

CITY OF MELBOURNE
GENERAL EMPLOYEES' AND SPECIAL RISK
CLASS EMPLOYEES' PENSION PLAN

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2017

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

January 30, 2018

Board of Trustees
c/o Jennifer Chase, Payroll/Pension Manager
City of Melbourne
General Employees Retirement Trust Fund
900 East Strawbridge Avenue
Melbourne, FL 32901

Re: City of Melbourne
General Employees' and Special Risk Class Employees' Pension Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Melbourne General Employees' and Special Risk Class Employees' Pension Plan. Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Please note that this valuation may not be applicable for any other purposes.

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

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

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

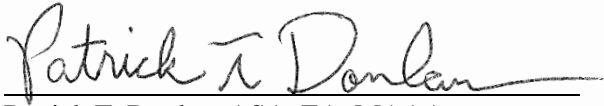
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the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

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

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

Respectfully submitted,

Foster & Foster, Inc.

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

PTD/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Melbourne General Employees' and Special Risk Class Employees' Pension Plan, performed as of October 1, 2017, has been completed and the results are presented in this Report. The contributions developed in the valuation apply to the plan/fiscal year ended September 30, 2019.

The contribution requirements, compared to those developed in the October 1, 2016 actuarial valuation report, are as follows:

Valuation Date	10/1/2017	10/1/2016
Applicable Plan/Fiscal Year	<u>9/30/2019</u>	<u>9/30/2018</u>
<u>Regular Class Employees</u>		
Total Required Contribution ¹	\$45,479	
% of Total Annual Non-DROP Payroll		23.26%
 <u>Special Risk Class Employees</u>		
Total Required Contribution ¹	\$73,106	
% of Total Annual Non-DROP Payroll		86.22%

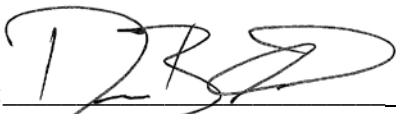
¹ For the Regular Class Employees' Plan, the City has a prepaid contribution of \$335,276.92. For the Special Risk Class Employees' Plan, the City has a prepaid contribution of \$27,985.49. These prepaid contributions are available to assist in offsetting the City's annual funding requirements for each trust.

Please note the above stated costs reflect a mandated change to the assumed rates of mortality, as described on page 7 of this report. Additionally, as approved by the Board of Trustees, the contribution method has been changed from the percentage of payroll method to a fixed dollar methodology.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Drew D. Ballard, EA, MAAA

By: 
Patrick T. Donlan, ASA, EA, MAAA

CHANGES SINCE PRIOR VALUATION

Regular Class

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Method and Assumption Changes

Pursuant to the provisions of Chapter 2015-157, Laws of Florida, the mortality assumption reflects a change from the rates utilized by the Florida Retirement System in the July 1, 2015 valuation to those utilized in the July 1, 2016 valuation for other than special risk participants.

Special Risk Class

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Method and Assumption Changes

Pursuant to the provisions of Chapter 2015-157, Laws of Florida, the mortality assumption reflects a change from the rates utilized by the Florida Retirement System in the July 1, 2015 valuation to those utilized in the July 1, 2016 valuation for special risk participants.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS
(Regular Class)

	<u>10/1/2017</u>	<u>10/1/2016</u>
A. Participant Data		
Actives	4	5
Service Retirees	32	28
DROP Retirees	1	2
Beneficiaries	4	2
Disability Retirees	0	0
Terminated Vested	<u>34</u>	<u>37</u>
 Total	 75	 74
 Total Annual Payroll	 \$170,413	 \$212,361
Payroll Under Assumed Ret. Age	170,413	212,361
Annual Rate of Payments to:		
Service Retirees	344,425	278,230
DROP Retirees	3,629	24,861
Beneficiaries	17,161	12,692
Disability Retirees	0	0
Terminated Vested	140,523	159,850
B. Assets		
Actuarial Value (AVA) ¹	7,407,799	7,230,894
Market Value (MVA) ¹	7,397,166	6,858,732
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	547,572	847,499
Disability Benefits	31,076	32,556
Death Benefits	11,105	15,150
Vested Benefits	3,194	4,819
Refund of Contributions	0	0
Service Retirees	4,495,230	3,495,023
DROP Retirees ¹	56,043	428,974
Beneficiaries	81,857	56,780
Disability Retirees	0	0
Terminated Vested	<u>1,259,299</u>	<u>1,505,593</u>
 Total	 6,485,376	 6,386,394

(Regular Class)

C. Liabilities - (Continued)	<u>10/1/2017</u>	<u>10/1/2016</u>
Present Value of Future Salaries	1,071,070	1,136,190
Present Value of Future Member Contributions (buybacks)	0	46,159
Total Normal Cost	0	0
Present Value of Future Normal Costs (EAN)	174,803	181,371
Accrued Liability (Retirement)	393,100	689,563
Accrued Liability (Disability)	16,705	17,701
Accrued Liability (Death)	6,762	8,837
Accrued Liability (Vesting)	1,577	2,552
Accrued Liability (Refunds)	0	0
Accrued Liability (Inactives) ¹	<u>5,892,429</u>	<u>5,486,370</u>
Total Actuarial Accrued Liability (EAN AL)	6,310,573	6,205,023
Total Actuarial Accrued Liability (Aggregate)	7,407,799	7,230,894
Unfunded Actuarial Accrued Liability (UAAL)	0	0
Funded Ratio (AVA / EAN AL)	117.4%	116.5%

(Regular Class)

D. Actuarial Present Value of	<u>10/1/2017</u>	<u>10/1/2016</u>
Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	5,892,429	5,486,370
Actives	296,972	526,817
Member Contributions	<u>0</u>	<u>46,159</u>
Total	6,189,401	6,059,346
Non-vested Accrued Benefits	<u>1,383</u>	<u>17,980</u>
Total Present Value		
Accrued Benefits (PVAB)	6,190,784	6,077,326
Funded Ratio (MVA / PVAB)	119.5%	112.9%
Increase (Decrease) in Present Value of		
Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	44,333	
Benefits Paid	(344,239)	
Interest	413,364	
Other	<u>0</u>	
Total	113,458	

(Regular Class)

Valuation Date	10/1/2017	10/1/2016
Applicable to Fiscal Year Ending	<u>9/30/2019</u>	<u>9/30/2018</u>

E. Pension Cost

Normal Cost ²	\$0	
% of Total Annual Payroll		0.00
Administrative Expenses ²	\$45,479	
% of Total Annual Payroll		23.26
Payment Required to Amortize Unfunded Actuarial Accrued Liability (as of 10/1/2017) ²	\$0	
% of Total Annual Payroll		0.00
Total Required Contribution	\$45,479	
% of Total Annual Payroll		23.26
Expected Member Contributions ²	\$0	
% of Total Annual Payroll		0.00
Expected City Contribution	\$45,479	
% of Total Annual Payroll		23.26

F. Past Contributions

Plan Years Ending:	<u>9/30/2017</u>
City Requirement	25,204
Actual Contributions Made:	
Members (excluding buyback)	0
City	<u>25,204</u>
Total	25,204

G. Net Actuarial (Gain)/Loss N/A

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

² Contributions developed as of 10/1/2017 displayed above have been adjusted to account for an assumed interest component.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS
(Special Risk Class)

	<u>10/1/2017</u>	<u>10/1/2016</u>
A. Participant Data		
Actives	1	1
Service Retirees	2	1
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	<u>1</u>	<u>2</u>
Total	4	4
Total Annual Payroll	\$75,060	\$77,343
Payroll Under Assumed Ret. Age	75,060	77,343
Annual Rate of Payments to:		
Service Retirees	32,683	18,900
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	16,887	29,357
B. Assets		
Actuarial Value (AVA)	1,154,490	1,053,483
Market Value (MVA)	1,225,728	1,064,709
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	586,901	567,677
Disability Benefits	21,088	25,514
Death Benefits	4,245	9,862
Vested Benefits	0	0
Refund of Contributions	0	0
Service Retirees	543,546	293,379
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	<u>171,644</u>	<u>386,756</u>
Total	1,327,424	1,283,188

(Special Risk Class)

C. Liabilities - (Continued)	<u>10/1/2017</u>	<u>10/1/2016</u>
Present Value of Future Salaries	217,499	292,182
Present Value of Future Member Contributions	0	0
Normal Cost (Retirement)	22,349	21,609
Normal Cost (Disability)	2,972	2,794
Normal Cost (Death)	311	639
Normal Cost (Vesting)	0	0
Normal Cost (Refunds)	<u>0</u>	<u>0</u>
Total Normal Cost	25,632	25,042
Present Value of Future Normal Costs	74,272	94,602
Accrued Liability (Retirement)	522,142	486,043
Accrued Liability (Disability)	12,476	14,959
Accrued Liability (Death)	3,344	7,449
Accrued Liability (Vesting)	0	0
Accrued Liability (Refunds)	0	0
Accrued Liability (Inactives)	<u>715,190</u>	<u>680,135</u>
Total Actuarial Accrued Liability (EAN AL)	1,253,152	1,188,586
Unfunded Actuarial Accrued Liability (UAAL)	98,662	135,103
Funded Ratio (AVA / EAN AL)	92.1%	88.6%

