

TOWN OF MEDLEY
DEFINED BENEFIT PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2017

CONTRIBUTIONS APPLICABLE TO THE PLAN/FISCAL
YEAR ENDED SEPTEMBER 30, 2018

May 10, 2018

Roy Danzinger
Town of Medley
7777 NW 72nd Ave.
Medley, FL 33166

Re: Town of Medley Defined Benefit Plan

Dear Roy:

We are pleased to present to the Board this report of the annual actuarial valuation of the Town of Medley Defined Benefit Plan. Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuations have been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflect laws and regulations issued to date pursuant to the provisions of Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. Due to an actuarial transition, we were not able to perform a detailed review of the actuarial assumptions based on historical experience prior to completion of this report. 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 Town of Medley, 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.

Results shown as of October 1, 2016 in the enclosed valuation report are consistent with the report prepared by Standard Retirement Services, Inc. Not Applicable is used to indicate results that are not readily available.

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 Medley, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Defined Benefit Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

By:



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

PTD/lke
Enclosures

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SUMMARY OF REPORT

The annual actuarial valuation of the Town of Medley Defined Benefit Plan, 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, 2018.

The contribution requirements, compared with those developed in the October 1, 2016 actuarial valuation report, as prepared by Standard Retirement Services, Inc., are as follows:

Valuation Date	10/1/2017	10/1/2016
Applicable Fiscal Year	<u>9/30/2018</u>	<u>9/30/2017</u>
Total Required Contribution	756,802	980,532

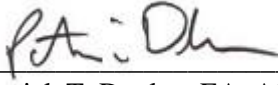
As can be seen, the Total Required Contribution has decreased since the prior valuation. The decrease is partially due to net favorable experience realized by the plan during the year. Sources of favorable experience consisted of a 13.73% investment return (Actuarial Asset basis) which exceeded the 6.50% assumption, and a cost-of-living adjustment of approximately 0.38% which was lower than the assumed 2.50% rate. These gains were partially offset by losses associated with unfavorable retirement and mortality experience, and average salary increases that were higher than expected.

Additionally, several refinements were made to better reflect the plan provisions and the assumptions were changed to reflect disabled mortality rates for current and expected future disabled members. These changes resulted in a decrease to the Present Value of Benefits and the Required Contribution of approximately \$780,000 and \$95,000 respectively.

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: 
Patrick T. Donlan, EA, ASA, MAAA

By: 
Tyler A. Koftan

PLAN CHANGES SINCE PRIOR VALUATION

There have been no plan changes since the prior valuation.

ACTUARIAL ASSUMPTION/METHOD CHANGES SINCE PRIOR VALUATION

The mortality assumption for disabled participants was changed to the following:

- **Female:** 100% RP2000 Disabled Female set forward two years
- **Male:** 100% RP2000 Disabled Male setback four years

Previously, the mortality assumption for disabled participants was the same as for healthy participants.

The impact of this change was a decrease to the Present Value of Benefits of \$116,000.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2017</u>	<u>10/1/2016</u>
A. Participant Data		
Actives	112	110
Service Retirees	29	28
Beneficiaries	3	3
Disability Retirees	1	1
Terminated Vested	<u>12</u>	<u>12</u>
Total	157	154
Total Annual Payroll	\$3,267,389	\$2,971,946
Payroll Under Assumed Ret. Age	2,588,565	2,471,933
Annual Rate of Payments to:		
Service Retirees	848,381	N/A
Beneficiaries	22,581	N/A
Disability Retirees	1,197	N/A
Terminated Vested	112,381	N/A
B. Assets		
Actuarial Value (AVA)	19,819,278	17,304,524
Market Value (MVA)	19,819,278	17,304,524
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	13,680,486	N/A
Disability Benefits	450,374	N/A
Death Benefits	149,834	N/A
Vested Benefits	703,113	N/A
Refund of Contributions	0	N/A
Service Retirees	9,824,222	N/A
Beneficiaries	250,383	N/A
Disability Retirees	19,997	N/A
Terminated Vested	<u>887,109</u>	<u>N/A</u>
Total	25,965,518	25,048,810

C. Liabilities - (Continued)	<u>10/1/2017</u>	<u>10/1/2016</u>
Present Value of Future Salaries	22,651,778	20,997,728
Present Value of Future Member Contributions	0	0
Total Normal Cost	702,371	911,687
Present Value of Future Normal Costs (EAN)	4,078,166	N/A
Accrued Liability (Retirement)	10,257,634	N/A
Accrued Liability (Disability)	229,005	N/A
Accrued Liability (Death)	79,575	N/A
Accrued Liability (Vesting)	339,427	N/A
Accrued Liability (Refunds)	0	N/A
Accrued Liability (Inactives)	<u>10,981,711</u>	<u>N/A</u>
Total Actuarial Accrued Liability (EAN AL)	21,887,352	N/A
Total Actuarial Accrued Liability (Aggregate)	19,819,278	17,304,524
Unfunded Actuarial Accrued Liability (UAAL, EAN Basis)	2,068,074	N/A
Funded Ratio (AVA / EAN AL)	90.6%	N/A

D. Actuarial Present Value of		
Accrued Benefits	<u>10/1/2017</u>	<u>10/1/2016</u>
Vested Accrued Benefits		
Inactives	10,981,711	11,544,983
Actives	8,277,947	7,080,651
Member Contributions	<u>0</u>	<u>0</u>
Total	19,259,658	18,625,634
Non-vested Accrued Benefits	<u>732,352</u>	<u>604,286</u>
Total Present Value		
Accrued Benefits (PVAB)	19,992,010	19,229,920
Funded Ratio (MVA / PVAB)	99.1%	90.0%
Increase (Decrease) in Present Value of		
Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	(43,040)	
New Accrued Benefits	439,121	
Benefits Paid	(856,112)	
Interest	1,222,121	
Other	<u>0</u>	
Total	762,090	

