

CITY OF VENICE
MUNICIPAL POLICE OFFICERS' PENSION TRUST FUND
ACTUARIAL VALUATION
AS OF OCTOBER 1, 2019
CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2021
GASB 67/68 DISCLOSURE INFORMATION
AS OF SEPTEMBER 30, 2019



November 7, 2019

Board of Trustees
City of Venice
Municipal Police Officers' Pension Trust Fund
c/o Amber McNeill
Resource Centers, LLC
4100 Center Pointe Drive, Suite 108
Fort Myers, FL 33916

Re: City of Venice Municipal Police Officers' Pension Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Venice Municipal Police Officers' Pension Trust Fund. Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. 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 Chapters 112 and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuations, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by the City of Venice, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the

information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2018. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2019 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 are familiar with the immediate and long-term aspects of pension valuations, and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

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

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

Respectfully submitted,

Foster & Foster, Inc.

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


Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #17-8546

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Venice Municipal Police Officers' Pension Trust Fund, performed as of October 1, 2019, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2021.

The contribution requirements, compared with those set forth in the October 25, 2019 actuarial impact statement (determined as of October 1, 2018), are as follows:

Valuation Date	10/1/2019	10/1/2018
Applicable to Fiscal Year Ending	<u>9/30/2021</u>	<u>9/30/2020</u>
Minimum Required Contribution	\$863,966	\$1,512,807
Member Contributions (Est.)	24,442	26,237
City And State Required Contribution	839,524	1,486,570
State Contribution (Est.) ¹	220,392	220,392
City Required Contribution	\$619,132	\$1,266,178

¹ Represents the amount received in calendar 2019. As per a Mutual Consent Agreement between the Membership and the City, all State Monies received each year will be available to offset the City's required contribution.

As you can see, the Minimum Required Contribution shows a decrease when compared to the results determined as of October 1, 2018. The decrease is mainly attributable to an amortization charge from 2009 being fully paid off, as well as favorable actuarial experience as described in the following paragraph.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. The primary source of actuarial gain was an investment return of 9.77% (Actuarial Asset Basis) which exceeded the 7.00% assumption. This gain was offset in part by a loss associated with unfavorable inactive mortality experience.

CHANGES SINCE PRIOR VALUATION

Plan Changes

Since the prior valuation, the definition of Salary was amended effective October 1, 2018 from base pay, excluding overtime, to what is reported on the member's W-2 form, excluding overtime. The impact of this change is detailed in our October 25, 2019 actuarial impact statement. Additionally, the sections on Disability, Maximum Pension, Miscellaneous Provisions, Deferred Retirement Option Plan, and Reemployment After Retirement were amended but had no impact on the funding requirements.

Actuarial Assumption/Method Changes

In conjunction with this valuation, we consolidated the Unfunded Actuarial Accrued Liability (UAAL) into a single base, amortized as a level dollar over 12 years (roughly the expected period until full payment of the UAAL is made in absence of consolidation). All future changes to the UAAL will be amortized as a level dollar over 15 years.

Additionally, the City provided us with pensionable accrued unused sick or annual leave by Officer with the census data for the October 25, 2019 actuarial impact statement, and we readjusted the final salary load based on this information, replacing our prior assumption.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Method <u>10/1/2019</u>	Old Method <u>10/1/2019</u>	<u>10/1/2018</u>
A. Participant Data			
Actives	5	5	5
Service Retirees	40	40	38
DROP Retirees	1	1	3
Beneficiaries	9	9	9
Disability Retirees	7	7	7
Terminated Vested	<u>31</u>	<u>31</u>	<u>32</u>
Total	93	93	94
Total Annual Payroll	\$402,645	\$402,645	\$410,846
Payroll Under Assumed Ret. Age	319,772	319,772	327,901
Annual Rate of Payments to:			
Service Retirees	2,391,032	2,391,032	2,255,189
DROP Retirees	97,557	97,557	241,571
Beneficiaries	346,012	346,012	346,012
Disability Retirees	239,407	239,407	239,407
Terminated Vested	575,224	575,224	575,224
B. Assets			
Actuarial Value (AVA) ¹	38,498,271	38,498,271	36,873,710
Market Value (MVA) ¹	37,905,895	37,905,895	38,966,127
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	2,784,518	2,784,518	2,648,934
Disability Benefits	79,721	79,721	90,784
Death Benefits	12,955	12,955	9,529
Vested Benefits	206,608	206,608	233,304
Refund of Contributions	0	0	0
Service Retirees	28,470,738	28,470,738	26,881,252
DROP Retirees ¹	2,145,755	2,145,755	4,498,522
Beneficiaries	3,254,344	3,254,344	3,325,287
Disability Retirees	2,761,077	2,761,077	2,785,342
Terminated Vested	4,500,353	4,500,353	4,196,437
Share Plan Balances ¹	<u>0</u>	<u>0</u>	<u>0</u>
Total	44,216,069	44,216,069	44,669,391

C. Liabilities - (Continued)	New Method <u>10/1/2019</u>	Old Method <u>10/1/2019</u>	<u>10/1/2018</u>
Present Value of Future Salaries	1,579,876	1,579,876	1,820,629
Present Value of Future Member Contributions	110,591	110,591	127,444
Normal Cost (Retirement)	48,467	48,467	48,014
Normal Cost (Disability)	10,513	10,513	10,132
Normal Cost (Death)	2,069	2,069	1,215
Normal Cost (Vesting)	21,827	21,827	20,972
Normal Cost (Refunds)	<u>0</u>	<u>0</u>	<u>0</u>
Total Normal Cost	82,876	82,876	80,333
Present Value of Future Normal Costs	322,848	322,848	369,451
Accrued Liability (Retirement)	2,598,386	2,598,386	2,429,202
Accrued Liability (Disability)	37,937	37,937	43,752
Accrued Liability (Death)	5,386	5,386	4,218
Accrued Liability (Vesting)	119,245	119,245	135,928
Accrued Liability (Refunds)	0	0	0
Accrued Liability (Inactives) ¹	41,132,267	41,132,267	41,686,840
Share Plan Balances ¹	<u>0</u>	<u>0</u>	<u>0</u>
Total Actuarial Accrued Liability (EAN AL)	43,893,221	43,893,221	44,299,940
Unfunded Actuarial Accrued Liability (UAAL)	5,394,950	5,394,950	7,426,230
Funded Ratio (AVA / EAN AL)	87.7%	87.7%	83.2%

