

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2017

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

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

ADDITIONS

## Contributions:

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

DEDUCTIONS

## Distributions to Members:

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

## NET POSITION RESTRICTED FOR PENSIONS

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

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

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

Plan Description

*Plan Administration*

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

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

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

*Plan Membership as of October 1, 2016:*

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

*Benefits Provided*

**The below information is for historical reference only.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

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

Normal Retirement:

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

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

Early Retirement (removed with Ordinance 2013-13):

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

Benefit: Accrued benefit, reduced 3% per year.

Supplemental Benefit:

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

Vesting (Termination):

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

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

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

Disability:

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

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

Cost-of-Living Adjustment:

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

Death Benefit:

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

Non-Vested: Refund of Member Contributions.

*Contributions*

Member Contributions: None.

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

*Investments*

*Investment Policy:*

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

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

*Concentrations:*

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

*Rate of Return:*

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

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

Deferred Retirement Option Program

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

Participation: Not to exceed 36 months.

Rate of Return: At the Member's election:

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

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

NET PENSION LIABILITY OF THE SPONSOR

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

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

*Actuarial Assumptions:*

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

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

*Mortality Rate Healthy Lives:*

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

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

*Mortality Rate Disabled Lives:*

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

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

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

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

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

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

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

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

Discount Rate:

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Sponsor's Net Pension Liability	\$ 18,023,394	\$ 14,061,130	\$ 10,802,724

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

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

**Notes to Schedule:**

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

*Changes of benefit terms:*

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

*Changes of assumptions:*

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

The inflation assumption rate was lowered from 3.00% to 2.30%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

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

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

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

**Notes to Schedule:***Changes of assumptions:*

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



SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

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

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

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

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

Amortization Method: Level Percentage of Pay, Closed.

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

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

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

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

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

Interest Rate: 7.0% per year, compounded annually, net of investment-related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

Salary Increases: None.

Early Retirement: None.

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

Payroll Growth: None.

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

Termination and Disability Rate Table:

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

SCHEDULE OF INVESTMENT RETURNS

Last 10 Fiscal Years

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

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2018)

General Information about the Pension Plan

*Plan Description*

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

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

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

*Plan Membership as of October 1, 2016:*

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

*Benefits Provided*

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

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

Normal Retirement:

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

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

Early Retirement (removed with Ordinance 2013-13):

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

Benefit: Accrued benefit, reduced 3% per year.

Supplemental Benefit:

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

Vesting (Termination):

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

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

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

Disability:

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

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

Cost-of-Living Adjustment:

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

Death Benefit:

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

Non-Vested: Refund of Member Contributions.

*Contributions*

Member Contributions: None.

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

Net Pension Liability

The measurement date is September 30, 2017.

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

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

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

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

*Actuarial Assumptions:*

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

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

*Mortality Rate Healthy Lives:*

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

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

*Mortality Rate Disabled Lives:*

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

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

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

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

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

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

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

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

**Discount Rate:**

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

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

CHANGES IN NET PENSION LIABILITY

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

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability	\$ 18,023,394	\$ 14,061,130	\$ 10,802,724

*Pension Plan Fiduciary Net Position.*

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

**FINAL PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED  
INFLOWS OF RESOURCES RELATED TO PENSIONS  
FISCAL YEAR SEPTEMBER 30, 2017**

For the year ended September 30, 2017, the Sponsor has recognized a Pension Expense of \$2,586,783.

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

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

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

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

Year ended September 30:			
2018	\$	1,144,731	
2019	\$	256,722	
2020	\$	301,664	
2021	\$	(44,738)	
2022	\$	-	
Thereafter	\$	-	



**PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND  
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS  
FISCAL YEAR SEPTEMBER 30, 2018**

For the year ended September 30, 2018, the Sponsor will recognize a Pension Expense of \$2,642,833.

On September 30, 2018, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

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

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2018.

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

Year ended September 30:			
2019		\$	132,666
2020		\$	177,608
2021		\$	(168,794)
2022		\$	(124,056)
2023		\$	-
Thereafter		\$	-

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

Reporting Period Ending	09/30/2018	09/30/2017	09/30/2016
Measurement Date	09/30/2017	09/30/2016	09/30/2015
Total Pension Liability			
Service Cost	12,384	7,140	16,994
Interest	2,077,039	2,005,250	2,089,626
Changes of benefit terms	-	(349,443)	-
Differences between Expected and Actual Experience	566,726	79,615	82,293
Changes of assumptions	-	1,696,399	1,573,612
Benefit Payments, including Refunds of Employee Contributions	(1,915,362)	(3,620,803)	(1,616,182)
Net Change in Total Pension Liability	740,787	(181,842)	2,146,343
Total Pension Liability - Beginning	30,617,284	30,799,126	28,652,783
Total Pension Liability - Ending (a)	\$ 31,358,071	\$ 30,617,284	\$ 30,799,126
Plan Fiduciary Net Position			
Contributions - Employer	1,705,515	1,758,137	2,906,549
Contributions - State	-	-	-
Contributions - Employee	-	-	-
Net Investment Income	1,720,301	1,308,231	(507,354)
Benefit Payments, including Refunds of Employee Contributions	(1,915,362)	(3,620,803)	(1,616,182)
Administrative Expense	(66,030)	(35,696)	(47,913)
Net Change in Plan Fiduciary Net Position	1,444,424	(590,131)	735,100
Plan Fiduciary Net Position - Beginning	15,852,517	16,442,648	15,707,548
Plan Fiduciary Net Position - Ending (b)	\$ 17,296,941	\$ 15,852,517	\$ 16,442,648
Net Pension Liability - Ending (a) - (b)	\$ 14,061,130	\$ 14,764,767	\$ 14,356,478
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	55.16%	51.78%	53.39%
Covered Employee Payroll <sup>1</sup>	N/A	\$ 893,374	\$ 1,491,476
Net Pension Liability as a percentage of Covered Employee Payroll	N/A	1652.70%	962.57%

**Notes to Schedule:**

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

*Changes of benefit terms:*

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

*Changes of assumptions:*

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3.00% to 2.30%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

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

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

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

**Notes to Schedule:***Changes of assumptions:*

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

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

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

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

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

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

Amortization Method: Level Percentage of Pay, Closed.

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

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

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

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

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

Interest Rate: 7.0% per year, compounded annually, net of investment-related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

Salary Increases: None.

Early Retirement: None.

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

Payroll Growth: None.

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

Termination and Disability Rate Table:

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

FINAL COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2017

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

**PRELIMINARY COMPONENTS OF PENSION EXPENSE**  
**FISCAL YEAR SEPTEMBER 30, 2018**

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

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

Town of Longboat Key Firefighters' Retirement System

AMORTIZATION SCHEDULE - INVESTMENTS

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

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



Town of Longboat Key Firefighters' Retirement System

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

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

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2015	\$ 1,573,612	2	\$ 786,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 1,696,399	2	\$ 848,199	\$ 848,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 1,635,005	\$ 848,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Town of Longboat Key Firefighters' Retirement System

AMORTIZATION SCHEDULE - EXPERIENCE

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

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