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

E. Pension Cost

Normal Cost ¹	\$748,025	\$970,947
Administrative Expenses ¹	8,777	9,585
Payment Required to Amortize Unfunded Actuarial Accrued Liability (as of 10/1/2017) ¹	0	0
Total Required Contribution	756,802	980,532
Expected Member Contributions ¹	0	0
Expected Town Contribution	756,802	980,532

F. Past Contributions

Plan Years Ending:	<u>9/30/2017</u>
Total Required Contribution	980,532
Town Requirement	980,532
Actual Contributions Made:	
Members (excluding buyback)	0
Town	<u>1,000,000</u>
Total	1,000,000

G. Net Actuarial (Gain)/Loss	N/A
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¹ Contributions developed as of 10/1/2017 displayed above have been adjusted to account for assumed interest components.

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

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

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	8.75%	3.50%
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	13.73%	6.50%
Year Ended	9/30/2016	8.69%	N/A
Year Ended	9/30/2015	-1.35%	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.



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

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

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

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality

Healthy Active Lives:

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

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

Healthy Inactive Lives:

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

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

Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years

Male: 100% RP2000 Disabled Male setback four years

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

Previously, the mortality rates for disabled lives were the same as for healthy lives. This change in mortality for disabled lives resulted in a \$116,000 decrease in the Present Value of Future Benefits.

Termination Rates

Table V from August 1992 Pension Forum published by the Society of Actuaries, multiplied by 0.35. See table on following page.

Disability Rates

1987 Commissioner's Group Disability Table, six month elimination period, male and female. See table on following page.

Retirement Rate

Members are assumed to retire at first normal retirement eligibility. We believe this is reasonable based on plan provisions.

Deferred Benefits

For terminated vested participants benefits are assumed to commence at Normal Retirement Date. For beneficiaries receiving pre-retirement death benefits, benefits are assumed to commence on the date the participant would have reached Normal Retirement Date.

Interest Rate

6.50%, compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

3.50% per year.

Interest Adjustment for
Required Contribution

6.50% for projecting dollar requirement.

Cost of Living Increases

2.50% per year.

Administrative Expenses

\$8,241 added to Normal Cost, based on actual administrative expenses from the prior fiscal year.

Funding Method

Aggregate Cost Method.

Actuarial Asset Method

Market Value of Assets.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
25	4.76%	0.0854%
30	3.54	0.0986
40	2.28	0.1760
50	1.58	0.5396

GLOSSARY

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

Payroll Under Assumed Retirement Age is the annual rate of pay for all Members who are not subject to a 100% probability of retirement as of the valuation date.

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

Normal (Current Year's) Cost Rate is determined in the aggregate as the ratio of (a) and (b) as follows:

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

The Normal Cost dollar requirement is the ratio of (a) and (b), multiplied by the Payroll Under Assumed Retirement Age as of the valuation date.

Aggregate Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above).

Total Required Contribution is equal to the Normal Cost plus Administrative Expenses with an adjustment for assumed interest and salary increase components.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	MARKET VALUE
Investments:	
Mutual Funds:	
Fixed Income	5,372,751.37
Equity	14,446,526.38
Total Investments	19,819,277.75
Total Assets	19,819,277.75
<u>LIABILITIES</u>	
Total Liabilities	0.00
NET POSITION RESTRICTED FOR PENSIONS	19,819,277.75

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

ADDITIONS

Contributions:

Town	1,000,000.00	
Total Contributions		1,000,000.00
Investment Income:		
Net Increase in Fair Value of Investments	2,385,109.10	
Less Investment Expense ¹	(6,002.00)	
Net Investment Income		2,379,107.10
Total Additions		3,379,107.10

DEDUCTIONS

Distributions to Members:

Benefit Payments	856,112.10	
Total Distributions		856,112.10
Administrative Expense		8,240.90
Total Deductions		864,353.00
Net Increase in Net Position		2,514,754.10
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		17,304,523.65
End of the Year		19,819,277.75
Actuarial Asset Rate of Return		13.73%
Actuarial Gain/(Loss) due to Investment Return		1,252,800.02

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

STATISTICAL DATA

	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>	<u>10/1/2017</u>
<u>Actives - Full-Time General Employees and Elected Officials</u>				
Number	N/A	N/A	N/A	68
Average Current Age	N/A	46.8	48.2	47.6
Average Age at Employment	N/A	N/A	N/A	37.5
Average Past Service	N/A	10.2	9.6	10.1
Average Annual Salary	N/A	N/A	N/A	\$48,050
<u>Actives - Part-Time Employees</u>				
Number	N/A	N/A	N/A	44
Average Current Age	N/A	56.5	55.1	58.8
Average Age at Employment	N/A	N/A	N/A	47.3
Average Past Service	N/A	9.8	11.2	11.5
Average Annual Salary	N/A	N/A	N/A	N/A
<u>Service Retirees</u>				
Number	N/A	N/A	28	30
Average Current Age	N/A	N/A	N/A	72.3
Average Annual Benefit	N/A	N/A	N/A	\$28,279
<u>Beneficiaries</u>				
Number	N/A	N/A	3	3
Average Current Age	N/A	N/A	N/A	52.2
Average Annual Benefit	N/A	N/A	N/A	\$7,527
<u>Disability Retirees</u>				
Number	N/A	N/A	1	1
Average Current Age	N/A	N/A	N/A	65.2
Average Annual Benefit	N/A	N/A	N/A	\$1,197
<u>Terminated Vested</u>				
Number	N/A	N/A	12	12
Average Current Age	N/A	N/A	N/A	46.8
Average Annual Benefit	N/A	N/A	N/A	\$9,365