D. Actuarial Present Value of Accrued Benefits	New Method <u>10/1/2019</u>	Old Method <u>10/1/2019</u>	<u>10/1/2018</u>
Vested Accrued Benefits			
Inactives + Share Plan Balances ¹	41,132,267	41,132,267	41,686,840
Actives	1,691,013	1,691,013	1,601,453
Member Contributions	<u>407,339</u>	<u>407,339</u>	<u>380,624</u>
Total	43,230,619	43,230,619	43,668,917
Non-vested Accrued Benefits	<u>0</u>	<u>0</u>	<u>0</u>
Total Present Value Accrued Benefits (PVAB)	43,230,619	43,230,619	43,668,917
Funded Ratio (MVA / PVAB)	87.7%	87.7%	89.2%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	0	0	
Plan Experience	0	182,210	
Benefits Paid	0	(3,552,978)	
Interest	0	2,932,470	
Other	<u>0</u>	<u>0</u>	
Total	0	(438,298)	

	New Method	Old Method	
Valuation Date	10/1/2019	10/1/2019	10/1/2018
Applicable to Fiscal Year Ending	<u>9/30/2021</u>	<u>9/30/2021</u>	<u>9/30/2020</u>

E. Pension Cost

Normal Cost ²	\$90,494	\$90,494	\$91,825
Administrative Expenses ²	80,319	80,319	79,685
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 12 years (as of 10/1/2019) ²	693,153	692,377	1,341,297
Minimum Required Contribution	863,966	863,190	1,512,807
Expected Member Contributions ²	24,442	24,442	26,237
Expected City and State Contribution	839,524	838,748	1,486,570

F. Past Contributions

Plan Years Ending:	<u>9/30/2019</u>
City and State Requirement	1,713,572
Actual Contributions Made:	
Members (excluding buyback)	26,716
City	1,498,868
State	<u>220,392</u>
Total	1,745,976

G. Net Actuarial (Gain)/Loss (912,395)

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2019 and 9/30/2018.

² Contributions developed as of 10/1/2019 displayed above have been adjusted to account for assumed salary increase and interest components.

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2019	5,394,950
2020	5,093,362
2021	4,770,662
2024	3,660,593
2026	2,784,997
2029	1,228,069
2031	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2019	2.60%	10.44% ¹
Year Ended 9/30/2018	2.88%	5.50%
Year Ended 9/30/2017	3.91%	6.10%
Year Ended 9/30/2016	4.02%	6.00%
Year Ended 9/30/2015	1.80%	6.42%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended 9/30/2019	2.18%	9.77%	7.00%
Year Ended 9/30/2018	13.13%	7.84%	7.00%
Year Ended 9/30/2017	13.34%	7.47%	7.00%
Year Ended 9/30/2016	10.80%	6.98%	7.00%
Year Ended 9/30/2015	-4.79%	8.73%	7.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2019	\$319,772
	10/1/2009	3,109,302
(b) Total Increase		-89.72%
(c) Number of Years		10.00
(d) Average Annual Rate		-20.34%

¹ Please note that this assumed increase represents the regular expected salary increase plus the additional impact of the salary definition change.

STATEMENT BY ENROLLED ACTUARY

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



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

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

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

Mr. Steve Bardin
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

PRIOR TO CONSOLIDATION

(1) Unfunded Actuarial Accrued Liability as of October 1, 2018	\$7,426,230
(2) Sponsor Normal Cost developed as of October 1, 2018	57,380
(3) Expected administrative expenses for the year ended September 30, 2019	69,712
(4) Expected interest on (1), (2) and (3)	526,293
(5) Sponsor contributions to the System during the year ended September 30, 2019	1,719,260
(6) Expected interest on (5)	53,010
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2019 (1)+(2)+(3)+(4)-(5)-(6)	6,307,345
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	(912,395)
(10) Unfunded Actuarial Accrued Liability as of October 1, 2019	5,394,950

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2019 Amount</u>	<u>Amortization Amount</u>
	10/1/1991	2	93,345	48,251
	10/1/1993	4	189,091	52,173
	10/1/1998	9	126,493	18,145
	10/1/1999	10	180,979	24,082
	10/1/2000	11	169,568	21,134
	10/1/2001	12	445,470	52,416
method	10/1/2002	13	999,922	111,815
loss	10/1/2002	9	841,406	120,696
gain	10/1/2003	9	(180,749)	(25,928)
loss	10/1/2004	9	1,462,159	209,740
gain	10/1/2005	9	(674,688)	(96,781)
benefit	10/1/2006	17	468,523	44,849
loss	10/1/2006	9	209,076	29,991
gain	10/1/2007	9	(1,149,143)	(164,839)
method	10/1/2008	9	(28,641)	(4,108)
loss	10/1/2010	1	123,935	123,935
assum	10/1/2010	11	182,848	22,789
loss	10/1/2011	2	240,032	124,075
assum	10/1/2011	12	(345,065)	(40,602)

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2019 <u>Amount</u>	Amortization <u>Amount</u>
gain	10/1/2012	3	(64,689)	(23,037)
benefit	10/1/2012	23	(40,850)	(3,387)
gain	10/1/2013	4	(237,923)	(65,646)
benefit	10/1/2013	24	(1,029,081)	(83,855)
gain	10/1/2014	5	(574,116)	(130,861)
benefit	10/1/2014	25	60,320	4,837
assum	10/1/2014	15	2,316,975	237,749
gain	10/1/2015	6	(1,094,106)	(214,522)
assum	10/1/2016	17	1,168,436	111,848
loss	10/1/2016	7	310,067	53,770
benefit	10/1/2017	18	2,232,595	207,428
loss	10/1/2017	8	225,193	35,245
gain	10/1/2018	9	(349,887)	(50,190)
benefit	10/1/2018	9	29,850	4,282
gain	10/1/2019	10	<u>(912,395)</u>	<u>(121,406)</u>
			5,394,950	634,088

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

CONSOLIDATED PAYMENTS

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2018	\$7,426,230
(2)	Sponsor Normal Cost developed as of October 1, 2018	57,380
(3)	Expected administrative expenses for the year ended September 30, 2019	69,712
(4)	Expected interest on (1), (2) and (3)	526,293
(5)	Sponsor contributions to the System during the year ended September 30, 2019	1,719,260
(6)	Expected interest on (5)	53,010
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2019 (1)+(2)+(3)+(4)-(5)-(6)	6,307,345
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(912,395)
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2019	5,394,950

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2019 Amount</u>	<u>Amortization Amount</u>
Consolidation	10/1/2019	12	5,394,950	634,799

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2018	\$7,426,230
(2) Expected UAAL as of October 1, 2019	6,307,345
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(994,865)
Salary Increases	(116,691)
Active Decrements	(6,348)
Inactive Mortality	238,908
Other	<u>(33,399)</u>
Increase in UAAL due to (Gain)/Loss	(912,395)
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2019	\$5,394,950

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

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

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

Healthy Inactive Lives:

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

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

Disabled Lives:

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

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

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2018 FRS valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

75% of active deaths are assumed to be service-incurred.

