Annual Benefit excludes participants awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	1	1	0	0	0	0	0	0	0	0	0	2
25 - 29	1	1	0	1	0	0	0	0	0	0	0	3
30 - 34	1	0	0	0	1	0	1	0	0	0	0	3
35 - 39	0	0	1	2	0	0	0	0	0	0	0	3
40 - 44	0	1	0	0	0	1	3	1	0	0	0	6
45 - 49	1	0	1	0	1	1	1	1	0	0	0	6
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0
55 - 59	0	0	0	0	0	0	1	0	0	0	0	1
60 - 64	0	0	0	0	0	3	0	0	0	0	0	3
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	4	3	2	3	2	5	6	2	0	0	0	27

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2016	26
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	(1)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>(2)</u>
f. Continuing participants	23
g. New entrants	<u>4</u>
h. Total active life participants in valuation	27

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	<u>Vested Deferred</u>	<u>Total</u>
a. Number prior valuation	6	0	2	4	12
Retired	2	0	0	0	2
Vested Deferred	0	0	0	0	0
Death, With Survivor	0	0	0	0	0
Death, No Survivor	0	0	0	0	0
Disabled	0	0	1	(1)	0
Refund of Contributions	0	0	0	2	2
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
b. Number current valuation	8	0	3	5	16

SUMMARY OF PLAN PROVISIONS
(Through Ordinance 2015-14)

<u>Eligibility</u>	Full-time employees who are classified as sworn Police Officers.
<u>Credited Service</u>	Total years and fractional parts of years of service with the Town as a Police Officer.
<u>Salary</u>	Total W-2 compensation, plus tax deferred, tax sheltered and tax exempt income and excludes overtime in excess of 300 hours earned each fiscal year after the effective date. Unused annual leave eligible to be included in Salary is frozen as of November 21, 2011 and any leave used will reduce this frozen amount.
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	5.00% of Salary.
<u>Town and State Contributions</u>	Remaining amount required in order to fund to actuarial soundness.
<u>Normal Retirement</u>	
Date	Earlier of 1) Age 55 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.
Benefit	3.30% of Average Final Compensation <u>times</u> Credited Service, plus a supplemental monthly benefit of \$200 (\$100 if retired prior to November 2, 2006).
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 with 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3.00% per year.
<u>Vesting</u>	
Schedule	100% after 10 years of Credited Service.
Benefit Amount	Member will receive either a refund of their accumulated contributions or the vested portion of his (her) accrued benefit payable at their otherwise Normal or Early (reduced) Retirement Date.

Disability

Eligibility

Service Incurred

Covered from Date of Employment.

Non-Service Incurred

10 years of Credited Service.

Exclusions

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

Benefit

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

Duration

Payable for life with 10 years certain or until recovery (as determined by the Board). Optional forms available.

Death Benefits

Pre-Retirement

Vested

Monthly accrued benefit payable to designated beneficiary for 10 years at Member's Normal or Early (reduced) Retirement Date.

Non-Vested

Refund of accumulated contributions without interest.

Post-Retirement

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

Board of Trustees

a. Two Commission appointees,

b. Two Members of the Department elected by the Membership, and

c. Fifth Member elected by other 4 and appointed by Commission.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	154,981
Cash	3,875
Total Cash and Equivalents	158,856
Receivables:	
Investment Income	80
Total Receivable	80
Investments:	
Mutual Funds:	
Fixed Income	2,031,993
Equity	4,879,373
Real Estate	802,312
Total Investments	7,713,678
Total Assets	7,872,614
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	7,872,614

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

ADDITIONS

Contributions:

Member	73,295	
Town	151,316	
State	102,879	
Total Contributions		327,490
Investment Income:		
Net Increase in Fair Value of Investments	504,172	
Interest & Dividends	324,766	
Less Investment Expense ¹	(16,625)	
Net Investment Income		812,313
Total Additions		1,139,803

DEDUCTIONS

Distributions to Members:

Benefit Payments	274,506	
Refunds of Member Contributions	17,618	
Total Distributions		292,124
Administrative Expense		27,452
Total Deductions		319,576
Net Increase in Net Position		820,227

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		7,052,387
End of the Year		7,872,614

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

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	8
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	4
Active Plan Members	26
	38
	38

Benefits Provided

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

Normal Retirement:

Date: Earlier of 1) Age 55 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.

Benefit: 3.3% of Average Final Compensation times Credited Service, plus a supplemental monthly benefit of \$200 (\$100 if retired prior to November 2, 2006).