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	2	0	0	0	0	0	0	0	0	0	0	2
20 - 24	0	2	1	0	0	0	0	0	0	0	0	3
25 - 29	1	1	0	1	0	4	0	0	0	0	0	7
30 - 34	0	1	1	0	0	3	2	0	0	0	0	7
35 - 39	1	0	1	0	1	1	1	1	0	0	0	6
40 - 44	0	1	1	0	1	1	0	1	0	0	0	5
45 - 49	1	1	6	0	5	1	2	0	1	1	1	19
50 - 54	1	0	2	0	3	3	4	0	0	1	0	14
55 - 59	0	0	3	0	1	3	3	0	4	0	2	16
60 - 64	0	0	0	1	1	1	1	2	3	0	0	9
65+	0	0	1	1	4	3	2	3	9	1	0	24
Total	6	6	16	3	16	20	15	7	17	3	3	112

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2016	110
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	(6)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>(1)</u>
f. Continuing participants	103
g. New entrants	<u>9</u>
h. Total active life participants in valuation	112

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>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	28	3	1	12	44
Retired	1	0	0	0	1
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	0	0	0
Refund of Contributions	0	0	0	0	0
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
b. Number current valuation	29	3	1	12	45

SUMMARY OF PLAN PROVISIONS
(Through Ordinance C-420)

<u>Eligibility</u>	Eligible Employees enter the plan on October 1 st or April 1 st next following completion of one Year of Service and attainment of age 21. Age and service requirements are waived for Elected Officials, who enter the Plan at hire.
<u>Compensation</u>	Wages as defined in Code Section 3401(a) and all other payments of compensation by the Employer for a Plan Year for which the Employer is required to furnish the Participant a written statement under Code Sections 6041(d), 6051(a)(3) and 6052. Certain items of compensation are excluded such as overtime, bonuses, amounts attributable to sick pay, and any remuneration that is not a part of the Employee's regular or base salary or wages.
<u>Average Monthly Compensation</u>	Monthly compensation averaged over the 5 consecutive Plan Years which produce the highest monthly average within the last 10 completed years of employment.
<u>Period of Service</u>	The aggregate of all periods as an Eligible Employee commencing with the Employee's first day of employment or reemployment and ending on the date the Employee terminates service with the Employer. Fractional periods of a year will be expressed in terms of complete months.
<u>Year of Service</u>	Effective October 1, 2007, a period of 12 consecutive months during which an Employee has at least 1,750 Hours of Service. Prior to October 1, 2007, a Year of Service meant 1,500 Hours of Service during the 12-month consecutive period.
<u>Normal Retirement</u>	
Date	For benefits accrued as an Elected Official, the attainment of age 55 with 8 years as an Elected Official. For General Employees hired before January 1, 2011, the earlier of attainment of age 62 or completion of 30 Years of Service. For General Employees hired on or after January 1, 2011, the earlier of attainment of age 65 or completion of 35 Years of Service.

Part-time employees become eligible for Normal Retirement under age and service conditions shown in a table below. They are not eligible for any other benefits from the plan.

Benefit

For benefits accrued as the Mayor, \$5,500 times Periods of Service as the Mayor.

For benefits accrued as a Councilperson, \$2,500 times Periods of Service as a Councilperson.

For benefits accrued as a General Employee, Average Monthly Compensation times Periods of Service times a benefit rate determined based on Periods of Service and date of hire. See below.

General Employees Hired Before January 1, 2011

<u>Periods of Service</u>	<u>Benefit Rate</u>
0 to 10	2.00%
10 to 15	2.25%
15 to 30	2.50%

General Employees Hired From January 1, 2011 to June 30, 2014

<u>Periods of Service</u>	<u>Benefit Rate</u>
0 to 15	2.00%
15 to 20	2.25%
20 to 30	2.50%

General Employees Hired On or After July 1, 2014

<u>Periods of Service</u>	<u>Benefit Rate</u>
0 to 30	1.67%

The normal retirement benefit for part-time employees is a monthly flat dollar amount payable upon attainment of age and service conditions as shown below.

<u>Age</u>	<u>Periods of Service</u>	<u>Benefit</u>
65	20	\$100
65	25	\$110
70	20	\$120
70	25	\$130
75	20	\$145
75	25	\$170
78	15	\$120
78	20	\$160
78	25	\$210

Form of Benefit

For General Employees and Elected Officials, lifetime benefits with 20 years guaranteed (10 years guaranteed for General Employees hired on or after July 1, 2014). Options available.

For part-time employees, lifetime benefits, ceasing upon death with no options available.

Early Retirement

Date

For General Employees, age 50. For Elected Officials, age 50 with 8 years of Vesting Service. Part-time employees are not eligible.

Benefit

Accrued Benefit on Early Retirement Date, reduced for each year prior to the Normal Retirement Date. The reduction is 6 2/3% for the first 5 years, 3 1/3% for years 6 to 10, and 2.50% for years 11 to 15. For Early Retirement Dates more than 15 years prior to the Normal Retirement Date, the benefit is further actuarially adjusted. There is no reduction for Elected Officials.