Interest Rate

7.00% per year 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. Additionally, the 7.0% assumption was mandated by the Florida Division of Retirement's Reviewing Actuary in conjunction with the Plan's closure to new entrants beginning October 1, 2014.

Salary Increases

10.0% for Members with less than 10 years of service, and 5.5% with 10 or more years of service. These rates were adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.

Additionally, projected salary at retirement is increased individually for each Officer for a lump sum payment in the year of termination, based on census data provided by the City (previously, the salary loads were averages).

Payroll Growth

0.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This is most appropriate for a closed plan.

Administrative Expenses

\$73,557 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Retirement Age

Earlier of age 52 and 10 years of service or 25 years of service regardless of age. Also, any member who has reached Normal Retirement Age is assumed to retire at a rate of 25% for the first three years upon attaining first eligibility, and a rate of 100% thereafter. These rates were adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.

Early Retirement

Commencing at the member's eligibility for Early Retirement (20 years of Credited Service), members are assumed to retire with an immediate, subsidized benefit at the rate of 10% per year. This assumption was adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.

Termination Rates

<u>% Terminating During the Year</u>	
<u>Age</u>	<u>Rate</u>
20	15.0%
25	11.5%
30	11.0%
35	8.0%
40	7.0%
45	5.0%
50	3.5%
55	3.5%
60	3.5%

These rates were adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.

Disability Rates

% Becoming Disabled During the Year	
Age	Rate
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%
55	1.55%
60	2.09%
65	2.09%

It is assumed that 75% of disablements that occur are service-related. These assumptions are consistent with those utilized by other Florida municipal special risk retirement programs.

Inflation Rate

2.50% per year. This assumption is reasonable, based on long-term experience and input from the plan's investment consultant.

Asset Smoothing Methodology

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

Funding Method

Entry Age Normal Actuarial Cost Method. The following loads are applied for determination of the Sponsor dollar funding requirement:

Interest – A half year, based on the current 7.00% assumption.

Salary – A full year, based on the current 5.50% assumption.

Amortization Method

The total UAAL as of October 1, 2019 is amortized over a 12-year period. UAAL amortization bases established on and after October 1, 2020 will be amortized over 15 years.

GLOSSARY

Total Annual Payroll is the projected annual rate of base pay for the valuation year of all covered Members.

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

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

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

- (a) The normal cost accrual rate equals:
 - (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by
 - (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.
- (b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.
- (c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.
- (d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

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

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

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.
- Contribution Risk: Risks associated with the items outlined above will inherently create varying liabilities and assets resulting in volatility in contributions. Actuarial losses on assets and liabilities will lead to higher contribution amounts, while actuarial gains on assets and liabilities will lead to lower contribution amounts.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled “Plan Maturity Measures and Other Risk Metrics”. Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 8.2% on October 1, 2016 to 5.8% on October 1, 2019, indicating that the plan is very mature and will continue to mature as the remaining actives retire.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 93.7%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 83.4% on October 1, 2016 to 87.7% on October 1, 2019, due to net favorable experience realized by the plan and additional payments made by the City to help improve the funded status.
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, decreased from -1.5% on October 1, 2016 to -5.0% on October 1, 2019. The current Net Cash Flow Ratio of -5.0% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses. This is expected as a plan matures. Ultimately, the goal is to have sufficient assets to pay all of the benefits due to the Members.

It is important to note that the actuary has identified the risks in this section as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>10/1/2016</u>	<u>10/1/2017</u>	<u>10/1/2018</u>	<u>10/1/2019</u>
<u>Support Ratio</u>				
Total Actives	7	6	5	5
Total Inactives ¹	85	86	86	86
Actives / Inactives ¹	8.2%	7.0%	5.8%	5.8%
<u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	32,717,933	36,180,611	38,966,127	37,905,895
Total Annual Payroll	579,764	472,781	410,846	402,645
MVA / Total Annual Payroll	5643.3%	7652.7%	9484.4%	9414.2%
<u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	37,247,630	41,581,814	41,686,840	41,132,267
Total Accrued Liability (EAN)	41,168,316	44,633,285	44,299,940	43,893,221
Inactive AL / Total AL	90.5%	93.2%	94.1%	93.7%
<u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	34,315,990	36,007,624	36,873,710	38,498,271
Total Accrued Liability (EAN)	41,168,316	44,633,285	44,299,940	43,893,221
AVA / Total Accrued Liability (EAN)	83.4%	80.7%	83.2%	87.7%
<u>Net Cash Flow Ratio</u>				
Net Cash Flow ²	(478,887)	(840,461)	(1,884,432)	(1,884,403)
Market Value of Assets (MVA)	32,717,933	36,180,611	38,966,127	37,905,895
Ratio	-1.5%	-2.3%	-4.8%	-5.0%

¹ Excludes terminated participants awaiting a refund of member contributions.

² Determined as total contributions minus benefit payments and administrative expenses.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	149,125.30	_____%
1999	150,211.03	0.7%
2000	145,710.81	-3.0%
2001	152,605.61	4.7%
2002	169,449.57	11.0%
2003	195,076.84	15.1%
2004	199,191.27	2.1%
2005	205,363.65	3.1%
2006	219,537.20	6.9%
2007	220,584.55	0.5%
2008	205,363.65	-6.9%
2009	208,681.06	1.6%
2010	186,897.62	-10.4%
2011	185,320.86	-0.8%
2012	175,757.64	-5.2%
2013	175,165.97	-0.3%
2014	178,616.68	2.0%
2015	189,276.27	6.0%
2016	207,730.71	9.8%
2017	214,703.94	3.4%
2018	231,095.59	7.6%
2019	220,392.09	-4.6%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	1,235,399.85	1,235,399.85
Cash	888.13	888.13
Total Cash and Equivalents	1,236,287.98	1,236,287.98
Receivables:		
Member Contributions in Transit	1,287.29	1,287.29
Investment Income	63,141.77	63,141.77
Total Receivable	64,429.06	64,429.06
Investments:		
U. S. Bonds and Bills	2,840,424.91	3,079,129.70
Federal Agency Guaranteed Securities	244,398.21	239,161.65
Corporate Bonds	4,874,319.90	4,916,898.43
Stocks	18,616,241.47	20,876,212.52
Mutual Funds:		
Equity	3,257,966.32	3,753,471.85
Pooled/Common/Commingled Funds:		
Real Estate	3,500,000.00	3,740,303.72
Total Investments	33,333,350.81	36,605,177.87
Total Assets	34,634,067.85	37,905,894.91
<u>LIABILITIES</u>		
Total Liabilities	0.00	0.00
NET POSITION RESTRICTED FOR PENSIONS	34,634,067.85	37,905,894.91