Early Retirement:

Date: Age 50 with 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting:

Schedule: 100% after 10 years of Credited Service.

Benefit: Member will receive either a refund of their accumulated contributions or the vested portion of his (her) accrued benefit payable at their otherwise Normal or Early (reduced) Retirement Date.

Disability:

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

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

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years at Member's Normal or Early (reduced) Retirement Date.

Non-Vested: Refund of accumulated contributions without interest.

Contributions

Member Contributions: 5% of Salary.

Town and State Contributions: Remaining amount required in order to fund to actuarial soundness.

Investments

Investment Policy:

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
International Equity	10%
Broad Market Fixed Income	40%
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 11.57 percent.

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

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2017 were as follows:

Total Pension Liability	\$ 6,973,804
Plan Fiduciary Net Position	\$ (7,872,614)
Sponsor's Net Pension Liability	\$ (898,810)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	112.89%

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	6.25%
Discount Rate	7.75%
Investment Rate of Return	7.75%

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 December 8, 2009.

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	7.5%
International Equity	8.5%
Broad Market Fixed Income	2.5%

Discount Rate:

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

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

	1% Decrease	Current Discount Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 12,303	\$ (898,810)	\$ (1,656,189)

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

	<u>09/30/2017</u>	<u>09/30/2016</u>
Total Pension Liability		
Service Cost	346,389	359,638
Interest	512,808	488,520
Change in Excess State Money	4,972	3,744
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(63,314)	(366,717)
Changes of assumptions	-	122,831
Benefit Payments, including Refunds of Employee Contributions	(292,124)	(263,148)
Net Change in Total Pension Liability	<u>508,731</u>	<u>344,868</u>
Total Pension Liability - Beginning	<u>6,465,073</u>	<u>6,120,205</u>
Total Pension Liability - Ending (a)	<u><u>\$ 6,973,804</u></u>	<u><u>\$ 6,465,073</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	151,316	219,966
Contributions - State	102,879	101,651
Contributions - Employee	73,295	73,522
Net Investment Income	812,313	587,197
Benefit Payments, including Refunds of Employee Contributions	(292,124)	(263,148)
Administrative Expense	(27,452)	(29,580)
Net Change in Plan Fiduciary Net Position	<u>820,227</u>	<u>689,608</u>
Plan Fiduciary Net Position - Beginning	<u>7,052,387</u>	<u>6,362,779</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 7,872,614</u></u>	<u><u>\$ 7,052,387</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ (898,810)</u></u>	<u><u>\$ (587,314)</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	112.89%	109.08%
Covered Employee Payroll	\$ 1,465,893	\$ 1,470,437
Net Pension Liability as a percentage of Covered Employee Payroll	-61.31%	-39.94%

Notes to Schedule:*Changes of assumptions:*

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

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

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

	09/30/2015	09/30/2014
Total Pension Liability		
Service Cost	346,441	353,104
Interest	460,104	418,085
Change in Excess State Money	399	-
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(217,494)	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	(208,033)	(236,641)
Net Change in Total Pension Liability	381,417	534,548
Total Pension Liability - Beginning	5,738,788	5,204,240
Total Pension Liability - Ending (a)	<u>\$ 6,120,205</u>	<u>\$ 5,738,788</u>
Plan Fiduciary Net Position		
Contributions - Employer	205,780	262,722
Contributions - State	98,306	88,482
Contributions - Employee	73,002	77,358
Net Investment Income	(8,855)	509,283
Benefit Payments, including Refunds of Employee Contributions	(208,033)	(236,641)
Administrative Expense	(31,352)	(25,607)
Net Change in Plan Fiduciary Net Position	128,848	675,597
Plan Fiduciary Net Position - Beginning	6,233,931	5,558,334
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,362,779</u>	<u>\$ 6,233,931</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (242,574)</u>	<u>\$ (495,143)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	103.96%	108.63%
Covered Employee Payroll	\$ 1,460,023	\$ 1,547,154
Net Pension Liability as a percentage of Covered Employee Payroll	-16.61%	-32.00%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	278,520	270,560	303,687	351,204
Contributions in relation to the Actuarially Determined Contributions	249,223	317,873	303,687	351,204
Contribution Deficiency (Excess)	<u>\$ 29,297</u>	<u>\$ (47,313)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 1,465,893	\$ 1,470,437	\$ 1,460,023	\$ 1,547,154
Contributions as a percentage of Covered Employee Payroll	17.00%	21.62%	20.80%	22.70%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 26 Years (as of 10/01/2014).
 Mortality: RP-2000 Table with no projection (disabled lives set forward 5 years). We believe this assumption sufficiently accommodates future mortality improvements.
 Interest Rate: 7.75% 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.
 Retirement Age: Earlier of age 55 and 10 years of service or the completion of 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. We believe this assumption is reasonable given the plan provisions.
 Early Retirement: Commencing with eligibility for Early Retirement Age (age 50 with 10 years of Service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. We believe this assumption is reasonable given the plan provisions.
 Disability Rates: See table on following page (1201). It is assumed that 75% of disablements and active member deaths are service related. This assumption is consistent with other plans covering police officers.
 Termination Rates: See table on following page (1302). This assumption is consistent with other plans covering police officers.
 Salary Increases: 6.25% per year until the assumed retirement age; see table on following page. Projected salary at retirement is increased individually to account for non-regular compensation. This is based on the results of an experience study issued December 8, 2009.
 Payroll Growth: 4.50% per year.
 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.