Form of Benefit

Same as for Normal Retirement.

Pre-Retirement Death Benefit

Eligibility

Death in active service while vested. Part-time employees are not eligible.

Benefit

Monthly benefit accrued through date of death, payable for 20 years (10 years if hired on or after July 1, 2014).

Disability

Eligibility

Totally and Permanently Disabled prior to retirement or separation from service. Part-time employees are not eligible.

Amount

Benefit accrued to date of disability. Vesting Service includes service to date of disability and time while Totally and Permanently Disabled.

Termination of Employment

Vesting Service Requirement

5 years for General Employees hired before July 1, 2014. 8 years for General Employees hired on or after July 1, 2014. Elected Officials are immediately vested. Part-time employees are vested only upon attainment of Normal Retirement eligibility requirements.

Benefit

Vested accrued benefit.

Cost of Living Adjustment

Automatic COLA adjustment each January 1st according to the change in Consumer Price Index, limited to a maximum of 3%. The COLA adjustment cannot increase benefits beyond 75% of Average Monthly Compensation for General Employees or 100% of Average Monthly Compensation for Elected Officials.

Deferred Retirement Option Plan

Eligibility

Satisfaction of Normal Retirement requirements as a General Employee.

Participation

Not to exceed 36 months.

Rate of Return

Actual net rate of investment return (total return net of investment management fees, brokerage commissions and transaction costs) credited each fiscal quarter.

Form of Distribution

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

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	MARKET VALUE
Total Cash and Equivalents	0
Total Receivable	0
Investments:	
Mutual Funds:	
Fixed Income	5,372,751
Equity	14,446,527
Total Investments	19,819,278
Total Assets	19,819,278
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	19,819,278

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

ADDITIONS

Contributions:

Town	1,000,000	
Total Contributions		1,000,000
Investment Income:		
Net Increase in Fair Value of Investments	2,385,109	
Interest & Dividends	0	
Less Investment Expense ¹	(6,002)	
Net Investment Income		2,379,107
Total Additions		3,379,107

DEDUCTIONS

Distributions to Members:

Benefit Payments	856,112	
Total Distributions		856,112
Administrative Expense		8,241
Total Deductions		864,353
Net Increase in Net Position		2,514,754
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		17,304,524
End of the Year		19,819,278

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 Board of Trustees of the Town of Medley Defined Benefit Plan. The Plan Administrator is responsible for the overall administration of the Plan. It has discretionary authority to construe the terms of the Plan and make determinations on questions that may affect eligibility for benefits. The Plan Administrator may also retain the services of attorneys, accountants, actuaries, investment advisors and other professionals.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	32
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	12
Active Plan Members	110
	<u>154</u>

Benefits Provided

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

Normal Retirement:

Date: For benefits accrued as an Elected Official, the attainment of age 55 with 8 years as an Elected Official.

For General Employees hired before January 1, 2011, the earlier of attainment of age 62 or completion of 30 Years of Service.

For General Employees hired on or after January 1, 2011, the earlier of attainment of age 65 or completion of 35 Years of Service.

Part-time employees become eligible for Normal Retirement under age and service conditions shown in a table below. They are not eligible for any other benefits from the plan.

Benefit: For benefits accrued as the Mayor, \$5,500 times Periods of Service as the Mayor.

For benefits accrued as a Councilperson, \$2,500 times Periods of Service as a Councilperson.

For benefits accrued as a General Employee, Average Monthly Compensation times Periods of Service times a benefit rate determined based on Periods of Service and date of hire. See below.

General Employees Hired Before January 1, 2011

<u>Periods of Service</u>	<u>Benefit Rate</u>
0 to 10	2.00%
10 to 15	2.25%
15 to 30	2.50%

General Employees Hired From January 1, 2011 to June 30, 2014

<u>Periods of Service</u>	<u>Benefit Rate</u>
0 to 15	2.00%
15 to 20	2.25%
20 to 30	2.50%

General Employees Hired On or After July 1, 2014

<u>Periods of Service</u>	<u>Benefit Rate</u>
0 to 30	1.67%

The normal retirement benefit for part-time employees is a monthly flat dollar amount payable upon attainment of age and service conditions as shown below.

<u>Age</u>	<u>Periods of Service</u>	<u>Benefit</u>
65	20	\$100
65	25	\$110
70	20	\$120
70	25	\$130
75	20	\$145
75	25	\$170
78	15	\$120
78	20	\$160
78	25	\$210

Early Retirement:

For General Employees, age 50. For Elected Officials, age 50 with 8 years of Vesting Service. Part-time employees are not eligible.

Benefit: Accrued Benefit on Early Retirement Date, reduced for each year prior to the Normal Retirement Date. The reduction is 6 2/3% for the first 5 years, 3 1/3% for years 6 to 10, and 2.50% for years 11 to 15. For Early Retirement Dates more than 15 years prior to the Normal Retirement Date, the benefit is further actuarially adjusted. There is no reduction for Elected Officials.

Pre-Retirement Death Benefit:

Eligibility: Death in active service while vested. Part-time employees are not eligible.

Benefit: Monthly benefit accrued through date of death, payable for 20 years (10 years if hired on or after July 1, 2014).

Disability:

Eligibility: Totally and Permanently Disabled prior to retirement or separation from service. Part-time employees are not eligible.

Amount: Benefit accrued to date of disability. Vesting Service includes service to date of disability and time while Totally and Permanently Disabled.