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019
Market Value Basis

ADDITIONS

Contributions:

Member	26,715.60
City	1,498,868.02
State	220,392.09

Total Contributions 1,745,975.71

Investment Income:

Net Realized Gain (Loss)	1,983,282.36
Unrealized Gain (Loss)	(1,769,346.90)
Net Increase in Fair Value of Investments	213,935.46
Interest & Dividends	875,089.88
Less Investment Expense ¹	(264,854.00)

Net Investment Income 824,171.34

Total Additions 2,570,147.05

DEDUCTIONS

Distributions to Members:

Benefit Payments	2,874,259.32
Lump Sum DROP Distributions	674,391.56
Refunds of Member Contributions	4,327.45

Total Distributions 3,552,978.33

Administrative Expense 77,400.72

Total Deductions 3,630,379.05

Net Increase in Net Position (1,060,232.00)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 38,966,126.91

End of the Year 37,905,894.91

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

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2019

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

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return ¹	
09/30/2016	10.80%	
09/30/2017	13.34%	
09/30/2018	13.13%	
09/30/2019	2.18%	
Annualized Rate of Return for prior four (4) years:		9.77%
(A) 10/01/2018 Actuarial Assets:		\$36,873,709.54
(I) Net Investment Income:		
1. Interest and Dividends	875,089.88	
2. Realized Gains (Losses)	1,983,282.36	
3. Unrealized Gains (Losses)	(1,769,346.90)	
4. Change in Actuarial Value	2,684,793.03	
5. Investment Related Expenses	(264,854.00)	
Total		3,508,964.37
(B) 10/01/2019 Actuarial Assets:		\$38,498,270.57
Actuarial Asset Rate of Return = 2I/(A+B-I):		9.77%
10/01/2019 Limited Actuarial Assets:		\$38,498,270.57
10/01/2019 Market Value of Assets:		\$37,905,894.91
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$994,865.03

¹Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2019
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	26,715.60	
City	1,498,868.02	
State	220,392.09	
Total Contributions		1,745,975.71
Earnings from Investments:		
Interest & Dividends	875,089.88	
Net Realized Gain (Loss)	1,983,282.36	
Unrealized Gain (Loss)	(1,769,346.90)	
Change in Actuarial Value	2,684,793.03	
Total Earnings and Investment Gains		3,773,818.37
EXPENDITURES		
Distributions to Members:		
Benefit Payments	2,874,259.32	
Lump Sum DROP Distributions	674,391.56	
Refunds of Member Contributions	4,327.45	
Total Distributions		3,552,978.33
Expenses:		
Investment related ¹	264,854.00	
Administrative	77,400.72	
Total Expenses		342,254.72
Change in Net Assets for the Year		1,624,561.03
Net Assets Beginning of the Year		36,873,709.54
Net Assets End of the Year ²		38,498,270.57

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

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2018 to September 30, 2019

Beginning of the Year Balance	1,213,203.83
Plus Additions	203,025.00
Investment Return Earned	49,515.33
Less Distributions	(674,391.56)
End of the Year Balance	791,352.60

STATISTICAL DATA

	<u>10/1/2016</u>	<u>10/1/2017</u>	<u>10/1/2018</u>	<u>10/1/2019</u>
<u>Actives</u>				
Number	7	6	5	5
Average Current Age	45.5	45.8	45.4	46.4
Average Age at Employment	28.5	29.1	28.0	28.0
Average Past Service	17.0	16.7	17.4	18.4
Average Annual Salary	\$82,823	\$78,797	\$82,169	\$80,529
<u>Service Retirees</u>				
Number	35	35	38	40
Average Current Age	62.9	63.9	63.7	64.2
Average Annual Benefit	\$53,817	\$58,308	\$59,347	\$59,776
<u>DROP Retirees</u>				
Number	5	6	3	1
Average Current Age	52.9	53.4	53.2	52.8
Average Annual Benefit	\$66,132	\$73,060	\$80,524	\$97,557
<u>Beneficiaries</u>				
Number	9	9	9	9
Average Current Age	72.4	73.4	72.9	73.9
Average Annual Benefit	\$33,749	\$37,062	\$38,446	\$38,446
<u>Disability Retirees</u>				
Number	7	7	7	7
Average Current Age	53.0	54.0	55.0	56.0
Average Annual Benefit	\$30,430	\$34,202	\$34,201	\$34,201
<u>Terminated Vested</u>				
Number	32	32	32	31
Average Current Age ¹	36.8	37.8	38.8	39.8
Average Annual Benefit ¹	\$19,835	\$19,835	\$19,835	\$19,835

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

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

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

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2018	5
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	0
iii. Refund of member contributions or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>0</u>
g. Continuing participants	5
h. New entrants	<u>0</u>
i. Total active life participants in valuation	5

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

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested (Deferred Annuity) <u>Refund</u>	Vested (Due Refund) <u>Refund</u>	<u>Total</u>
a. Number prior valuation	38	3	9	7	29	3	89
Retired	2	(2)	0	0	0	0	0
DROP	0	0	0	0	0	0	0
Vested (Deferred Annuity)	0	0	0	0	0	0	0
Vested (Due Refund)	0	0	0	0	0	0	0
Hired/Terminated in Same Year	0	0	0	0	0	0	0
Death, With Survivor	0	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0	0
Disabled	0	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	(1)	(1)
Rehires	0	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0	0
b. Number current valuation	40	1	9	7	29	2	88

SUMMARY OF CURRENT PLAN

<u>Eligibility</u>	Full-time, sworn police officers shall participate in the System as a condition of employment. Officers hired after September 30, 2014 shall participate in the Florida Retirement System. Members active on September 30, 2014 had the option of participating prospectively in the Florida Retirement System.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City as a police officer.
<u>Salary</u>	<p>Salary will include the lesser of the amount of sick or annual leave time accrued on July 1, 2011 or the actual amount of sick or annual leave time for which the retiree receives payment at the time of retirement, regardless of whether the amount of sick or annual leave was, at some time prior to retirement, reduced below the amount on the effective date.</p> <p>Notwithstanding the foregoing, effective October 1, 2014 through September 30, 2018 for members who are employed, have not reached normal retirement eligibility on that date and elect to continue participating in this system, salary shall mean base pay, excluding overtime and all other compensation; provided, the foregoing provisions regarding the inclusion of unused sick or annual leave time in the salary of members employed prior to the effective date shall continue to apply. Effective October 1, 2018, salary shall mean total monthly compensation for services rendered to the city as a police officer reported on the member's W-2 form, excluding overtime, but including all tax-deferred, tax-sheltered or tax exempt items of income derived from elective employee payroll deductions or salary reductions, and amounts picked up by the city pursuant to section 414(h) of the code.</p>
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding termination.
<u>Member Contributions</u>	7.00% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years. In no event will City contributions be less than 12% of the total Salary of the members.