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Termination and Disability Rate Tables:

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

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2017</u>	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return				
Net of Investment Expense	11.57%	9.20%	-0.14%	9.08%

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

Each person employed by the Town Police Department as a full-time Police Officer becomes a member of the System as a condition of his employment. All Police Officers are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	8
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	4
Active Plan Members	26
	38
	38

Benefits Provided

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

Normal Retirement:

Date: Earlier of 1) Age 55 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.

Benefit: 3.3% of Average Final Compensation times Credited Service, plus a supplemental monthly benefit of \$200 (\$100 if retired prior to November 2, 2006).

Early Retirement:

Date: Age 50 with 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting:

Schedule: 100% after 10 years of Credited Service.

Benefit: Member will receive either a refund of their accumulated contributions or the vested portion of his (her) accrued benefit payable at their otherwise Normal or Early (reduced) Retirement Date.

Disability:

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

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

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years at Member's Normal or Early (reduced) Retirement Date.

Non-Vested: Refund of accumulated contributions without interest.

Contributions

Member Contributions: 5% of Salary.

Town and State Contributions: Remaining amount required in order to fund to actuarial soundness.

Net Pension Liability

The measurement date is September 30, 2017.

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

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

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

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

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	6.25%
Discount Rate	7.75%
Investment Rate of Return	7.75%

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 December 8, 2009.

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>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	50%	7.5%
International Equity	10%	8.5%
Broad Market Fixed Income	40%	2.5%
Total	<u>100%</u>	

Discount Rate:

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2017	\$ 6,465,073	\$ 7,052,387	\$ (587,314)
Changes for a Year:			
Service Cost	346,389	-	346,389
Interest	512,808	-	512,808
Change in Excess State Money	4,972	-	4,972
Differences between Expected and Actual Experience	(63,314)	-	(63,314)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	151,316	(151,316)
Contributions - State	-	102,879	(102,879)
Contributions - Employee	-	73,295	(73,295)
Net Investment Income	-	812,313	(812,313)
Benefit Payments, including Refunds of Employee Contributions	(292,124)	(292,124)	-
Administrative Expense	-	(27,452)	27,452
Net Changes	508,731	820,227	(311,496)
Reporting Period Ending September 30, 2018	\$ 6,973,804	\$ 7,872,614	\$ (898,810)

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 12,303	\$ (898,810)	\$ (1,656,189)

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 \$301,008.

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	-	450,594
Changes of assumptions	102,360	-
Net difference between Projected and Actual Earnings on Pension Plan investments	197,473	-
Employer and State contributions subsequent to the measurement date	254,195	-
Total	\$ 554,028	\$ 450,594

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

Year ended September 30:		
2018	\$	(9,868)
2019	\$	(9,869)
2020	\$	4,544
2021	\$	(94,920)
2022	\$	(40,648)
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 \$197,947.