Termination of Employment:

Vesting Service Requirement: 5 years for General Employees hired before July 1, 2014. 8 years for General Employees hired on or after July 1, 2014. Elected Officials are immediately vested. Part-time employees are vested only upon attainment of Normal Retirement eligibility requirements.

Benefit: Vested accrued benefit

Cost of Living Adjustment:

Automatic COLA adjustment each January 1st according to the change in Consumer Price Index, limited to a maximum of 3%. The COLA adjustment cannot increase benefits beyond 75% of Average Monthly Compensation for General Employees or 100% of Average Monthly Compensation for Elected Officials.

Contributions

Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided in Part VII, 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	60%
International Equity	10%
Fixed Income	10%
Cash	20%
Total	100%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2017 the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 13.73 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 as a General Employee.

Participation: Not to exceed 36 months.

Rate of Return: Actual net rate of investment return (total return net of investment management fees, brokerage commissions and transaction costs) credited each fiscal quarter.

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	\$ 22,170,598
Plan Fiduciary Net Position	\$ (19,819,278)
Sponsor's Net Pension Liability	<u>\$ 2,351,320</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	89.39%

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	3.50%
Discount Rate	6.50%
Investment Rate of Return	6.50%

Mortality Rate 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.

Mortality Rate Healthy Active Lives:

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

Male: RP2000 Generational, 50% Combined Healthy White Collar / 50% Combined Healthy 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 date of the most recent actuarial experience study for which significant assumptions are based upon is not available.

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	5.75%
International Equity	5.75%
Fixed Income	0.75%
Cash	0.00%

Discount Rate:
The Discount Rate used to measure the Total Pension Liability was 6.50 percent.
The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease	Current	1% Increase
	5.50%	Discount Rate	7.50%
		6.50%	
Sponsor's Net Pension Liability	\$ 5,164,620	\$ 2,351,320	\$ 22,065

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

	09/30/2017	09/30/2016 ¹
Total Pension Liability		
Service Cost	487,727	534,368
Interest	1,313,621	1,254,523
Changes of benefit terms	-	185,339
Differences between Expected and Actual Experience	331,458	(1,077,646)
Changes of assumptions	744,029	-
Benefit Payments, including Refunds of Employee Contributions	(856,112)	(810,015)
Net Change in Total Pension Liability	2,020,723	86,569
Total Pension Liability - Beginning	20,149,876	20,063,307
Total Pension Liability - Ending (a)	<u>\$ 22,170,599</u>	<u>\$ 20,149,876</u>
Plan Fiduciary Net Position		
Contributions - Employer	1,000,000	1,000,000
Net Investment Income	2,379,107	1,376,386
Benefit Payments, including Refunds of Employee Contributions	(856,112)	(810,015)
Administrative Expense	(8,241)	(24,354)
Net Change in Plan Fiduciary Net Position	2,514,754	1,542,017
Plan Fiduciary Net Position - Beginning	17,304,524	15,762,507
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,819,278</u>	<u>\$ 17,304,524</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,351,321</u>	<u>\$ 2,845,352</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	89.39%	85.88%
Covered Employee Payroll	\$ 3,158,747	\$ 2,652,507
Net Pension Liability as a percentage of Covered Employee Payroll	74.44%	107.27%

Notes to Schedule:

¹ The 2014-2016 results were provided by the prior actuary, The Standard Retirement Services, Inc.

Changes of assumptions:

For measurement date 09/30/2017, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from 2008+ IRS Combined Static Table to those used in the July 1, 2016 FRS valuation report.

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

	09/30/2015 ¹	09/30/2014 ¹
Total Pension Liability		
Service Cost	449,137	373,706
Interest	1,247,292	1,138,268
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	816,952	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	(746,172)	(707,981)
Net Change in Total Pension Liability	1,767,209	803,993
Total Pension Liability - Beginning	18,296,098	17,492,105
Total Pension Liability - Ending (a)	<u>\$ 20,063,307</u>	<u>\$ 18,296,098</u>
Plan Fiduciary Net Position		
Contributions - Employer	900,000	850,000
Net Investment Income	(217,632)	1,361,529
Benefit Payments, including Refunds of Employee Contributions	(746,172)	(707,981)
Administrative Expense	(20,889)	(9,308)
Net Change in Plan Fiduciary Net Position	(84,693)	1,494,240
Plan Fiduciary Net Position - Beginning	15,847,200	14,352,960
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,762,507</u>	<u>\$ 15,847,200</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,300,800</u>	<u>\$ 2,448,898</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	78.56%	86.62%
Covered Employee Payroll	\$ 2,594,629	\$ 2,118,023
Net Pension Liability as a percentage of Covered Employee Payroll	165.76%	115.62%

Notes to Schedule:

¹ The 2014-2016 results were provided by the prior actuary, The Standard Retirement Services, Inc.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2017	09/30/2016 ¹	09/30/2015 ¹	09/30/2014 ¹
Actuarially Determined Contribution	980,532	980,532	985,108	898,200
Contributions in relation to the Actuarially Determined Contributions	1,000,000	1,000,000	900,000	850,000
Contribution Deficiency (Excess)	\$ (19,468)	\$ (19,468)	\$ 85,108	\$ 48,200
Covered Employee Payroll	\$ 3,158,747	\$ 2,652,507	\$ 2,594,629	\$ 4,717,435
Contributions as a percentage of Covered Employee Payroll	31.66%	37.70%	34.69%	19.04%

¹ The 2014-2016 results were provided by the prior actuary, The Standard Retirement Services, Inc.