(Special Risk Class)

D. Actuarial Present Value of	<u>10/1/2017</u>	<u>10/1/2016</u>
Accrued Benefits		
Vested Accrued Benefits		
Inactives	715,190	680,135
Actives	463,409	391,829
Member Contributions	<u>0</u>	<u>0</u>
Total	1,178,599	1,071,964
Non-vested Accrued Benefits	<u>0</u>	<u>0</u>
Total Present Value		
Accrued Benefits (PVAB)	1,178,599	1,071,964
Funded Ratio (MVA / PVAB)	104.0%	99.3%
Increase (Decrease) in Present Value of		
Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	57,009	
Benefits Paid	(24,552)	
Interest	74,178	
Other	<u>0</u>	
Total	106,635	

(Special Risk Class)

Valuation Date	10/1/2017	10/1/2016
Applicable to Fiscal Year Ending	<u>9/30/2019</u>	<u>9/30/2018</u>

E. Pension Cost

Normal Cost ¹	\$28,370	
% of Total Annual Payroll		33.51
Administrative Expenses ¹	\$7,348	
% of Total Annual Payroll		9.66
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2017) ¹	\$37,388	
% of Total Annual Payroll		43.05
Total Required Contribution	\$73,106	
% of Total Annual Payroll		86.22
Expected Member Contributions ¹	\$0	
% of Total Annual Payroll		0.00
Expected City Contribution	\$73,106	
% of Total Annual Payroll		86.22

F. Past Contributions

Plan Years Ending:	<u>9/30/2017</u>
City Requirement	51,197
Actual Contributions Made:	
Members	0
City	<u>51,197</u>
Total	51,197

G. Net Actuarial (Gain)/Loss (26,195)

¹ Contributions developed as of 10/1/2017 displayed above have been adjusted to account for an assumed interest component.

(Special Risk Class)

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2017	98,662
2018	69,424
2019	38,141
2032	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	-2.95%	6.00%
Year Ended	9/30/2016	19.16%	6.00%
Year Ended	9/30/2015	-10.33%	6.00%

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

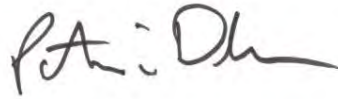
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	7.62%	7.00%
Year Ended	9/30/2016	6.61%	7.00%
Year Ended	9/30/2015	9.22%	7.80%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2017	\$75,060
	10/1/2007	214,334
(b) Total Increase		-64.98%
(c) Number of Years		10.00
(d) Average Annual Rate		-9.96%

STATEMENT BY ENROLLED ACTUARY

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



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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES
(Special Risk Class)

(1) Unfunded Actuarial Accrued Liability as of October 1, 2016	\$135,103
(2) Sponsor Normal Cost developed as of October 1, 2016	25,042
(3) Expected administrative expenses for the year ended September 30, 2017	7,217
(4) Expected interest on (1), (2) and (3)	11,463
(5) Sponsor contributions to the System during the year ended September 30, 2017	51,197
(6) Expected interest on (5)	2,771
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2017 (1)+(2)+(3)+(4)-(5)-(6)	124,857
(8) Change to UAAL due to Actuarial (Gain)/Loss	(26,195)
(9) Unfunded Actuarial Accrued Liability as of October 1, 2017	98,662

Type of <u>Base</u>	<u>Date</u> <u>Established</u>	<u>Years</u> <u>Remaining</u>	<u>10/1/2017</u> <u>Amount</u>	<u>Amortization</u> <u>Amount</u>
method change	10/1/2006	4	15,517	4,281
actuarial loss	10/1/2007	5	36,342	8,284
plan amendment	10/1/2007	5	(36,369)	(8,290)
reconciliation base	10/1/2008	6	(12,103)	(2,373)
actuarial loss	10/1/2008	6	194,957	38,225
method change	10/1/2008	6	5,337	1,046
actuarial loss	10/1/2009	7	44,013	7,632
assum. change	10/1/2009	7	21,592	3,744
actuarial loss	10/1/2010	8	39,561	6,192
actuarial loss	10/1/2011	9	85,302	12,236
actuarial gain	10/1/2012	10	(187,320)	(24,925)
assum. change	10/1/2012	10	25,435	3,384
actuarial gain	10/1/2013	11	(2,114)	(263)
software change	10/1/2013	11	(87,672)	(10,927)
assum. change	10/1/2013	11	17,713	2,208
actuarial loss	10/1/2014	12	45,047	5,300
assum. change	10/1/2014	12	24,161	2,843
assum. change	10/1/2015	13	151,540	16,946
actuarial gain	10/1/2015	13	(344,788)	(38,555)
actuarial loss	10/1/2016	14	65,014	6,948
assum. change	10/1/2016	14	23,692	2,532
actuarial gain	10/1/2017	15	<u>(26,195)</u>	<u>(2,688)</u>
			98,662	33,780

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS
(Special Risk Class)

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2016	\$135,103
(2) Expected UAAL as of October 1, 2017	124,857
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(6,591)
Salary Increases	(35,104)
Active Decrements	1,915
Inactive Mortality	2,724
Other	<u>10,861</u>
Increase in UAAL due to (Gain)/Loss	(26,195)
(4) Actual UAAL as of October 1, 2017	\$98,662

ACTUARIAL ASSUMPTIONS AND METHODS
(Regular Class)

Mortality Rate

Healthy Inactive Lives:

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

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

Healthy Active Lives:

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

Male: RP2000 Generational, 50% Combined Healthy (previously Annuitant) White Collar / 50% Combined Healthy (previously Annuitant) Blue Collar, Scale BB

Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years

Male: 100% RP2000 Disabled Male setback four years

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

Interest Rate

7.00% per year compounded annually, net of investment expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Retirement Age

Earlier of 1) Age 62 with 6 years of Credited Service (57 and 10 for City Manager), or 2) the completion of 30 years of 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.

Early Retirement

Commencing with the earliest assumed early retirement date (age 52 or 20 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year. We feel this assumption is reasonable based on the plan provisions.

<u>Disability Rate</u>	See table that follows (1202). This assumption is consistent with other General Employee plans in the state.
<u>Termination Rate</u>	See table that follows (1305). This assumption is consistent with other General Employee plans in the state.
<u>Salary Increases</u>	6.00% per year until the assumed retirement age; see table that follows. Projected salary at retirement is increased 10% to account for non-regular compensation. This assumption was developed from those used by other General Employee plans in the state.
<u>Administrative Expenses</u>	\$41,090 annually (prior year actual).
<u>Payroll Growth Assumption</u>	None.
<u>Cost-of-Living Adjustment</u>	3.00% per year at retirement.
<u>Funding Method</u>	Aggregate Cost Method
<u>Actuarial Asset Method</u>	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as a % of Salary at Age 62</u>
20	0.05%	17.2%	8.7%
30	0.06	15.0	15.5
40	0.12	8.2	27.8
50	0.43	1.7	49.7
60	1.61	0.5	89.0

ACTUARIAL ASSUMPTIONS AND METHODS
(Special Risk Class)

Mortality Rate

Healthy Active Lives:

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

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

Healthy Inactive Lives:

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

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

Disabled Lives:

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

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

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

Interest Rate

7.00% per year compounded annually, net of investment expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Retirement Age

Earlier of 1) Age 55 and the completion of 6 years of service or 2) the completion of 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based on the plan provisions.

Early Retirement

Commencing with the earliest assumed early retirement date (completion of 6 years of service), members are assumed to terminate according to the withdrawal rates according to the table below. We feel this assumption is reasonable based on the plan provisions.

Disability Rate

See table that follows (1205). This assumption is consistent with other General Employee plans in the state.

Termination Rate

See table that follows (1304). This assumption is consistent with other General Employee plans in the state.

Salary Increases

6.00% per year until the assumed retirement age; see table that follows. This assumption was developed from those used by other General Employee plans in the state.

Administrative Expenses

\$6,639 annually (prior year actual).

Payroll Growth Assumption

None.

Cost-of-Living Adjustment

3.00% per year beginning 2 years after retirement.

Funding Method

Entry Age Normal Actuarial Cost Method

Actuarial Asset Method

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

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as a % of Salary at Age 55</u>
20	0.14%	12.4%	13.0%
30	0.18	10.5	23.3
40	0.30	5.7	41.7
50	1.00	1.5	74.7

VALUATION NOTES
(Regular Class)

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

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

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

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

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

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

Total Required Contribution is equal to the Normal Cost plus Administrative Expenses. The required amount is adjusted for interest according to the timing of contributions during the year.

VALUATION NOTES
(Special Risk Class)

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

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

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.