Normal Retirement

Date Earlier of age 52 and 10 years of Credited Service, or 25 years of Credited Service.

Benefit_ 3.50% of Average Final Compensation times Credited Service through September 30, 2014, plus 2.75% of Average Final Compensation times Credited Service on and after October 1, 2014, plus a \$175 monthly supplement.

Members eligible for Normal Retirement as of October 1, 2014 will continue to accrue benefits under Plan provisions in effect prior to Ordinance No. 2014-23.

Form of Benefit Ten Year Certain and Life Annuity (options available).

Early Retirement

Eligibility 20 years of Credited Service, regardless of age. There is no Early Retirement option for Members with less than 10 years of Credited Service as of October 1, 2014.

Benefit Accrued benefit, reduced 2% per year preceding Normal Retirement Date.

Vesting

Members are 100% vested in benefits accrued prior to October 1, 2014.

Disability

Eligibility Total and Permanent as determined by the Board.

Service Incurred Covered from Date of Employment.

Non-Service Incurred 5 years of Credited Service.

Benefit 62.5% (Service Incurred), or 50% (Non-Service Incurred) of Salary (base hourly pay, plus shift differential plus incentive pay) at time of disability plus \$175 per month. Paid as a 100% Joint and Survivor Annuity.

Death Benefits

Pre-Retirement

Service Incurred Covered from Date of Employment. 62.5% of earnings paid to spouse until death, or, if no spouse, in equal shares to dependent children.

Non-Service Incurred	Eligible after 5 years of Credited Service. 50% of earnings paid to spouse until death or remarriage, or, if no spouse, in equal shares to dependent children.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.
<u>Board of Trustees</u>	<ul style="list-style-type: none"> a) Two Council appointees, b) Two Members of the Department elected by the membership, and c) Fifth Member elected by other 4 and appointed by Council.
<u>Deferred Retirement Option Plan</u>	
Eligibility	Satisfaction of Normal Retirement requirements (earlier of 1) Age 50 and 10 years of Credited Service, or 2) 25 years of Credited Service.)
Participation	Not to exceed 60 months
Rate of Return	<p>At member's election:</p> <ul style="list-style-type: none"> a) an effective annual rate of 6.5%, or b) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.
Form of Distribution	Cash lump sum (options available) at termination of employment.
<u>Chapter 185 Share Account</u>	Pursuant to Chapter 2015-39, Laws of Florida, a share plan exists but is currently not funded as the City and Membership mutually consented to allow the City to use all annual State Monies to offset its funding requirements.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	1,235,400
Cash	888
Total Cash and Equivalents	1,236,288
Receivables:	
Member Contributions in Transit	1,287
Investment Income	63,142
Total Receivable	64,429
Investments:	
U. S. Bonds and Bills	3,079,130
Federal Agency Guaranteed Securities	239,162
Corporate Bonds	4,916,898
Stocks	20,876,212
Mutual Funds:	
Equity	3,753,472
Pooled/Common/Commingled Funds:	
Real Estate	3,740,304
Total Investments	36,605,178
Total Assets	37,905,895
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	37,905,895

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019
Market Value Basis

ADDITIONS

Contributions:

Member	26,716	
City	1,498,868	
State	220,392	
 Total Contributions		 1,745,976
 Investment Income:		
Net Increase in Fair Value of Investments	213,935	
Interest & Dividends	875,090	
Less Investment Expense ¹	(264,854)	
 Net Investment Income		 824,171
 Total Additions		 2,570,147

DEDUCTIONS

Distributions to Members:

Benefit Payments	2,874,259	
Lump Sum DROP Distributions	674,392	
Refunds of Member Contributions	4,327	
 Total Distributions		 3,552,978
 Administrative Expense		 77,401
 Total Deductions		 3,630,379
 Net Increase in Net Position		 (1,060,232)
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		38,966,127
 End of the Year		 37,905,895

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

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2019)

Plan Administration

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

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

Full-time, sworn police officers shall participate in the System as a condition of employment. Officers hired after September 30, 2014 shall participate in the Florida Retirement System. Members active on September 30, 2014 have the option of participating prospectively in the Florida Retirement System.

Plan Membership as of October 1, 2018:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	57
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	32
Active Plan Members	5
	94
	94

Benefits Provided

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

A summary of the benefit provisions can be found in the October 1, 2018 Actuarial Valuation Report for the City of Venice Municipal Police Officers' Pension Trust Fund prepared by Foster & Foster Actuaries and Consultants.

Contributions

Member Contributions: 7.00% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years. In no event will City contributions be less than 12% of the total Salary of the Members.

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2019:

Asset Class	Target Allocation
Domestic Equity	50.0%
International Equity	15.0%
Broad Market Fixed Income	25.0%
Real Estate	10.0%
Total	100.0%

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, 2019, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 2.18 percent.

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

GASB 67

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements (earlier of 1) Age 50 and 10 years of Credited Service, or 2) 25 years of Credited Service.)

Participation: Not to exceed 60 months.

Rate of Return: At member's election:

a) an effective annual rate of 6.5%, or

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

The DROP balance as September 30, 2019 is \$791,353.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2019 were as follows:

Total Pension Liability	\$ 43,667,030
Plan Fiduciary Net Position	\$ (37,905,895)
Sponsor's Net Pension Liability	\$ 5,761,135
Plan Fiduciary Net Position as a percentage of Total Pension Liability	86.81%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2018 updated to September 30, 2019 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	5.50% - 10.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Healthy Inactive Lives:

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

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated December 9, 2011.