Notes to Schedule

Valuation Date: 10/01/2016

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Funding calculations are based on the Aggregate Method, with normal cost as level percent of salary.

Asset Value: Fair Market Value.

Funding Entry Age: Age nearest birthday on valuation date coinciding with or immediately following the date at which eligibility requirements are satisfied.

Before Retirement:

Interest Rate: 6.50%

Mortality: Females: RP-2000 (Combined Healthy, 100% White Collar), with Generational Projection Using Scale BB (previously IRS 2008+ Combined Static).
Males: RP-2000 (Combined Healthy, 50% White Collar and 50% Blue Collar), with Generational Projection Using Scale BB (previously IRS 2008+ Combined Static).

Disability: 1987 Commissioner's Group Disability Table, six month elimination period, male and female - sample rates as follows:

Age	Rate of Disablement
25	0.0854%
30	0.0986%
40	0.1760%
50	0.5396%

Terminations: Table V from August 1992 Pension Forum published by the Society of Actuaries, multiplied by 0.35 - sample rates as follows:

Age	Rate of Withdrawal
25	4.76%
30	3.54%
40	2.28%
50	1.58%

Salary Scale: Level 3.50% per year.

After Retirement or Separation:

Interest:	6.50%
Mortality:	Females: RP-2000 (Annuitant, 100% White Collar), with Generational Projection Using Scale BB (previously IRS 2008+ Combined Static). Males: RP-2000 (Annuitant, 50% White Collar and 50% Blue Collar), with Generational Projection Using Scale BB (previously IRS 2008+ Combined Static).
Retirement Age:	Normal retirement age.
Cost-of-Living Adjustment:	2.50%
Marriage Assumption	75% of males and 75% of females with males 3 years older than spouses.

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2017</u>	<u>09/30/2016¹</u>	<u>09/30/2015¹</u>	<u>09/30/2014¹</u>
Annual Money-Weighted Rate of Return				
Net of Investment Expense	13.73%	8.69%	-1.35%	9.55%

¹ The 2014-2016 results were provided by the prior actuary, The Standard Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2017)

General Information about the Pension Plan

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Board of Trustees of the Town of Medley Defined Benefit Plan. The Plan Administrator is responsible for the overall administration of the Plan. It has discretionary authority to construe the terms of the Plan and make determinations on questions that may affect eligibility for benefits. The Plan Administrator may also retain the services of attorneys, accountants, actuaries, investment advisors and other professionals.

Eligible Employees enter the plan on October 1st or April 1st next following completion of one Year of Service and attainment of age 21. Age and service requirements are waived for Elected Officials, who enter the Plan at hire.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	32
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	12
Active Plan Members	110
	<u>154</u>

Benefits Provided

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

Normal Retirement:

Date: For benefits accrued as an Elected Official, the attainment of age 55 with 8 years as an Elected Official.

For General Employees hired before January 1, 2011, the earlier of attainment of age 62 or completion of 30 Years of Service.

For General Employees hired on or after January 1, 2011, the earlier of attainment of age 65 or completion of 35 Years of Service.

Part-time employees become eligible for Normal Retirement under age and service conditions shown in a table below. They are not eligible for any other benefits from the plan.

Benefit: For benefits accrued as the Mayor, \$5,500 times Periods of Service as the Mayor.

For benefits accrued as a Councilperson, \$2,500 times Periods of Service as a Councilperson.

For benefits accrued as a General Employee, Average Monthly Compensation times Periods of Service times a benefit rate determined based on Periods of Service and date of hire. See below.

General Employees Hired Before January 1, 2011

Periods of Service	Benefit Rate
0 to 10	2.00%
10 to 15	2.25%
15 to 30	2.50%

General Employees Hired From January 1, 2011 to June 30, 2014

Periods of Service	Benefit Rate
0 to 15	2.00%
15 to 20	2.25%
20 to 30	2.50%

General Employees Hired On or After July 1, 2014

Periods of Service	Benefit Rate
0 to 30	1.67%

The normal retirement benefit for part-time employees is a monthly flat dollar amount payable upon attainment of age and service conditions as shown below.

<u>Age</u>	<u>Periods of</u>	<u>Benefit</u>
65	20	\$100
65	25	\$110
70	20	\$120
70	25	\$130
75	20	\$145
75	25	\$170
78	15	\$120
78	20	\$160
78	25	\$210

Early Retirement:

For General Employees, age 50. For Elected Officials, age 50 with 8 years of Vesting Service. Part-time employees are not eligible. Benefit: Accrued Benefit on Early Retirement Date, reduced for each year prior to the Normal Retirement Date. The reduction is 6 2/3% for the first 5 years, 3 1/3% for years 6 to 10, and 2.50% for years 11 to 15. For Early Retirement Dates more than 15 years prior to the Normal Retirement Date, the benefit is further actuarially adjusted. There is no reduction for Elected Officials.

Pre-Retirement Death Benefit:

Eligibility: Death in active service while vested. Part-time employees are not eligible.

Benefit: Monthly benefit accrued through date of death, payable for 20 years (10 years if hired on or after July 1, 2014).

Disability:

Eligibility: Totally and Permanently Disabled prior to retirement or separation from service. Part-time employees are not eligible.

Amount: Benefit accrued to date of disability. Vesting Service includes service to date of disability and time while Totally and Permanently Disabled.