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

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

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

STATEMENT OF FIDUCIARY NET POSITION
 SEPTEMBER 30, 2017
 (Regular Class Employees)

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	144,716.64	144,716.64
Cash	536.68	536.68
Total Cash and Equivalents	145,253.32	145,253.32
Receivables:		
Investment Income	22,376.90	22,376.90
Total Receivable	22,376.90	22,376.90
Investments:		
Fixed income	2,844,653.12	2,821,673.56
Equities	3,729,870.66	4,763,094.74
Total Investments	6,574,523.78	7,584,768.30
Total Assets	6,742,154.00	7,752,398.52
 <u>LIABILITIES</u>		
Payables:		
Investment Expenses	11,978.24	11,978.24
Administrative Expenses	7,977.62	7,977.62
Prepaid City Contribution	335,276.92	335,276.92
Total Liabilities	355,232.78	355,232.78
NET POSITION RESTRICTED FOR PENSIONS	6,386,921.22	7,397,165.74

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017
Market Value Basis
(Regular Class Employees)

ADDITIONS

Contributions:			
City		25,204.25	
Total Contributions			25,204.25
Investment Income:			
Net Realized Gain (Loss)	198,323.86		
Unrealized Gain (Loss)	537,041.15		
Net Increase in Fair Value of Investments		735,365.01	
Interest & Dividends		209,478.23	
Less Investment Expense ¹		(46,284.58)	
Net Investment Income			898,558.66
Total Additions			923,762.91
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		306,722.55	
Lump Sum DROP Distributions		37,516.66	
Total Distributions			344,239.21
Administrative Expense			41,090.04
Total Deductions			385,329.25
Net Increase in Net Position			538,433.66
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			6,858,732.08
End of the Year			7,397,165.74

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

ACTUARIAL ASSET VALUATION
 SEPTEMBER 30, 2017
 (Regular Class Employees)

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

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return ¹	
09/30/2014	11.79%	
09/30/2015	-1.92%	
09/30/2016	8.46%	
09/30/2017	12.79%	
Annualized Rate of Return for prior four (4) years:		7.62%
(A) 10/01/2016 Actuarial Assets:		\$7,230,894.49
(I) Net Investment Income:		
1. Interest and Dividends	209,478.23	
2. Realized Gains (Losses)	198,323.86	
3. Change in Actuarial Value	175,511.96	
4. Investment Related Expenses	(46,284.58)	
Total		537,029.47
(B) 10/01/2017 Actuarial Assets:		\$7,407,798.96
Actuarial Asset Rate of Return = 2I/(A+B-I):		7.62%
10/01/2017 Limited Actuarial Assets:		\$7,407,798.96
10/01/2017 Market Value of Assets:		\$7,397,165.74
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$43,695.31

¹Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2017
 Actuarial Asset Basis
 (Regular Class Employees)
 REVENUES

Contributions:		
City	25,204.25	
Total Contributions		25,204.25
Earnings from Investments:		
Interest & Dividends	209,478.23	
Net Realized Gain (Loss)	198,323.86	
Change in Actuarial Value	175,511.96	
Total Earnings and Investment Gains		583,314.05
	EXPENDITURES	
Distributions to Members:		
Benefit Payments	306,722.55	
Lump Sum DROP Distributions	37,516.66	
Total Distributions		344,239.21
Expenses:		
Investment related ¹	46,284.58	
Administrative	41,090.04	
Total Expenses		87,374.62
Change in Net Assets for the Year		176,904.47
Net Assets Beginning of the Year		7,230,894.49
Net Assets End of the Year ²		7,407,798.96

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

²Net Assets may be limited for actuarial consideration.

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

(1) Total Required Contribution Rate	13.05%
(2) Fiscal 2017 Payroll	\$193,136.00
(3) Required City Contributions	\$25,204.25
(4) Less 2016 Prepaid Contribution	(360,481.17)
(5) Less Actual City Contributions	<u>0.00</u>
(6) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2017	(\$335,276.92)

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2016 to September 30, 2017
(Regular Class Employees)

Beginning of the Year Balance	26,731.12
Plus Additions	23,209.08
Investment Return Earned	480.21
Less Distributions	(37,516.66)
End of the Year Balance	12,903.75

STATEMENT OF FIDUCIARY NET POSITION
 SEPTEMBER 30, 2017
 (Special Risk Class Employees)

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	23,382.36	23,382.36
Cash	86.71	86.71
Total Cash and Equivalents	23,469.07	23,469.07
Receivables:		
City Contributions in Transit	4,356.81	4,356.81
Investment Income	3,615.51	3,615.51
Total Receivable	7,972.32	7,972.32
Investments:		
Fixed income	459,620.30	455,907.42
Equities	602,647.92	769,589.46
Total Investments	1,062,268.22	1,225,496.88
Total Assets	1,093,709.61	1,256,938.27
 <u>LIABILITIES</u>		
Payables:		
Investment Expenses	1,935.37	1,935.37
Administrative Expenses	1,288.97	1,288.97
Prepaid City Contribution	27,985.49	27,985.49
Total Liabilities	31,209.83	31,209.83
NET POSITION RESTRICTED FOR PENSIONS	1,062,499.78	1,225,728.44

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017
Market Value Basis
(Special Risk Class Employees)

ADDITIONS

Contributions:			
City		51,196.60	
Total Contributions			51,196.60
Investment Income:			
Net Realized Gain (Loss)	32,043.86		
Unrealized Gain (Loss)	82,601.98		
Net Increase in Fair Value of Investments		114,645.84	
Interest & Dividends		33,846.11	
Less Investment Expense ¹		(7,478.36)	
Net Investment Income			141,013.59
Total Additions			192,210.19
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		24,551.87	
Total Distributions			24,551.87
Administrative Expense			6,639.06
Total Deductions			31,190.93
Net Increase in Net Position			161,019.26
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			1,064,709.18
End of the Year			1,225,728.44

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

ACTUARIAL ASSET VALUATION
 SEPTEMBER 30, 2017
 (Special Risk Class Employees)

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

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return ¹	
09/30/2014	11.79%	
09/30/2015	-1.92%	
09/30/2016	8.46%	
09/30/2017	12.79%	
Annualized Rate of Return for prior four (4) years:		7.62%
(A) 10/01/2016 Actuarial Assets:		\$1,053,483.15
(I) Net Investment Income:		
1. Interest and Dividends	33,846.11	
2. Realized Gains (Losses)	32,043.86	
3. Change in Actuarial Value	22,589.25	
4. Investment Related Expenses	(7,478.36)	
Total		81,000.86
(B) 10/01/2017 Actuarial Assets:		\$1,154,489.68
Actuarial Asset Rate of Return = 2I/(A+B-I):		7.62%
10/01/2017 Limited Actuarial Assets:		\$1,154,489.68
10/01/2017 Market Value of Assets:		\$1,225,728.44
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$6,590.62

¹Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2017
 Actuarial Asset Basis
 (Special Risk Class Employees)
 REVENUES

Contributions:		
City	51,196.60	
Total Contributions		51,196.60
Earnings from Investments:		
Interest & Dividends	33,846.11	
Net Realized Gain (Loss)	32,043.86	
Change in Actuarial Value	22,589.25	
Total Earnings and Investment Gains		88,479.22
	EXPENDITURES	
Distributions to Members:		
Benefit Payments	24,551.87	
Total Distributions		24,551.87
Expenses:		
Investment related ¹	7,478.36	
Administrative	6,639.06	
Total Expenses		14,117.42
Change in Net Assets for the Year		101,006.53
Net Assets Beginning of the Year		1,053,483.15
Net Assets End of the Year ²		1,154,489.68

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

²Net Assets may be limited for actuarial consideration.

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

(1) Total Required Contribution Rate	72.30%
(2) Fiscal 2017 Payroll	\$70,811.34
(3) Required City Contributions	\$51,196.60
(4) Less 2016 Prepaid Contribution	(27,985.49)
(5) Less Actual City Contributions	<u>(51,196.60)</u>
(6) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2017	(\$27,985.49)

STATISTICAL DATA ¹
(Regular Class)

	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>	<u>10/1/2017</u>
<u>Actives</u>				
Number	10	8	5	4
Average Current Age	56.9	57.8	57.7	58.6
Average Age at Employment	43.0	42.9	42.7	46.0
Average Past Service	13.9	14.9	15.0	12.6
Average Annual Salary	\$32,575	\$40,440	\$42,472	\$42,603

¹ Prior to 10/1/2016, averages were salary weighted.

AGE AND SERVICE DISTRIBUTION
(Regular Class)

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	0	0	0	0	0	0
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0
45 - 49	0	0	0	0	0	0	1	0	0	0	0	1
50 - 54	0	0	0	0	0	0	1	0	0	0	0	1
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	1	0	0	0	0	1
65+	0	0	0	0	0	0	1	0	0	0	0	1
Total	0	0	0	0	0	0	4	0	0	0	0	4

VALUATION PARTICIPANT RECONCILIATION
(Regular Class)

1. Active lives

a. Number in prior valuation 10/1/2016	5
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(1)
f. DROP	<u>0</u>
g. Continuing participants	4
h. New entrants	<u>0</u>
i. Total active life participants in valuation	4

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

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	28	2	2	0	37	69
Retired	6	(1)	0	0	(3)	2
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	0	0
Death, With Survivor	(2)	0	2	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	32	1	4	0	34	71

STATISTICAL DATA ¹
(Special Risk Class)

	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>	<u>10/1/2017</u>
<u>Actives</u>				
Number	3	1	1	1
Average Current Age	51.1	50.0	51.3	52.3
Average Age at Employment	38.6	35.0	35.3	35.3
Average Past Service	12.5	15.0	16.0	17.0
Average Annual Salary	\$67,257	\$64,909	\$77,343	\$75,060

¹ Prior to 10/1/2016, averages were salary weighted.