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	-	405,986
Changes of assumptions	81,888	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	81,911
Employer and State contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ 487,897

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	\$	(73,510)
2020	\$	(59,097)
2021	\$	(158,561)
2022	\$	(104,289)
2023	\$	(10,552)
Thereafter	\$	-

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

Reporting Period Ending	09/30/2018	09/30/2017
Measurement Date	09/30/2017	09/30/2016
Total Pension Liability		
Service Cost	346,389	359,638
Interest	512,808	488,520
Change in Excess State Money	4,972	3,744
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(63,314)	(366,717)
Changes of assumptions	-	122,831
Benefit Payments, including Refunds of Employee Contributions	(292,124)	(263,148)
Net Change in Total Pension Liability	508,731	344,868
Total Pension Liability - Beginning	6,465,073	6,120,205
Total Pension Liability - Ending (a)	<u>\$ 6,973,804</u>	<u>\$ 6,465,073</u>
Plan Fiduciary Net Position		
Contributions - Employer	151,316	219,966
Contributions - State	102,879	101,651
Contributions - Employee	73,295	73,522
Net Investment Income	812,313	587,197
Benefit Payments, including Refunds of Employee Contributions	(292,124)	(263,148)
Administrative Expense	(27,452)	(29,580)
Net Change in Plan Fiduciary Net Position	820,227	689,608
Plan Fiduciary Net Position - Beginning	7,052,387	6,362,779
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,872,614</u>	<u>\$ 7,052,387</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (898,810)</u>	<u>\$ (587,314)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	112.89%	109.08%
Covered Employee Payroll	\$ 1,465,893	\$ 1,470,437
Net Pension Liability as a percentage of Covered Employee Payroll	-61.31%	-39.94%

Notes to Schedule:*Changes of assumptions:*

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

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

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

Reporting Period Ending	09/30/2016	09/30/2015
Measurement Date	09/30/2015	09/30/2014
Total Pension Liability		
Service Cost	346,441	353,104
Interest	460,104	418,085
Change in Excess State Money	399	-
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(217,494)	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	(208,033)	(236,641)
Net Change in Total Pension Liability	381,417	534,548
Total Pension Liability - Beginning	5,738,788	5,204,240
Total Pension Liability - Ending (a)	<u>\$ 6,120,205</u>	<u>\$ 5,738,788</u>
Plan Fiduciary Net Position		
Contributions - Employer	205,780	262,722
Contributions - State	98,306	88,482
Contributions - Employee	73,002	77,358
Net Investment Income	(8,855)	509,283
Benefit Payments, including Refunds of Employee Contributions	(208,033)	(236,641)
Administrative Expense	(31,352)	(25,607)
Net Change in Plan Fiduciary Net Position	128,848	675,597
Plan Fiduciary Net Position - Beginning	6,233,931	5,558,334
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,362,779</u>	<u>\$ 6,233,931</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (242,574)</u>	<u>\$ (495,143)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	103.96%	108.63%
Covered Employee Payroll	\$ 1,460,023	\$ 1,547,154
Net Pension Liability as a percentage of Covered Employee Payroll	-16.61%	-32.00%

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	278,520	270,560	303,687	351,204
Contributions in relation to the Actuarially Determined Contributions	249,223	317,873	303,687	351,204
Contribution Deficiency (Excess)	\$ 29,297	\$ (47,313)	\$ -	\$ -
Covered Employee Payroll	\$ 1,465,893	\$ 1,470,437	\$ 1,460,023	\$ 1,547,154
Contributions as a percentage of Covered Employee Payroll	17.00%	21.62%	20.80%	22.70%

Notes to Schedule

Valuation Date: 10/01/2015

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	26 Years (as of 10/01/2014).
Mortality:	RP-2000 Table with no projection (disabled lives set forward 5 years). We believe this assumption sufficiently accommodates future mortality improvements.
Interest Rate:	7.75% 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.
Retirement Age:	Earlier of age 55 and 10 years of service or the completion of 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. We believe this assumption is reasonable given the plan provisions.
Early Retirement:	Commencing with eligibility for Early Retirement Age (age 50 with 10 years of Service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. We believe this assumption is reasonable given the plan provisions.
Disability Rates:	See table on following page (1201). It is assumed that 75% of disablements and active member deaths are service related. This assumption is consistent with other plans covering police officers.
Termination Rates:	See table on following page (1302). This assumption is consistent with other plans covering police officers.
Salary Increases:	6.25% per year until the assumed retirement age; see table on following page. Projected salary at retirement is increased individually to account for non-regular compensation. This is based on the results of an experience study issued December 8, 2009.
Payroll Growth:	4.50% per year.
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.