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 2019 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, 2019 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%
Real Estate	4.50%

GASB 67

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	\$ 10,517,962	\$ 5,761,135	\$ 1,798,471

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

	09/30/2019	09/30/2018	09/30/2017
Total Pension Liability			
Service Cost	98,766	160,319	196,691
Interest	2,981,724	2,974,942	2,766,512
Changes of benefit terms	-	2,467,573	-
Differences between Expected and Actual Experience	(134,263)	495,274	486,909
Changes of assumptions	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(3,552,978)	(3,391,201)	(2,416,303)
Net Change in Total Pension Liability	(606,751)	2,706,907	1,033,809
Total Pension Liability - Beginning	44,273,781	41,566,874	40,533,065
Total Pension Liability - Ending (a)	<u>\$ 43,667,030</u>	<u>\$ 44,273,781</u>	<u>\$ 41,566,874</u>
Plan Fiduciary Net Position			
Contributions - Employer	1,498,868	1,316,647	1,337,865
Contributions - State	220,392	231,096	214,704
Contributions - Employee	26,716	28,738	35,922
Contributions - Buy Back	-	-	-
Net Investment Income	824,171	4,669,948	4,303,140
Benefit Payments, including Refunds of Employee Contributions	(3,552,978)	(3,391,201)	(2,416,303)
Administrative Expense	(77,401)	(69,712)	(60,469)
Net Change in Plan Fiduciary Net Position	(1,060,232)	2,785,516	3,414,859
Plan Fiduciary Net Position - Beginning	38,966,127	36,180,611	32,765,752
Plan Fiduciary Net Position - Ending (b)	<u>\$ 37,905,895</u>	<u>\$ 38,966,127</u>	<u>\$ 36,180,611</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,761,135</u>	<u>\$ 5,307,654</u>	<u>\$ 5,386,263</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	86.81%	88.01%	87.04%
Covered Payroll	\$ 381,654	\$ 410,497	\$ 513,171
Net Pension Liability as a percentage of Covered Payroll	1509.52%	1292.98%	1049.60%

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Total Pension Liability			
Service Cost	203,840	597,047	560,060
Interest	2,751,065	2,850,130	2,760,145
Changes of benefit terms	-	174,206	(1,837,786)
Differences between Expected and Actual Experience	(1,512,423)	(638,090)	-
Changes of assumptions	1,343,437	3,277,827	-
Contributions - Buy Back	-	-	17,465
Benefit Payments, including Refunds of Employee Contributions	(2,699,899)	(2,240,847)	(2,578,773)
Net Change in Total Pension Liability	86,020	4,020,273	(1,078,889)
Total Pension Liability - Beginning	40,447,045	36,426,772	37,505,661
Total Pension Liability - Ending (a)	<u>\$ 40,533,065</u>	<u>\$ 40,447,045</u>	<u>\$ 36,426,772</u>
Plan Fiduciary Net Position			
Contributions - Employer	2,108,231	1,753,275	1,651,993
Contributions - State	207,731	189,276	178,617
Contributions - Employee	38,297	40,508	205,801
Contributions - Buy Back	-	-	17,465
Net Investment Income	3,176,622	(1,481,414)	3,307,423
Benefit Payments, including Refunds of Employee Contributions	(2,699,899)	(2,240,847)	(2,578,773)
Administrative Expense	(85,428)	(73,554)	(62,991)
Net Change in Plan Fiduciary Net Position	2,745,554	(1,812,756)	2,719,535
Plan Fiduciary Net Position - Beginning	30,020,198	31,832,954	29,113,419
Plan Fiduciary Net Position - Ending (b)	<u>\$ 32,765,752</u>	<u>\$ 30,020,198</u>	<u>\$ 31,832,954</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,767,313</u>	<u>\$ 10,426,846</u>	<u>\$ 4,593,818</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	80.84%	74.22%	87.39%
Covered Payroll	\$ 547,100	N/A	\$ 2,838,631
Net Pension Liability as a percentage of Covered Payroll	1419.72%	N/A	161.83%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios

Changes of benefit terms:

For measurement date, 09/30/2018, amounts reported as changes of benefit terms resulted from the following:
Effective October 1, 2017, the monthly benefit currently being received by every retiree who has been receiving benefit payments for at least one year as of October 1, 2017, including service and disability retirees and DROP participants, their joint pensioners or beneficiaries, shall be increased by one percent for each full year of retirement, up to a maximum increase of ten percent. Eligible retirees must have been retired for at least one full year as of October 1, 2017. This is a one-time increase in benefits and does not include vested terminated persons.

For measurement date 09/30/2015, amounts reported as changes of benefit terms were resulted from the Ordinance 2015-17, adopted and effective June 23, 2015, amended the definition of Salary, in addition to providing 100% vesting in benefits accrued prior to October 1, 2014.

For measurement date 09/30/2014, amounts reported as changes of benefit terms were resulted from the March 6, 2015 Actuarial Impact Statement.

Changes of assumptions:

For measurement date 09/30/2016, amounts reported as changes of assumptions were resulted from the new mortality assumption under Chapter 2015-157, Florida Statutes.

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

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from:

- The net-of-fees investment return assumption was lowered from 7.9% to 7.0%.
- The Final Salary Load assumption was increased from 0% to the below table, based on census data provided by the City:
Service as of 10/1/2012 Final Salary Load
10 or more years 20.0%
More than 1, less than 10 years 10.0%
Less than 1 year 0.0%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2019	\$ 1,713,572	\$ 1,719,260	\$ (5,688)	\$ 381,654	450.48%
09/30/2018	\$ 1,524,378	\$ 1,547,743	\$ (23,365)	\$ 410,497	377.04%
09/30/2017	\$ 1,527,141	\$ 1,552,569	\$ (25,428)	\$ 513,171	302.54%
09/30/2016	\$ 2,268,143	\$ 2,315,962	\$ (47,819)	\$ 547,100	423.32%
09/30/2015	\$ 1,942,551	\$ 1,942,551	\$ -	\$ 761,681	255.03%
09/30/2014	\$ 1,818,711	\$ 1,830,610	\$ (11,899)	\$ 2,838,631	64.49%

Notes to Schedule

Valuation Date: 10/01/2017 (AIS 06/07/2018)
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:

Mortality Rate: *Healthy Active Lives:*
Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.
Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB.

Healthy Inactive Lives:
Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

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

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the 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 special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

Termination Rates: See table on following page (1304). These rates were adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.

Disability Rates: See table on following page (1205). It is assumed that 75% of disablements and active deaths that occur are service-related. These assumptions are consistent with those utilized by other Florida municipal special risk retirement programs.

Retirement Age: Earlier of age 52 and 10 years of service or 25 years of service regardless of age. Also, any member who has reached Normal Retirement Age is assumed to retire at a rate of 25% for the first three years upon attaining first eligibility, and a rate of 100% thereafter. These rates were adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.

Early Retirement: Commencing at the member’s eligibility for Early Retirement (20 years of Credited Service), members are assumed to retire with an immediate, subsidized benefit at the rate of 10% per year. This assumption was adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.