AGE AND SERVICE DISTRIBUTION
(Special Risk Class)

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	0	0	0	0	0	0
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0
50 - 54	0	0	0	0	0	0	0	1	0	0	0	1
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	0	1	0	0	0	1

VALUATION PARTICIPANT RECONCILIATION
(Special Risk Class)

1. Active lives

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

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

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

SUMMARY OF BENEFIT PROVISIONS
(Through Ordinance No. 2013-45)

<u>Eligibility</u>	All general employee members (except elected city officials) and all airport security officers who are employed on or after January 1, 1996, and prior to August 1, 2008, and who did not elect to become a member of the Florida Retirement System, shall remain members of this Plan. No new employees hired on or after August 1, 2008 shall become members of this system.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City as a General Employee (Regular Class) or Airport Security Officer (Special Risk Class).
<u>Salary</u>	Base compensation, including regular earnings, vacation pay, sick pay, and all tax deferred items, but excluding lump sum payments, except for up to 500 hours of unused vacation leave at retirement (only attributable to service before July 1, 2011).
<u>Average Final Compensation</u>	Average of Salary paid during the best five (5) years of covered employment.
<u>Member Contributions</u>	None.
<u>City Contributions</u>	Amounts required in order to pay current costs and amortize unfunded past service cost, if any, over 40 years.
<u>Normal Retirement</u>	
Date	Regular Class - Earlier of 1) age 62 with 6 years of Credited Service (age 57 with 10 years of Credited Service for City Manager), or 2) 30 years of Credited Service, regardless of age. Special Risk Class - Earlier of 1) age 55 and 6 years of service, or 2) 25 years of Credited Service, regardless of age.
Benefit	Regular Class - 1.6% of Average Final Compensation <u>times</u> Credited Service. Rate increases to 1.63% if age 63 or 31 years, 1.65% if age 64 or 32 years, and 1.68% if age 65 or 33 years. Rate is 2.0% for Senior Management Employees. Special Risk Class - 3.0% of Average Final Compensation <u>times</u> Credited Service.
Form of Benefit	Regular Class - Life Annuity (options available). Special Risk Class - Ten Year Certain and Life Annuity (options available).

Early Retirement

Eligibility	6 Years of Credited Service.
Benefit	Regular Class -Accrued benefit, reduced 5% for each year prior to Normal Retirement. Special Risk Class - Accrued benefit, reduced 3% for each of the first 5 years prior to Normal Retirement and 5% for each additional year thereafter.

Vesting

Schedule	100% after 6 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	8 years of Credited Service.
Benefit	Benefit accrued to date of disability, but not less than 42% (65% for Special Risk Class) of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).
Duration	Payable for life (with 10 year guarantee for the Special Risk Class) or until recovery (as determined by the Board).

Death Benefits

Pre-Retirement	
Vested	Beneficiary receives an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity.
Non-Vested	Refund of member contributions, if any.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Cost-of-Living Adjustments

Regular Class - each July 1 following retirement the monthly benefit amount is increased 3%.

Special Risk Class - beginning on the July 1 following 2 years of payments, the monthly amount is increased 3%.

The increase is based on the June benefit, excluding any supplemental benefit.

Supplemental Benefit

Early and Normal Retirees receive a monthly benefit of \$5 for each year of Credited Service (minimum is \$30 and maximum is \$150).

Deferred Retirement Option Plan

Eligibility

Satisfaction of Normal Retirement requirements

Participation

Not to exceed 60 months

Rate of Return

1.3% annually.

Form of Distribution

Cash lump sum (options available) at termination of employment

STATEMENT OF FIDUCIARY NET POSITION
 SEPTEMBER 30, 2017
 (Regular Class Employees)

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	144,717
Cash	537
Total Cash and Equivalents	145,254
Receivables:	
Investment Income	22,377
Total Receivable	22,377
Investments:	
Fixed income	2,821,673
Equities	4,763,095
Total Investments	7,584,768
Total Assets	7,752,399
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	11,978
Administrative Expenses	7,978
Unearned Revenue	335,277
Total Liabilities	355,233
NET POSITION RESTRICTED FOR PENSIONS	7,397,166

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

Market Value Basis
(Regular Class Employees)

ADDITIONS

Contributions:

City	25,204	
Total Contributions		25,204
Investment Income:		
Net Increase in Fair Value of Investments	735,365	
Interest & Dividends	209,479	
Less Investment Expense ¹	(46,285)	
Net Investment Income		898,559
Total Additions		923,763

DEDUCTIONS

Distributions to Members:

Benefit Payments	306,722	
Lump Sum DROP Distributions	37,517	
Total Distributions		344,239
Administrative Expense		41,090
Total Deductions		385,329
Net Increase in Net Position		538,434

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		6,858,732
End of the Year		7,397,166

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

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

Plan Description

Plan Administration

The City of Melbourne General Employees' Pension Plan is a single employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board consists of 5 Trustees, 2 of whom are legal residents of the City who are appointed by the City Council, 2 of whom are members of the System who are elected by a majority of the General Employees and Airport Security Officers who are members of the System and who vote in the election, and a fifth Trustee who is chosen by a majority of the first 4 Trustees.

All general employee members (except elected city officials) and all airport security officers who are employed on or after January 1, 1996, and prior to August 1, 2008, and who did not elect to become a member of the Florida Retirement System, shall remain members of this Plan. No new employees hired on or after August 1, 2008 shall become members of this system.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	32
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	37
Active Plan Members	5
	74
	74

Benefits Provided

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

Normal Retirement:

Date: Regular Class - Earlier of 1) age 62 with 6 years of Credited Service (age 57 with 10 years of Credited Service for City Manager), or 2) 30 years of Credited Service, regardless of age.

Benefit: Regular Class - 1.6% of Average Final Compensation times Credited Service. Rate increases to 1.63% if age 63 or 31 years, 1.65% if age 64 or 32 years, and 1.68% if age 65 or 33 years. Rate is 2.0% for Senior Management Employees.

Early Retirement:

Date: 6 Years of Credited Service.

Benefit: Regular Class -Accrued benefit, reduced 5% for each year prior to Normal Retirement.

Vesting:

Schedule: 100% after 6 years of Credited Service.

Benefit: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 8 years of Credited Service.

Benefit accrued to date of disability, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Vested: Beneficiary receives an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity.

Non-Vested: Refund of member contributions, if any.

Cost of Living Adjustment:

Regular Class - each July 1 following retirement the monthly benefit amount is increased 3%. The increase is based on the June benefit, excluding any supplemental benefit.

Supplemental Benefit:

Early and Normal Retirees receive a monthly benefit of \$5 for each year of Credited Service (minimum is \$30 and maximum is \$150).

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Contributions

Member Contributions: None

City Contributions: Amounts required in order to pay current costs and amortize unfunded past service cost, if any, over 40 years.

Investments

Investment Policy:

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
International Equity	10%
Domestic Fixed Income	35%
Global Fixed Income	5%
<u>Total</u>	<u>100%</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 12.79 percent.

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

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: 1.3% annually.

The DROP balance as September 30, 2017 is \$12,904.

NET PENSION LIABILITY OF THE SPONSOR
(Regular Class Employees)

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

Total Pension Liability	\$ 6,313,965
Plan Fiduciary Net Position	\$ (7,397,166)
Sponsor's Net Pension Liability	<u>\$ (1,083,201)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	117.16%

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	2.50%
Salary Increases	6.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years.

Male: 100% RP2000 Disabled Male setback four years.

The most recent actuarial experience study used to review the other significant assumptions was dated October 21, 2015.

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

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

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

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

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.5%
International Equity	8.5%
Domestic Fixed Income	2.5%
Global Fixed Income	3.5%

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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	\$ (315,680)	\$ (1,083,201)	\$ (1,717,848)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years
(Regular Class Employees)

	<u>09/30/2017</u>	<u>09/30/2016</u>
Total Pension Liability		
Service Cost	34,004	57,835
Interest	418,526	396,941
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	88,609	(62,793)
Changes of assumptions	-	338,980
Contributions - Buy Back	-	20,712
Benefit Payments, including Refunds of Employee Contributions	(344,239)	(494,716)
Net Change in Total Pension Liability	<u>196,900</u>	<u>256,959</u>
Total Pension Liability - Beginning	<u>6,117,065</u>	<u>5,860,106</u>
Total Pension Liability - Ending (a)	<u>\$ 6,313,965</u>	<u>\$ 6,117,065</u>
Plan Fiduciary Net Position		
Contributions - Employer	25,204	43,928
Contributions - Buy Back	-	20,712
Net Investment Income	898,559	583,511
Benefit Payments, including Refunds of Employee Contributions	(344,239)	(494,716)
Administrative Expense	(41,090)	(47,733)
Net Change in Plan Fiduciary Net Position	<u>538,434</u>	<u>105,702</u>
Plan Fiduciary Net Position - Beginning	<u>6,858,732</u>	<u>6,753,030</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,397,166</u>	<u>\$ 6,858,732</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (1,083,201)</u>	<u>\$ (741,667)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	117.16%	112.12%
Covered Employee Payroll ¹	\$ 193,136	\$ 284,325
Net Pension Liability as a percentage of Covered Employee Payroll	-560.85%	-260.85%

Notes to Schedule:

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

Changes of assumptions:

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

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

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years
(Regular Class Employees)

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	49,546	90,848
Interest	406,207	391,267
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(31,975)	-
Changes of assumptions	442,831	-
Contributions - Buy Back	-	-
Benefit Payments, including Refunds of Employee Contributions	(329,470)	(169,081)
Net Change in Total Pension Liability	<u>537,139</u>	<u>313,034</u>
Total Pension Liability - Beginning	5,322,967	5,009,933
Total Pension Liability - Ending (a)	<u>\$ 5,860,106</u>	<u>\$ 5,322,967</u>
Plan Fiduciary Net Position		
Contributions - Employer	52,573	70,913
Contributions - Buy Back	-	-
Net Investment Income	(143,686)	819,869
Benefit Payments, including Refunds of Employee Contributions	(329,470)	(169,081)
Administrative Expense	(40,805)	(37,463)
Net Change in Plan Fiduciary Net Position	<u>(461,388)</u>	<u>684,238</u>
Plan Fiduciary Net Position - Beginning	7,214,418	6,530,180
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,753,030</u>	<u>\$ 7,214,418</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (892,924)</u>	<u>\$ (1,891,451)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	115.24%	135.53%
Covered Employee Payroll ¹	\$ 496,332	\$ 416,889
Net Pension Liability as a percentage of Covered Employee Payroll	-179.90%	-453.71%

Notes to Schedule:

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

Changes of assumptions:

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.80% to 7.00%.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years
(Regular Class Employees)

	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	25,204	43,928	52,573	70,913
Contributions in relation to the Actuarially Determined Contributions	25,204	43,928	52,573	70,913
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 193,136	\$ 284,325	\$ 496,332	\$ 416,889
Contributions as a percentage of Covered Employee Payroll	13.05%	15.45%	10.59%	17.01%

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

Notes to Schedule

Valuation Date: 10/01/2015

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:	Aggregate Cost Method.
Remaining Amortization Period:	28 Years (as of 10/01/2015 Valuation).
Mortality Rate:	RP2000 Combined Healthy Mortality Table projected to valuation date using scale AA. Disabled lives set forward 5 years. We feel this assumption sufficiently accommodates expected mortality improvements.
Interest Rate:	7.0% per year compounded annually, net of investment expenses. This is supported by the target asset allocation of the trust and the expected longterm return by asset class.
Retirement Age:	Earlier of 1) Age 62 with 6 years of Credited Service (57 and 10 for City Manager), or 2) the completion of 30 years of 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.
Early Retirement:	Commencing with the earliest assumed early retirement date (age 52 or 20 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year. We feel this assumption is reasonable based on the plan provisions.
Disability Rates:	See table below (1202). This assumption is consistent with other General Employee plans in the state.
Termination Rates:	See table below (1305). This assumption is consistent with other General Employee plans in the state.
Salary Increases:	6.0% per year until the assumed retirement age. Projected salary at retirement is increased 10% to account for non-regular compensation. This assumption was developed from those used by other General Employee plans in the state.
Payroll Growth Assumption:	None.
Cost-of-Living Adjustment:	3.0% per year at retirement.
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

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Termination and Disability Rate Table:

Age	% Becoming Disabled During the Year	% Terminating During the Year
20	0.05%	17.2%
30	0.06%	15.0%
40	0.12%	8.2%
50	0.43%	1.7%
60	1.61%	0.5%

SCHEDULE OF INVESTMENT RETURNS
 Last 10 Fiscal Years
 (Regular Class Employees)

	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Annual Money-Weighted Rate of Return Net of Investment Expense	12.79%	8.46%	-1.92%	11.79%

NOTES TO THE FINANCIAL STATEMENTS
 (For the Year Ended September 30, 2018)
 (Regular Class Employees)

General Information about the Pension Plan

Plan Description

The City of Melbourne General Employees' Pension Plan is a single employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board consists of 5 Trustees, 2 of whom are legal residents of the City who are appointed by the City Council, 2 of whom are members of the System who are elected by a majority of the General Employees and Airport Security Officers who are members of the System and who vote in the election, and a fifth Trustee who is chosen by a majority of the first 4 Trustees.

All general employee members (except elected city officials) and all airport security officers who are employed on or after January 1, 1996, and prior to August 1, 2008, and who did not elect to become a member of the Florida Retirement System, shall remain members of this Plan. No new employees hired on or after August 1, 2008 shall become members of this system.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	32
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	37
Active Plan Members	5
	74
	74

Benefits Provided

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

Normal Retirement:

Date: Regular Class - Earlier of 1) age 62 with 6 years of Credited Service (age 57 with 10 years of Credited Service for City Manager), or 2) 30 years of Credited Service, regardless of age.

Benefit: Regular Class - 1.6% of Average Final Compensation times Credited Service. Rate increases to 1.63% if age 63 or 31 years, 1.65% if age 64 or 32 years, and 1.68% if age 65 or 33 years. Rate is 2.0% for Senior Management Employees.

Early Retirement:

Date: 6 Years of Credited Service.

Benefit: Regular Class -Accrued benefit, reduced 5% for each year prior to Normal Retirement.

Vesting:

Schedule: 100% after 6 years of Credited Service.

Benefit: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 8 years of Credited Service.

Benefit accrued to date of disability, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Vested: Beneficiary receives an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity.

Non-Vested: Refund of member contributions, if any.

Cost of Living Adjustment:

Regular Class - each July 1 following retirement the monthly benefit amount is increased 3%. The increase is based on the June benefit, excluding any supplemental benefit.

Supplemental Benefit:

Early and Normal Retirees receive a monthly benefit of \$5 for each year of Credited Service (minimum is \$30 and maximum is \$150).

Contributions

Member Contributions: None

City Contributions: Amounts required in order to pay current costs and amortize unfunded past service cost, if any, over 40 years.

Net Pension Liability

The measurement date is September 30, 2017.

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

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

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

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

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	6.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years.

Male: 100% RP2000 Disabled Male setback four years.

The most recent actuarial experience study used to review the other significant assumptions was dated October 21, 2015.

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	50%	7.50%
International Equity	10%	8.50%
Domestic Fixed Income	35%	2.50%
Global Fixed Income	5%	3.50%
Total	100%	

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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
(Regular Class Employees)

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2017	\$ 6,117,065	\$ 6,858,732	\$ (741,667)
Changes for a Year:			
Service Cost	34,004	-	34,004
Interest	418,526	-	418,526
Differences between Expected and Actual Experience	88,609	-	88,609
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	25,204	(25,204)
Contributions - Buy Back	-	-	-
Net Investment Income	-	898,559	(898,559)
Benefit Payments, including Refunds of Employee Contributions	(344,239)	(344,239)	-
Administrative Expense	-	(41,090)	41,090
Net Changes	196,900	538,434	(341,534)
Reporting Period Ending September 30, 2018	\$ 6,313,965	\$ 7,397,166	\$ (1,083,201)

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	\$ (315,680)	\$ (1,083,201)	\$ (1,717,848)

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
 (Regular Class Employees)

For the year ended September 30, 2017, the Sponsor has recognized a Pension Expense of \$372,845. On September 30, 2017, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	188,073	-
Employer contributions subsequent to the measurement date	25,204	-
Total	\$ 213,277	\$ -

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	\$	50,138
2019	\$	50,139
2020	\$	113,300
2021	\$	(25,504)
2022	\$	-
Thereafter	\$	-

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

FISCAL YEAR SEPTEMBER 30, 2018

(Regular Class Employees)

For the year ended September 30, 2018, the Sponsor will recognize a Pension Expense of \$78,648.

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	-	206,905
Employer contributions subsequent to the measurement date	TBD	
Total	<u>TBD</u>	<u>\$ 206,905</u>

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

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

Year ended September 30:	
2019	\$ (36,071)
2020	\$ 27,090
2021	\$ (111,714)
2022	\$ (86,210)
2023	\$ -
Thereafter	\$ -

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years
(Regular Class Employees)

Reporting Period Ending	09/30/2018	09/30/2017
Measurement Date	<u>09/30/2017</u>	<u>09/30/2016</u>
Total Pension Liability		
Service Cost	34,004	57,835
Interest	418,526	396,941
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	88,609	(62,793)
Changes of assumptions	-	338,980
Contributions - Buy Back	-	20,712
Benefit Payments, including Refunds of Employee Contributions	(344,239)	(494,716)
Net Change in Total Pension Liability	<u>196,900</u>	<u>256,959</u>
Total Pension Liability - Beginning	<u>6,117,065</u>	<u>5,860,106</u>
Total Pension Liability - Ending (a)	<u>\$ 6,313,965</u>	<u>\$ 6,117,065</u>
Plan Fiduciary Net Position		
Contributions - Employer	25,204	43,928
Contributions - Buy Back	-	20,712
Net Investment Income	898,559	583,511
Benefit Payments, including Refunds of Employee Contributions	(344,239)	(494,716)
Administrative Expense	(41,090)	(47,733)
Net Change in Plan Fiduciary Net Position	<u>538,434</u>	<u>105,702</u>
Plan Fiduciary Net Position - Beginning	<u>6,858,732</u>	<u>6,753,030</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,397,166</u>	<u>\$ 6,858,732</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (1,083,201)</u>	<u>\$ (741,667)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	117.16%	112.12%
Covered Employee Payroll ¹	\$ 193,136	\$ 284,325
Net Pension Liability as a percentage of Covered Employee Payroll	-560.85%	-260.85%