Termination of Employment:

Vesting Service Requirement: 5 years for General Employees hired before July 1, 2014. 8 years for General Employees hired on or after July 1, 2014. Elected Officials are immediately vested. Part-time employees are vested only upon attainment of Normal Retirement eligibility requirements.

Benefit: Vested accrued benefit

Cost of Living Adjustment:

Automatic COLA adjustment each January 1st according to the change in Consumer Price Index, limited to a maximum of 3%.

The COLA adjustment cannot increase benefits beyond 75% of Average Monthly Compensation for General Employees or 100% of Average Monthly Compensation for Elected Officials.

Contributions

Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided in Part VII, 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, 2016 through September 30, 2017.

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	3.50%
Discount Rate	6.50%
Investment Rate of Return	6.50%

Mortality Rate 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.

Mortality Rate Healthy Active Lives:

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

Male: RP2000 Generational, 50% Combined Healthy White Collar / 50% Combined Healthy 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 date of the most recent actuarial experience study for which significant assumptions are based upon is not available.

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	60%	5.75%
International Equity	10%	5.75%
Fixed Income	10%	0.75%
Cash	20%	0.00%
Total	100%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 6.50 percent.

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2016	\$ 20,149,876	\$ 17,304,524	\$ 2,845,352
Changes for a Year:			
Service Cost	487,727	-	487,727
Interest	1,313,621	-	1,313,621
Differences between Expected and Actual Experience	331,458	-	331,458
Changes of assumptions	744,029	-	744,029
Changes of benefit terms	-	-	-
Contributions - Employer	-	1,000,000	(1,000,000)
Net Investment Income	-	2,379,107	(2,379,107)
Benefit Payments, including Refunds of Employee Contributions	(856,112)	(856,112)	-
Administrative Expense	-	(8,241)	8,241
Net Changes	2,020,723	2,514,754	(494,031)
Balances at September 30, 2017	\$ 22,170,599	\$ 19,819,278	\$ 2,351,321

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	5.50%	6.50%	7.50%
Sponsor's Net Pension Liability	\$ 5,164,620	\$ 2,351,321	\$ 22,065

Pension Plan Fiduciary Net Position.

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

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended September 30, 2017 the Sponsor will recognize a Pension Expense of \$733,975.

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	696,705	780,154
Changes of assumptions	651,028	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	706,980
Total	<u>\$ 1,347,733</u>	<u>\$ 1,487,134</u>

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	\$ 53,582
2019	\$ 53,582
2020	\$ (200,412)
2021	\$ (264,291)
2022	\$ (14,310)
Thereafter	\$ 232,448

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

	09/30/2017	09/30/2016 ¹
Total Pension Liability		
Service Cost	487,727	534,368
Interest	1,313,621	1,254,523
Changes of benefit terms	-	185,339
Differences between Expected and Actual Experience	331,458	(1,077,646)
Changes of assumptions	744,029	-
Benefit Payments, including Refunds of Employee Contributions	(856,112)	(810,015)
Net Change in Total Pension Liability	2,020,723	86,569
Total Pension Liability - Beginning	20,149,876	20,063,307
Total Pension Liability - Ending (a)	<u>\$ 22,170,599</u>	<u>\$ 20,149,876</u>
Plan Fiduciary Net Position		
Contributions - Employer	1,000,000	1,000,000
Net Investment Income	2,379,107	1,376,386
Benefit Payments, including Refunds of Employee Contributions	(856,112)	(810,015)
Administrative Expense	(8,241)	(24,354)
Net Change in Plan Fiduciary Net Position	2,514,754	1,542,017
Plan Fiduciary Net Position - Beginning	17,304,524	15,762,507
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,819,278</u>	<u>\$ 17,304,524</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,351,321</u>	<u>\$ 2,845,352</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	89.39%	85.88%
Covered Employee Payroll	\$ 3,158,747	\$ 2,652,507
Net Pension Liability as a percentage of Covered Employee Payroll	74.44%	107.27%

Notes to Schedule:

¹ The 2014-2016 results were provided by the prior actuary, The Standard Retirement Services, Inc.

Changes of assumptions:

For measurement date 09/30/2017, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from 2008+ IRS Combined Static Table to those used in the July 1, 2016 FRS valuation report.

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

	09/30/2015 ¹	09/30/2014 ¹
Total Pension Liability		
Service Cost	449,137	373,706
Interest	1,247,292	1,138,268
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	816,952	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	(746,172)	(707,981)
Net Change in Total Pension Liability	1,767,209	803,993
Total Pension Liability - Beginning	18,296,098	17,492,105
Total Pension Liability - Ending (a)	<u>\$ 20,063,307</u>	<u>\$ 18,296,098</u>
Plan Fiduciary Net Position		
Contributions - Employer	900,000	850,000
Net Investment Income	(217,632)	1,361,529
Benefit Payments, including Refunds of Employee Contributions	(746,172)	(707,981)
Administrative Expense	(20,889)	(9,308)
Net Change in Plan Fiduciary Net Position	(84,693)	1,494,240
Plan Fiduciary Net Position - Beginning	15,847,200	14,352,960
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,762,507</u>	<u>\$ 15,847,200</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,300,800</u>	<u>\$ 2,448,898</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	78.56%	86.62%
Covered Employee Payroll	\$ 2,594,629	\$ 2,118,023
Net Pension Liability as a percentage of Covered Employee Payroll	165.76%	115.62%

Notes to Schedule:

¹ The 2014-2016 results were provided by the prior actuary, The Standard Retirement Services, Inc.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2017	09/30/2016 ¹	09/30/2015 ¹	09/30/2014 ¹
Actuarially Determined Contribution	980,532	980,532	985,108	898,200
Contributions in relation to the				
Actuarially Determined Contributions	1,000,000	1,000,000	900,000	850,000
Contribution Deficiency (Excess)	\$ (19,468)	\$ (19,468)	\$ 85,108	\$ 48,200
Covered Employee Payroll	\$ 3,158,747	\$ 2,652,507	\$ 2,594,629	\$ 4,717,435
Contributions as a percentage of				
Covered Employee Payroll	31.66%	37.70%	34.69%	18.02%

¹ The 2014-2016 results were provided by the prior actuary, The Standard Retirement Services, Inc.