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Termination and Disability Rate Tables:

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

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (242,574)	\$ 224,486	\$ 719,473	\$ -
Employer and State contributions made after 09/30/2016	-	-	254,195	-
Total Pension Liability Factors:				
Service Cost	359,638	-	-	359,638
Interest	488,520	-	-	488,520
Change in Excess State Money	3,744	-	-	3,744
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(366,717)	366,717	-	-
Current year amortization of experience difference	-	(97,368)	-	(97,368)
Change in assumptions about future economic or demographic factors or other inputs	122,831	-	122,831	-
Current year amortization of change in assumptions	-	-	(20,471)	20,471
Benefit Payments	(263,148)	-	-	-
Net change	<u>344,868</u>	<u>269,349</u>	<u>356,555</u>	<u>775,005</u>
Plan Fiduciary Net Position:				
Contributions - Employer	219,966	-	(219,966)	-
Contributions - State	101,651	-	(101,651)	-
Contributions - Employee	73,522	-	-	(73,522)
Projected Net Investment Income	497,084	-	-	(497,084)
Difference between projected and actual earnings on Pension Plan investments	90,113	90,113	-	-
Current year amortization	-	(32,435)	(99,464)	67,029
Benefit Payments	(263,148)	-	-	-
Administrative Expenses	(29,580)	-	-	29,580
Net change	<u>689,608</u>	<u>57,678</u>	<u>(421,081)</u>	<u>(473,997)</u>
Ending Balance	<u>\$ (587,314)</u>	<u>\$ 551,513</u>	<u>\$ 654,947</u>	<u>\$ 301,008</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2018

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (587,314)	\$ 551,513	\$ 654,947	\$ -
Employer and State contributions made after 09/30/2017	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	346,389	-	-	346,389
Interest	512,808	-	-	512,808
Change in Excess State Money	4,972	-	-	4,972
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(63,314)	63,314	-	-
Current year amortization of experience difference	-	(107,922)	-	(107,922)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(20,472)	20,472
Benefit Payments	(292,124)	-	-	-
Net change	<u>508,731</u>	<u>(44,608)</u>	<u>(20,472)</u>	<u>776,719</u>
Plan Fiduciary Net Position:				
Contributions - Employer	151,316	-	(151,316)	-
Contributions - State	102,879	-	(102,879)	-
Contributions - Employee	73,295	-	-	(73,295)
Projected Net Investment Income	546,867	-	-	(546,867)
Difference between projected and actual earnings on Pension Plan investments	265,446	265,446	-	-
Current year amortization	-	(85,526)	(99,464)	13,938
Benefit Payments	(292,124)	-	-	-
Administrative Expenses	(27,452)	-	-	27,452
Net change	<u>820,227</u>	<u>179,920</u>	<u>(353,659)</u>	<u>(578,772)</u>
Ending Balance	<u>\$ (898,810)</u>	<u>\$ 686,825</u>	<u>TBD</u>	<u>\$ 197,947</u>

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

AMORTIZATION SCHEDULE - INVESTMENTS

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

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2014	\$ (72,068)	5	\$ (14,413)	\$ (14,414)	\$ (14,414)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 497,321	5	\$ 99,464	\$ 99,464	\$ 99,464	\$ 99,464	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (90,113)	5	\$ (18,022)	\$ (18,022)	\$ (18,023)	\$ (18,023)	\$ (18,023)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (265,446)	5	\$ -	\$ (53,090)	\$ (53,089)	\$ (53,089)	\$ (53,089)	\$ (53,089)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 67,029	\$ 13,938	\$ 13,938	\$ 28,352	\$ (71,112)	\$ (53,089)	\$ -	\$ -	\$ -	\$ -	\$ -

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	\$ 122,831	6	\$ 20,471	\$ 20,472	\$ 20,472	\$ 20,472	\$ 20,472	\$ 20,472	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 20,471	\$ 20,472	\$ 20,472	\$ 20,472	\$ 20,472	\$ 20,472	\$ -	\$ -	\$ -	\$ -	\$ -

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	\$ (217,494)	6	\$ (36,249)	\$ (36,249)	\$ (36,249)	\$ (36,249)	\$ (36,249)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (366,717)	6	\$ (61,119)	\$ (61,119)	\$ (61,119)	\$ (61,120)	\$ (61,120)	\$ (61,120)	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (63,314)	6	\$ -	\$ (10,554)	\$ (10,552)	\$ (10,552)	\$ (10,552)	\$ (10,552)	\$ (10,552)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (97,368)	\$ (107,922)	\$ (107,920)	\$ (107,921)	\$ (107,921)	\$ (71,672)	\$ (10,552)	\$ -	\$ -	\$ -	\$ -