Notes to Schedule:

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

Changes of assumptions:

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

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

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years
(Regular Class Employees)

Reporting Period Ending	09/30/2016	09/30/2015
Measurement Date	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	49,546	90,848
Interest	406,207	391,267
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(31,975)	-
Changes of assumptions	442,831	-
Contributions - Buy Back	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(329,470)</u>	<u>(169,081)</u>
Net Change in Total Pension Liability	537,139	313,034
Total Pension Liability - Beginning	<u>5,322,967</u>	<u>5,009,933</u>
Total Pension Liability - Ending (a)	<u>\$ 5,860,106</u>	<u>\$ 5,322,967</u>
Plan Fiduciary Net Position		
Contributions - Employer	52,573	70,913
Contributions - Buy Back	-	-
Net Investment Income	(143,686)	819,869
Benefit Payments, including Refunds of Employee Contributions	(329,470)	(169,081)
Administrative Expense	<u>(40,805)</u>	<u>(37,463)</u>
Net Change in Plan Fiduciary Net Position	(461,388)	684,238
Plan Fiduciary Net Position - Beginning	<u>7,214,418</u>	<u>6,530,180</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,753,030</u>	<u>\$ 7,214,418</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (892,924)</u>	<u>\$ (1,891,451)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	115.24%	135.53%
Covered Employee Payroll ¹	\$ 496,332	\$ 416,889
Net Pension Liability as a percentage of Covered Employee Payroll	-179.90%	-453.71%

Notes to Schedule:

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

Changes of assumptions:

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.80% to 7.00%.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years
(Regular Class Employees)

	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	25,204	43,928	52,573	70,913
Contributions in relation to the Actuarially Determined Contributions	25,204	43,928	52,573	70,913
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 193,136	\$ 284,325	\$ 496,332	\$ 416,889
Contributions as a percentage of Covered Employee Payroll	13.05%	15.45%	10.59%	17.01%

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

Notes to Schedule

Valuation Date: 10/01/2015

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:	Aggregate Cost Method.
Remaining Amortization Period:	28 Years (as of 10/01/2015 Valuation).
Mortality Rate:	RP2000 Combined Healthy Mortality Table projected to valuation date using scale AA. Disabled lives set forward 5 years. We feel this assumption sufficiently accommodates expected mortality improvements.
Interest Rate:	7.0% per year compounded annually, net of investment expenses. This is supported by the target asset allocation of the trust and the expected longterm return by asset class.
Retirement Age:	Earlier of 1) Age 62 with 6 years of Credited Service (57 and 10 for City Manager), or 2) the completion of 30 years of 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.
Early Retirement:	Commencing with the earliest assumed early retirement date (age 52 or 20 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year. We feel this assumption is reasonable based on the plan provisions.
Disability Rates:	See table below (1202). This assumption is consistent with other General Employee plans in the state.
Termination Rates:	See table below (1305). This assumption is consistent with other General Employee plans in the state.
Salary Increases:	6.0% per year until the assumed retirement age. Projected salary at retirement is increased 10% to account for non-regular compensation. This assumption was developed from those used by other General Employee plans in the state.
Payroll Growth Assumption:	None.
Cost-of-Living Adjustment:	3.0% per year at retirement.
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

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Termination and Disability Rate Table:

Age	% Becoming Disabled During the Year	% Terminating During the Year
20	0.051%	17.20%
30	0.058%	15.00%
40	0.121%	8.20%
50	0.429%	1.70%
60	1.610%	0.50%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017
(Regular Class Employees)

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (892,924)	\$ 189,483	\$ 599,144	\$ -
Employer Contributions made after September 30, 2016	-	-	25,204	-
Total Pension Liability Factors:				
Service Cost	57,835	-	-	57,835
Interest	396,941	-	-	396,941
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	20,712	-	-	20,712
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(62,793)	62,793	-	-
Current year amortization of experience difference	-	(62,793)	-	(62,793)
Change in assumptions about future economic or demographic factors or other inputs	338,980	-	338,980	-
Current year amortization of change in assumptions	-	-	(338,980)	338,980
Benefit Payments, including Refunds of Employee Contributions	(494,716)	-	-	-
Net change	<u>256,959</u>	<u>-</u>	<u>25,204</u>	<u>751,675</u>
Plan Fiduciary Net Position:				
Contributions - Employer	43,928	-	(43,928)	-
Contributions - Buy Back	20,712	-	-	(20,712)
Projected Net Investment Income	455,989	-	-	(455,989)
Difference between projected and actual earnings on Pension Plan investments	127,522	127,522	-	-
Current year amortization	-	(88,666)	(138,804)	50,138
Benefit Payments, including Refunds of Employee Contributions	(494,716)	-	-	-
Administrative Expenses	(47,733)	-	-	47,733
Net change	<u>105,702</u>	<u>38,856</u>	<u>(182,732)</u>	<u>(378,830)</u>
Ending Balance	<u>\$ (741,667)</u>	<u>\$ 228,339</u>	<u>\$ 441,616</u>	<u>\$ 372,845</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2018
(Regular Class Employees)

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (741,667)	\$ 228,339	\$ 441,616	\$ -
Employer Contributions made after September 30, 2017	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	34,004	-	-	34,004
Interest	418,526	-	-	418,526
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	88,609	-	88,609	-
Current year amortization of experience difference	-	-	(88,609)	88,609
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	(344,239)	-	-	-
Net change	<u>196,900</u>	<u>-</u>	<u>-</u>	<u>541,139</u>
Plan Fiduciary Net Position:				
Contributions - Employer	25,204	-	(25,204)	-
Projected Net Investment Income	467,507	-	-	(467,507)
Difference between projected and actual earnings on Pension Plan investments	431,052	431,052	-	-
Current year amortization	-	(174,878)	(138,804)	(36,074)
Benefit Payments, including Refunds of Employee Contributions	(344,239)	-	-	-
Administrative Expenses	(41,090)	-	-	41,090
Net change	<u>538,434</u>	<u>256,174</u>	<u>(164,008)</u>	<u>(462,491)</u>
Ending Balance	<u>\$ (1,083,201)</u>	<u>\$ 484,513</u>	<u>TBD</u>	<u>\$ 78,648</u>

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

AMORTIZATION SCHEDULE - INVESTMENTS
(Regular Class Employees)

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)	<u>Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on Pension Plan Investments</u>											
			2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
2014	\$ (315,805)	5	\$ (63,161)	\$ (63,161)	\$ (63,161)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 694,020	5	\$ 138,804	\$ 138,804	\$ 138,804	\$ 138,804	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (127,522)	5	\$ (25,505)	\$ (25,505)	\$ (25,504)	\$ (25,504)	\$ (25,504)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (431,052)	5	\$ -	\$ (86,212)	\$ (86,210)	\$ (86,210)	\$ (86,210)	\$ (86,210)	\$ (86,210)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 50,138	\$ (36,074)	\$ (36,071)	\$ 27,090	\$ (111,714)	\$ (86,210)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS
(Regular Class Employees)

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

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2016	\$ 338,980	1	\$ 338,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 338,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE
(Regular Class Employees)

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

Plan Year Ending	Differences Between		Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience											
	Expected and Actual Experience			2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
2016	\$	(62,793)	1	\$ (62,793)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$	88,609	1	\$ -	\$ 88,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense				\$ (62,793)	\$ 88,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATEMENT OF FIDUCIARY NET POSITION
 SEPTEMBER 30, 2017
 (Special Risk Class Employees)

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	23,382
Cash	87
Total Cash and Equivalents	23,469
Receivables:	
City Contributions in Transit	4,357
Investment Income	3,615
Total Receivable	7,972
Investments:	
Fixed income	455,907
Equities	769,590
Total Investments	1,225,497
Total Assets	1,256,938
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	1,935
Administrative Expenses	1,289
Unearned Revenue	27,986
Total Liabilities	31,210
NET POSITION RESTRICTED FOR PENSIONS	1,225,728

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

Market Value Basis
(Special Risk Class Employees)

ADDITIONS

Contributions:

City	51,197	
Total Contributions		51,197
Investment Income:		
Net Increase in Fair Value of Investments	114,646	
Interest & Dividends	33,846	
Less Investment Expense ¹	(7,479)	
Net Investment Income		141,013
Total Additions		192,210

DEDUCTIONS

Distributions to Members:

Benefit Payments	24,552	
Total Distributions		24,552
Administrative Expense		6,639
Total Deductions		31,191
Net Increase in Net Position		161,019

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		1,064,709
End of the Year		1,225,728

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

NOTES TO THE FINANCIAL STATEMENTS
 (For the Year Ended September 30, 2017)
 (Special Risk Class Employees)

Plan Description

Plan Administration

The City of Melbourne General Employees' Pension Plan is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board consists of 5 Trustees, 2 of whom are legal residents of the City who are appointed by the City Council, 2 of whom are members of the System who are elected by a majority of the General Employees and Airport Security Officers who are members of the System and who vote in the election, and a fifth Trustee who is chosen by a majority of the first 4 Trustees.