Interest Rate: 7.0%, compounded annually, net of investment related expenses. This assumption is consistent with the Plan’s investment policy and long-term expected returns by asset class. Additionally, the 7.0% assumption was mandated by the Florida Division of Retirement’s Reviewing Actuary in conjunction with the Plan’s closure to new entrants beginning October 1, 2014.

Inflation Rate: 2.50% per year. This assumption is reasonable, based on long-term experience.

Payroll Growth: None.

Salary Increases: 10.0% for Members with less than 10 years of service, and 5.5% with 10 or more years of service. These rates were adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010. Additionally, projected salary at retirement is increased according to the below table for lump sum payments in the year of termination. These rates are averages, based on census data provided by the City.

Service as of 10/01/2012	Final Salary Load
10 or more years	20.0%
More than 1, less than 10 years	10.0%
Less than 1 year	0.0%

Asset Smoothing Methodology: 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.

Funding Method: Entry Age Normal Actuarial Cost Method. The following loads are applied for determination of the Sponsor dollar funding requirement:
 Interest – A half year, based on the current 7.00% assumption.
 Salary – A full year, based on the current 5.50% assumption.

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	15.0%	0.14%
30	11.0%	0.18%
40	7.0%	0.30%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2019	2.18%
09/30/2018	13.13%
09/30/2017	13.34%
09/30/2016	10.80%
09/30/2015	-4.79%
09/30/2014	11.57%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2019)

General Information about the Pension Plan

Plan Description

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

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

Full-time, sworn police officers shall participate in the System as a condition of employment. Officers hired after September 30, 2014 shall participate in the Florida Retirement System. Members active on September 30, 2014 have the option of participating prospectively in the Florida Retirement System.

Plan Membership as of October 1, 2018:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	57
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	32
Active Plan Members	5
	94
	94

Benefits Provided

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

A summary of the benefit provisions can be found in the October 1, 2018 Actuarial Valuation Report for the City of Venice Municipal Police Officers' Pension Trust Fund prepared by Foster & Foster Actuaries and Consultants.

Contributions

Member Contributions: 7.00% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years. In no event will City contributions be less than 12% of the total Salary of the Members.

Net Pension Liability

The measurement date is September 30, 2019.

The measurement period for the pension expense was October 1, 2018 to September 30, 2019.

The reporting period is October 1, 2018 through September 30, 2019.

The Sponsor's Net Pension Liability was measured as of September 30, 2019.

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, 2018 updated to September 30, 2019 using the following actuarial assumptions:

Inflation		2.50%
Salary Increases	5.50% - 10.00%	
Discount Rate		7.00%
Investment Rate of Return		7.00%

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Healthy Inactive Lives:

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

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated December 9, 2011.

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 2019 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50.0%	7.50%
International Equity	15.0%	8.50%
Broad Market Fixed Income	25.0%	2.50%
Real Estate	10.0%	4.50%
Total	100.0%	

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)
Balances at September 30, 2018	\$ 44,273,781	\$ 38,966,127	\$ 5,307,654
Changes for a Year:			
Service Cost	98,766	-	98,766
Interest	2,981,724	-	2,981,724
Differences between Expected and Actual Experience	(134,263)	-	(134,263)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	1,498,868	(1,498,868)
Contributions - State	-	220,392	(220,392)
Contributions - Employee	-	26,716	(26,716)
Net Investment Income	-	824,171	(824,171)
Benefit Payments, including Refunds of Employee Contributions	(3,552,978)	(3,552,978)	-
Administrative Expense	-	(77,401)	77,401
Net Changes	(606,751)	(1,060,232)	453,481
Balances at September 30, 2019	\$ 43,667,030	\$ 37,905,895	\$ 5,761,135

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	\$ 10,517,962	\$ 5,761,135	\$ 1,798,471

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
FISCAL YEAR SEPTEMBER 30, 2019

For the year ended September 30, 2019, the Sponsor will recognize a Pension Expense of \$432,527.

On September 30, 2019, 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	-	886,261
Total	\$ -	\$ 886,261

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:	
2020	\$ (699,335)
2021	\$ (481,276)
2022	\$ (73,151)
2023	\$ 367,501
2024	\$ -
Thereafter	\$ -

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

Measurement Date ¹	09/30/2019	09/30/2018	09/30/2017
Total Pension Liability			
Service Cost	98,766	160,319	196,691
Interest	2,981,724	2,974,942	2,766,512
Changes of benefit terms	-	2,467,573	-
Differences between Expected and Actual Experience	(134,263)	495,274	486,909
Changes of assumptions	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(3,552,978)	(3,391,201)	(2,416,303)
Net Change in Total Pension Liability	(606,751)	2,706,907	1,033,809
Total Pension Liability - Beginning	44,273,781	41,566,874	40,533,065
Total Pension Liability - Ending (a)	<u>\$ 43,667,030</u>	<u>\$ 44,273,781</u>	<u>\$ 41,566,874</u>
Plan Fiduciary Net Position			
Contributions - Employer	1,498,868	1,316,647	1,337,865
Contributions - State	220,392	231,096	214,704
Contributions - Employee	26,716	28,738	35,922
Contributions - Buy Back	-	-	-
Net Investment Income	824,171	4,669,948	4,303,140
Benefit Payments, including Refunds of Employee Contributions	(3,552,978)	(3,391,201)	(2,416,303)
Administrative Expense	(77,401)	(69,712)	(60,469)
Net Change in Plan Fiduciary Net Position	(1,060,232)	2,785,516	3,414,859
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Plan Fiduciary Net Position - Ending (b)	<u>\$ 37,905,895</u>	<u>\$ 38,966,127</u>	<u>\$ 36,180,611</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,761,135</u>	<u>\$ 5,307,654</u>	<u>\$ 5,386,263</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	86.81%	88.01%	87.04%
Covered Payroll	\$ 381,654	\$ 410,497	\$ 513,171
Net Pension Liability as a percentage of Covered Payroll	1509.52%	1292.98%	1049.60%

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

Measurement Date	09/30/2016	09/30/2015	09/30/2014
Total Pension Liability			
Service Cost	203,840	597,047	560,060
Interest	2,751,065	2,850,130	2,760,145
Changes of benefit terms	-	174,206	(1,837,786)
Differences between Expected and Actual Experience	(1,512,423)	(638,090)	-
Changes of assumptions	1,343,437	3,277,827	-
Contributions - Buy Back	-	-	17,465
Benefit Payments, including Refunds of Employee Contributions	(2,699,899)	(2,240,847)	(2,578,773)
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 Plan Fiduciary Net Position as a percentage of the Total Pension Liability	80.84%	74.22%	87.39%
 Covered Payroll	\$ 547,100	N/A	\$ 2,838,631
Net Pension Liability as a percentage of Covered Payroll	1419.72%	N/A	161.83%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios

Changes of benefit terms:

For measurement date, 09/30/2018, amounts reported as changes of benefit terms resulted from the following:
 Effective October 1, 2017, the monthly benefit currently being received by every retiree who has been receiving benefit payments for at least one year as of October 1, 2017, including service and disability retirees and DROP participants, their joint pensioners or beneficiaries, shall be increased by one percent for each full year of retirement, up to a maximum increase of ten percent. Eligible retirees must have been retired for at least one full year as of October 1, 2017. This is a one-time increase in benefits and does not include vested terminated persons.