Notes to Schedule

Valuation Date: 10/01/2016

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Funding calculations are based on the Aggregate Method, with normal cost as level percent of salary.

Asset Value: Fair Market Value.

Funding Entry Age: Age nearest birthday on valuation date coinciding with or immediately following the date at which eligibility requirements are satisfied.

Before Retirement:

Interest Rate: 6.50%

Mortality: Females: RP-2000 (Combined Healthy, 100% White Collar), with Generational Projection Using Scale BB (previously IRS 2008+ Combined Static).
Males: RP-2000 (Combined Healthy, 50% White Collar and 50% Blue Collar), with Generational Projection Using Scale BB (previously IRS 2008+ Combined Static).

Disability: 1987 Commissioner's Group Disability Table, six month elimination period, male and female - sample rates as follows:

Age	Rate of
25	0.0854%
30	0.0986%
40	0.1760%
50	0.5396%

Terminations: Table V from August 1992 Pension Forum published by the Society of Actuaries, multiplied by 0.35 - sample rates as follows:

Age	Rate of
25	4.76%
30	3.54%
40	2.28%
50	1.58%

Salary Scale: Level 3.50% per year.

After Retirement or Separation:

Interest:	6.50%
Mortality:	Females: RP-2000 (Annuitant, 100% White Collar), with Generational Projection Using Scale BB (previously IRS 2008+ Combined Static). Males: RP-2000 (Annuitant, 50% White Collar and 50% Blue Collar), with Generational Projection Using Scale BB (previously IRS 2008+ Combined Static).
Retirement Age:	Normal retirement age.
Cost-of-Living Adjustment:	2.50%
Marriage Assumption	75% of males and 75% of females with males 3 years older than spouses.

EXPENSE DEVELOPMENT AND AMORTIZATION SCHEDULES

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

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,845,352	\$ 1,206,052	\$ 1,294,650	\$ -
Total Pension Liability Factors:				
Service Cost	487,727	-	-	487,727
Interest	1,313,621	-	-	1,313,621
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	331,458	-	331,458	-
Current year amortization of experience difference	-	(148,746)	(178,191)	29,445
Change in assumptions about future economic or demographic factors or other inputs	744,029	-	744,029	-
Current year amortization of change in assumptions	-	-	(93,008)	93,008
Benefit Payments, including Refunds of Employee Contributions	(856,112)	-	-	-
Net change	<u>2,020,723</u>	<u>(148,746)</u>	<u>804,288</u>	<u>1,923,801</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,000,000	-	-	-
Projected Net Investment Income	1,129,203	-	-	(1,129,203)
Difference between projected and actual earnings on Pension Plan investments	1,249,904	1,249,904	-	-
Current year amortization	-	(319,268)	(250,404)	(68,864)
Benefit Payments, including Refunds of Employee Contributions	(856,112)	-	-	-
Administrative Expenses	(8,241)	-	-	8,241
Net change	<u>2,514,754</u>	<u>930,636</u>	<u>(250,404)</u>	<u>(1,189,826)</u>
Ending Balance	<u><u>\$ 2,351,321</u></u>	<u><u>\$ 1,987,942</u></u>	<u><u>\$ 1,848,534</u></u>	<u><u>\$ 733,975</u></u>

AMORTIZATION SCHEDULE - INVESTMENTS

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

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2015	\$ 1,001,616	4	\$ 250,404	\$ 250,404	\$ 250,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (346,440)	5	\$ (69,288)	\$ (69,288)	\$ (69,288)	\$ (69,288)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (1,249,904)	5	\$ (249,980)	\$ (249,981)	\$ (249,981)	\$ (249,981)	\$ (249,981)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (68,864)	\$ (68,865)	\$ (68,865)	\$ (319,269)	\$ (249,981)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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
2017	\$ 744,029	8	\$ 93,008	\$ 93,004	\$ 93,004	\$ 93,004	\$ 93,004	\$ 93,004	\$ 93,004	\$ 93,004	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 93,008	\$ 93,004	\$ 93,004	\$ 93,004	\$ 93,004	\$ 93,004	\$ 93,004	\$ 93,004	\$ -	\$ -	\$ -

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	\$ 680,195	4.97	\$ 136,757	\$ 136,757	\$ 136,757	\$ 133,167	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (1,077,646)	7.24	\$ (148,746)	\$ (148,746)	\$ (148,746)	\$ (148,746)	\$ (148,746)	\$ (148,746)	\$ (36,424)	\$ -	\$ -	\$ -	\$ -
2017	\$ 331,458	8	\$ 41,434	\$ 41,432	\$ 41,432	\$ 41,432	\$ 41,432	\$ 41,432	\$ 41,432	\$ 41,432	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 29,445	\$ 29,443	\$ 29,443	\$ 25,853	\$ (107,314)	\$ (107,314)	\$ 5,008	\$ 41,432	\$ -	\$ -	\$ -