All general employee members (except elected city officials) and all airport security officers who are employed on or after January 1, 1996, and prior to August 1, 2008, and who did not elect to become a member of the Florida Retirement System, shall remain members of this Plan. No new employees hired on or after August 1, 2008 shall become members of this system.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	1
	4
	4

Benefits Provided

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

Normal Retirement:

Date: Special Risk Class - Earlier of 1) age 55 and 6 years of service, or 2) 25 years of Credited Service, regardless of age.

Benefit: Special Risk Class - 3.0% of Average Final Compensation times Credited Service.

Early Retirement:

Date: 6 Years of Credited Service.

Benefit: Special Risk Class - Accrued benefit, reduced 3% for each of the first 5 years prior to Normal Retirement and 5% for each additional year thereafter.

Vesting:

Schedule: 100% after 6 years of Credited Service.

Benefit: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 8 years of Credited Service.

Benefit accrued to date of disability, but not less than 65% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Vested: Beneficiary receives an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity.

Non-Vested: Refund of member contributions, if any.

Cost of Living Adjustments:

Special Risk Class - beginning on the July 1 following 2 years of payments, the monthly amount is increased 3%. The increase is based on the June benefit, excluding any supplemental benefit.

Supplement:

Early and Normal Retirees receive a monthly benefit of \$5 for each year of Credited Service (minimum is \$30 and maximum is \$150).

Contributions

Member Contributions: None.

City Contributions: Amounts required in order to pay current costs and amortize unfunded past service cost, if any, over 40 years.

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Investments

Investment Policy:

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
International Equity	10%
Domestic Fixed Income	35%
Global Fixed Income	5%
<u>Total</u>	<u>100%</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 12.79 percent.

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

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: 1.3% annually.

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

NET PENSION LIABILITY OF THE SPONSOR
(Special Risk Class Employees)

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

Total Pension Liability	\$ 1,273,145
Plan Fiduciary Net Position	\$ (1,225,728)
Sponsor's Net Pension Liability	<u>\$ 47,417</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	<u>96.28%</u>

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	6.00%
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 October 21, 2015.

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

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

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

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

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.5%
International Equity	8.5%
Domestic Fixed Income	2.5%
Global Fixed Income	3.5%

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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	\$ 246,422	\$ 47,417	\$ (111,981)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years
(Special Risk Class Employees)

	<u>09/30/2017</u>	<u>09/30/2016</u>
Total Pension Liability		
Service Cost	25,050	22,024
Interest	80,237	91,869
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	58,940	(281,383)
Changes of assumptions	-	20,015
Benefit Payments, including Refunds of Employee Contributions	<u>(24,552)</u>	<u>(18,900)</u>
Net Change in Total Pension Liability	139,675	(166,375)
Total Pension Liability - Beginning	<u>1,133,470</u>	<u>1,299,845</u>
Total Pension Liability - Ending (a)	<u>\$ 1,273,145</u>	<u>\$ 1,133,470</u>
Plan Fiduciary Net Position		
Contributions - Employer	51,197	32,286
Net Investment Income	141,013	84,999
Benefit Payments, including Refunds of Employee Contributions	(24,552)	(18,900)
Administrative Expense	<u>(6,639)</u>	<u>(7,217)</u>
Net Change in Plan Fiduciary Net Position	161,019	91,168
Plan Fiduciary Net Position - Beginning	<u>1,064,709</u>	<u>973,541</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,225,728</u>	<u>\$ 1,064,709</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 47,417</u>	<u>\$ 68,761</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	96.28%	93.93%
Covered Employee Payroll ¹	\$ 70,811	\$ 75,771
Net Pension Liability as a percentage of Covered Employee Payroll	66.96%	90.75%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Changes of assumptions:

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

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

For the 09/30/2015 measurement date, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.80% to 7.00%.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years
(Special Risk Class Employees)

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	56,954	47,919
Interest	82,160	72,693
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	32,533	-
Changes of assumptions	136,013	-
Benefit Payments, including Refunds of Employee Contributions	<u>(8,382)</u>	<u>(8,174)</u>
Net Change in Total Pension Liability	299,278	112,438
Total Pension Liability - Beginning	<u>1,000,567</u>	<u>888,129</u>
Total Pension Liability - Ending (a)	<u>\$ 1,299,845</u>	<u>\$ 1,000,567</u>
Plan Fiduciary Net Position		
Contributions - Employer	47,458	90,530
Net Investment Income	(19,272)	100,040
Benefit Payments, including Refunds of Employee Contributions	(8,382)	(8,174)
Administrative Expense	<u>(5,710)</u>	<u>(4,822)</u>
Net Change in Plan Fiduciary Net Position	14,094	177,574
Plan Fiduciary Net Position - Beginning	<u>959,447</u>	<u>781,873</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 973,541</u>	<u>\$ 959,447</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 326,304</u>	<u>\$ 41,120</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	74.90%	95.89%
Covered Employee Payroll ¹	\$ 110,625	\$ 190,350
Net Pension Liability as a percentage of Covered Employee Payroll	294.96%	21.60%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

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.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years
(Special Risk Class Employees)

	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	51,197	32,286	47,458	90,530
Contributions in relation to the Actuarially Determined Contributions	51,197	32,286	47,458	90,530
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 70,811	\$ 75,771	\$ 110,625	\$ 190,350
Contributions as a percentage of Covered Employee Payroll	72.30%	42.61%	42.90%	47.56%

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Notes to Schedule

Valuation Date: 10/01/2015

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	15 Years (as of 10/01/2015 Valuation).
Mortality Rate:	RP2000 Combined Healthy Mortality Table projected to valuation date using scale AA. Disabled lives set forward 5 years. We feel this assumption sufficiently accommodates expected mortality improvements.
Interest Rate:	7.0% per year compounded annually, net of investment expenses.
Retirement Age:	Earlier of 1) Age 55 and the completion of 6 years of service or 2) the completion of 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based on the plan provisions.
Early Retirement:	Commencing with the earliest assumed early retirement date (completion of 6 years of service), members are assumed to terminate according to the withdrawal rates according to the table below. We feel this assumption is reasonable based on the plan provisions.
Disability Rates:	See table below (1205). This assumption is consistent with other General Employee plans in the state.
Termination Rates:	See table below (1304). This assumption is consistent with other General Employee plans in the state.
Salary Increases:	6.0% per year until the assumed retirement age. This assumption was developed from those used by other General Employee plans in the state.
Payroll Growth Assumption:	None.
Cost-of-Living Adjustment:	3.0% per year beginning 2 years after retirement.
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

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Termination and Disability Rate Table:

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

SCHEDULE OF INVESTMENT RETURNS
 Last 10 Fiscal Years
 (Special Risk Class Employees)

	<u>09/30/2017</u>	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return				
Net of Investment Expense	12.79%	8.46%	-1.92%	11.79%

NOTES TO THE FINANCIAL STATEMENTS
 (For the Year Ended September 30, 2018)
 (Special Risk Class Employees)

General Information about the Pension Plan

Plan Description

The City of Melbourne General Employees' Pension Plan is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board consists of 5 Trustees, 2 of whom are legal residents of the City who are appointed by the City Council, 2 of whom are members of the System who are elected by a majority of the General Employees and Airport Security Officers who are members of the System and who vote in the election, and a fifth Trustee who is chosen by a majority of the first 4 Trustees.

All general employee members (except elected city officials) and all airport security officers who are employed on or after January 1, 1996, and prior to August 1, 2008, and who did not elect to become a member of the Florida Retirement System, shall remain members of this Plan. No new employees hired on or after August 1, 2008 shall become members of this system.

Plan Membership as of October 1, 2016:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	1
	4
	4

Benefits Provided

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

Normal Retirement:

Date: Special Risk Class - Earlier of 1) age 55 and 6 years of service, or 2) 25 years of Credited Service, regardless of age.

Benefit: Special Risk Class - 3.0% of Average Final Compensation times Credited Service.

Early Retirement:

Date: 6 Years of Credited Service.

Benefit: Special Risk Class - Accrued benefit, reduced 3% for each of the first 5 years prior to Normal Retirement and 5% for each additional year thereafter.

Vesting:

Schedule: 100% after 6 years of Credited Service.

Benefit: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 8 years of Credited Service.

Benefit accrued to date of disability, but not less than 65% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Vested: Beneficiary receives an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity.

Non-Vested: Refund of member contributions, if any.

Cost of Living Adjustments:

Special Risk Class - beginning on the July 1 following 2 years of payments, the monthly amount is increased 3%. The increase is based on the June benefit, excluding any supplemental benefit.

Supplement:

Early and Normal Retirees receive a monthly benefit of \$5 for each year of Credited Service (minimum is \$30 and maximum is \$150).

Contributions

Member Contributions: None.

City Contributions: Amounts required in order to pay current costs and amortize unfunded past service cost, if any, over 40 years.

Net Pension Liability

The measurement date is September 30, 2017.

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

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

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

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

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	6.00%
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 October 21, 2015.