For measurement date 09/30/2015, amounts reported as changes of benefit terms were resulted from the Ordinance 2015-17, adopted and effective June 23, 2015, amended the definition of Salary, in addition to providing 100% vesting in benefits accrued prior to October 1, 2014.

For measurement date 09/30/2014, amounts reported as changes of benefit terms were resulted from the March 6, 2015 Actuarial Impact Statement.

Changes of assumptions:

For measurement date 09/30/2016, amounts reported as changes of assumptions were resulted from the new mortality assumption under Chapter 2015-157, Florida Statutes.

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

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from:

- The net-of-fees investment return assumption was lowered from 7.9% to 7.0%.
- The Final Salary Load assumption was increased from 0% to the below table, based on census data provided by the City:

Service as of 10/1/2012 Final Salary Load	
10 or more years	20.0%
More than 1, less than 10 years	10.0%
Less than 1 year	0.0%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2019	\$ 1,713,572	\$ 1,719,260	\$ (5,688)	\$ 381,654	450.48%
09/30/2018	\$ 1,524,378	\$ 1,547,743	\$ (23,365)	\$ 410,497	377.04%
09/30/2017	\$ 1,527,141	\$ 1,552,569	\$ (25,428)	\$ 513,171	302.54%
09/30/2016	\$ 2,268,143	\$ 2,315,962	\$ (47,819)	\$ 547,100	423.32%
09/30/2015	\$ 1,942,551	\$ 1,942,551	\$ -	\$ 761,681	255.03%
09/30/2014	\$ 1,818,711	\$ 1,830,610	\$ (11,899)	\$ 2,838,631	64.49%

Notes to Schedule

Valuation Date: 10/01/2017 (AIS 06/07/2018)

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:

Mortality Rate:

Healthy Active Lives:

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

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

Healthy Inactive Lives:

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

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

Disabled Lives:

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

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

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the 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 special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

Termination Rates:

See table on following page (1304). These rates were adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.

Disability Rates:

See table on following page (1205). It is assumed that 75% of disablements and active deaths that occur are service-related. These assumptions are consistent with those utilized by other Florida municipal special risk retirement programs.

Retirement Age:

Earlier of age 52 and 10 years of service or 25 years of service regardless of age. Also, any member who has reached Normal Retirement Age is assumed to retire at a rate of 25% for the first three years upon attaining first eligibility, and a rate of 100% thereafter. These rates were adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.

Early Retirement: Commencing at the member’s eligibility for Early Retirement (20 years of Credited Service), members are assumed to retire with an immediate, subsidized benefit at the rate of 10% per year. This assumption was adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.

Interest Rate: 7.0%, compounded annually, net of investment related expenses. This assumption is consistent with the Plan’s investment policy and long-term expected returns by asset class. Additionally, the 7.0% assumption was mandated by the Florida Division of Retirement’s Reviewing Actuary in conjunction with the Plan’s closure to new entrants beginning October 1, 2014.

Inflation Rate: 2.50% per year. This assumption is reasonable, based on long-term experience.

Payroll Growth: None.

Salary Increases: 10.0% for Members with less than 10 years of service, and 5.5% with 10 or more years of service. These rates were adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010. Additionally, projected salary at retirement is increased according to the below table for lump sum payments in the year of termination. These rates are averages, based on census data provided by the City.

Service as of 10/01/2012	Final Salary Load
10 or more years	20%
More than 1, less than 10 years	10%
Less than 1 year	0%

Asset Smoothing Methodology: 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.

Funding Method: Entry Age Normal Actuarial Cost Method. The following loads are applied for determination of the Sponsor dollar funding requirement:
 Interest – A half year, based on the current 7.00% assumption.
 Salary – A full year, based on the current 5.50% assumption.

Termination and Disability Rate Table:

Age	% Terminating During the Year	Disabled During the Year
20	15.0%	0.14%
30	11.0%	0.18%
40	7.0%	0.30%

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, 2019

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 5,307,654	\$ 3,423,101	\$ 796,626	\$ -
Total Pension Liability Factors:				
Service Cost	98,766	-	-	98,766
Interest	2,981,724	-	-	2,981,724
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(134,263)	134,263	-	-
Current year amortization of experience difference	-	(134,263)	-	(134,263)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(3,552,978)	-	-	-
Net change	<u>(606,751)</u>	<u>-</u>	<u>-</u>	<u>2,946,227</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,498,868	-	-	-
Contributions - State	220,392	-	-	-
Contributions - Employee	26,716	-	-	(26,716)
Projected Net Investment Income	2,661,675	-	-	(2,661,675)
Difference between projected and actual earnings on Pension Plan investments	(1,837,504)	-	1,837,504	-
Current year amortization	-	(1,066,836)	(1,164,126)	97,290
Benefit Payments, including Refunds of Employee Contributions	(3,552,978)	-	-	-
Administrative Expenses	(77,401)	-	-	77,401
Net change	<u>(1,060,232)</u>	<u>(1,066,836)</u>	<u>673,378</u>	<u>(2,513,700)</u>
Ending Balance	<u>\$ 5,761,135</u>	<u>\$ 2,356,265</u>	<u>\$ 1,470,004</u>	<u>\$ 432,527</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)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
2019	\$ 1,837,504	5	\$ 367,500	\$ 367,501	\$ 367,501	\$ 367,501	\$ 367,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (2,203,260)	5	\$ (440,652)	\$ (440,652)	\$ (440,652)	\$ (440,652)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (2,040,627)	5	\$ (408,125)	\$ (408,125)	\$ (408,125)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (1,090,296)	5	\$ (218,059)	\$ (218,059)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 3,983,129	5	\$ 796,626	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 97,290	\$ (699,335)	\$ (481,276)	\$ (73,151)	\$ 367,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
2019	\$ (134,263)	1	\$ (134,263)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			<u>\$ (134,263)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>