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	50%	7.50%
International Equity	10%	8.50%
Domestic Fixed Income	35%	2.50%
Global Fixed Income	5%	3.50%
Total	100%	

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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
(Special Risk Class Employees)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2017	\$ 1,133,470	\$ 1,064,709	\$ 68,761
Changes for a Year:			
Service Cost	25,050	-	25,050
Interest	80,237	-	80,237
Differences between Expected and Actual Experience	58,940	-	58,940
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	51,197	(51,197)
Net Investment Income	-	141,013	(141,013)
Benefit Payments, including Refunds of Employee Contributions	(24,552)	(24,552)	-
Administrative Expense	-	(6,639)	6,639
Net Changes	139,675	161,019	(21,344)
Reporting Period Ending September 30, 2018	\$ 1,273,145	\$ 1,225,728	\$ 47,417

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	\$ 246,422	\$ 47,417	\$ (111,981)

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
 (Special Risk Class Employees)

For the year ended September 30, 2017, the Sponsor has recognized a Pension Expense of -\$27,253.
 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	16,266	140,692
Changes of assumptions	78,014	-
Net difference between Projected and Actual Earnings on Pension Plan investments	29,526	-
Employer contributions subsequent to the measurement date	51,197	-
Total	\$ 175,003	\$ 140,692

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:		Amount
2018	\$	(79,999)
2019	\$	50,685
2020	\$	15,755
2021	\$	(3,327)
2022	\$	-
Thereafter	\$	-

**PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**
FISCAL YEAR SEPTEMBER 30, 2018
 (Special Risk Class Employees)

For the year ended September 30, 2018, the Sponsor will recognize a Pension Expense of \$2,482. 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	8,133	-
Changes of assumptions	34,003	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	31,651
Employer contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ 31,651

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	\$	37,528	
2020	\$	2,598	
2021	\$	(16,484)	
2022	\$	(13,157)	
2023	\$	-	
Thereafter	\$	-	

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years
(Special Risk Class Employees)

Reporting Period Ending Measurement Date	09/30/2018 09/30/2017	09/30/2017 09/30/2016
Total Pension Liability		
Service Cost	25,050	22,024
Interest	80,237	91,869
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	58,940	(281,383)
Changes of assumptions	-	20,015
Benefit Payments, including Refunds of Employee Contributions	(24,552)	(18,900)
Net Change in Total Pension Liability	139,675	(166,375)
Total Pension Liability - Beginning	1,133,470	1,299,845
Total Pension Liability - Ending (a)	\$ 1,273,145	\$ 1,133,470
Plan Fiduciary Net Position		
Contributions - Employer	51,197	32,286
Net Investment Income	141,013	84,999
Benefit Payments, including Refunds of Employee Contributions	(24,552)	(18,900)
Administrative Expense	(6,639)	(7,217)
Net Change in Plan Fiduciary Net Position	161,019	91,168
Plan Fiduciary Net Position - Beginning	1,064,709	973,541
Plan Fiduciary Net Position - Ending (b)	\$ 1,225,728	\$ 1,064,709
Net Pension Liability - Ending (a) - (b)	\$ 47,417	\$ 68,761
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	96.28%	93.93%
Covered Employee Payroll ¹	\$ 70,811	\$ 75,771
Net Pension Liability as a percentage of Covered Employee Payroll	66.96%	90.75%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Changes of assumptions:

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

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

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years
(Special Risk Class Employees)

Reporting Period Ending	09/30/2016	09/30/2015
Measurement Date	09/30/2015	09/30/2014
Total Pension Liability		
Service Cost	56,954	47,919
Interest	82,160	72,693
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	32,533	-
Changes of assumptions	136,013	-
Benefit Payments, including Refunds of Employee Contributions	(8,382)	(8,174)
Net Change in Total Pension Liability	299,278	112,438
Total Pension Liability - Beginning	1,000,567	888,129
Total Pension Liability - Ending (a)	<u>\$ 1,299,845</u>	<u>\$ 1,000,567</u>
 Plan Fiduciary Net Position		
Contributions - Employer	47,458	90,530
Net Investment Income	(19,272)	100,040
Benefit Payments, including Refunds of Employee Contributions	(8,382)	(8,174)
Administrative Expense	(5,710)	(4,822)
Net Change in Plan Fiduciary Net Position	14,094	177,574
Plan Fiduciary Net Position - Beginning	959,447	781,873
Plan Fiduciary Net Position - Ending (b)	<u>\$ 973,541</u>	<u>\$ 959,447</u>
 Net Pension Liability - Ending (a) - (b)	<u>\$ 326,304</u>	<u>\$ 41,120</u>
 Plan Fiduciary Net Position as a percentage of the Total Pension Liability	74.90%	95.89%
 Covered Employee Payroll ¹	\$ 110,625	\$ 190,350
Net Pension Liability as a percentage of Covered Employee Payroll	294.96%	21.60%

Notes to Schedule:

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

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.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years
(Special Risk Class Employees)

	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	51,197	32,286	47,458	90,530
Contributions in relation to the Actuarially Determined Contributions	51,197	32,286	47,458	90,530
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll ¹	\$ 70,811	\$ 75,771	\$ 110,625	\$ 190,350
Contributions as a percentage of Covered Employee Payroll	72.30%	42.61%	42.90%	47.56%

¹ The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Notes to Schedule

Valuation Date: 10/01/2015

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	15 Years (as of 10/01/2015 Valuation).
Mortality Rate:	RP2000 Combined Healthy Mortality Table projected to valuation date using scale AA. Disabled lives set forward 5 years. We feel this assumption sufficiently accommodates expected mortality improvements.
Interest Rate:	7.0% per year compounded annually, net of investment expenses.
Retirement Age:	Earlier of 1) Age 55 and the completion of 6 years of service or 2) the completion of 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel this
Early Retirement:	Commencing with the earliest assumed early retirement date (completion of 6 years of service), members are assumed to terminate according to the withdrawal rates according to the table below. We feel this assumption is reasonable based on the plan provisions.
Disability Rates:	See table below (1205). This assumption is consistent with other General Employee plans in the state.
Termination Rates:	See table below (1304). This assumption is consistent with other General Employee plans in the state.
Salary Increases:	6.0% per year until the assumed retirement age. This assumption was developed from those used by other General Employee plans in the state.
Payroll Growth Assumption:	None.
Cost-of-Living Adjustment:	3.0% per year beginning 2 years after retirement.
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

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Termination and Disability Rate Table:

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

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2017
(Special Risk Class Employees)

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 326,304	\$ 21,618	\$ 235,022	\$ -
Employer Contributions made after September 30, 2016	-	-	51,197	-
Total Pension Liability Factors:				
Service Cost	22,024	-	-	22,024
Interest	91,869	-	-	91,869
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(281,383)	281,383	-	-
Current year amortization of experience difference	-	(140,691)	(8,133)	(132,558)
Change in assumptions about future economic or demographic factors or other inputs	20,015	-	20,015	-
Current year amortization of change in assumptions	-	-	(44,010)	44,010
Benefit Payments, including Refunds of Employee Contributions	(18,900)	-	-	-
Net change	<u>(166,375)</u>	<u>140,692</u>	<u>19,069</u>	<u>25,345</u>
Plan Fiduciary Net Position:				
Contributions - Employer	32,286	-	(32,286)	-
Projected Net Investment Income	68,364	-	-	(68,364)
Difference between projected and actual earnings on Pension Plan investments	16,635	16,635	-	-
Current year amortization	-	(10,533)	(19,082)	8,549
Benefit Payments, including Refunds of Employee Contributions	(18,900)	-	-	-
Administrative Expenses	(7,217)	-	-	7,217
Net change	<u>91,168</u>	<u>6,102</u>	<u>(51,368)</u>	<u>(52,598)</u>
Ending Balance	<u>\$ 68,761</u>	<u>\$ 168,412</u>	<u>\$ 202,723</u>	<u>\$ (27,253)</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2018
 (Special Risk Class Employees)

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 68,761	\$ 168,412	\$ 202,723	\$ -
Employer Contributions made after September 30, 2017	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	25,050	-	-	25,050
Interest	80,237	-	-	80,237
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	58,940	-	58,940	-
Current year amortization of experience difference	-	(140,692)	(67,073)	(73,619)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(44,011)	44,011
Benefit Payments, including Refunds of Employee Contributions	(24,552)	-	-	-
Net change	<u>139,675</u>	<u>(140,692)</u>	<u>(52,144)</u>	<u>75,679</u>
Plan Fiduciary Net Position:				
Contributions - Employer	51,197	-	(51,197)	-
Projected Net Investment Income	75,230	-	-	(75,230)
Difference between projected and actual earnings on Pension Plan investments	65,783	65,783	-	-
Current year amortization	-	(23,688)	(19,082)	(4,606)
Benefit Payments, including Refunds of Employee Contributions	(24,552)	-	-	-
Administrative Expenses	(6,639)	-	-	6,639
Net change	<u>161,019</u>	<u>42,095</u>	<u>(70,279)</u>	<u>(73,197)</u>
Ending Balance	<u>\$ 47,417</u>	<u>\$ 69,815</u>	<u>TBD</u>	<u>\$ 2,482</u>

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

AMORTIZATION SCHEDULE - INVESTMENTS
(Special Risk Class Employees)

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		Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	Projected and Actual Earnings													
2014	\$	(36,030)	5	\$ (7,206)	\$ (7,206)	\$ (7,206)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$	95,410	5	\$ 19,082	\$ 19,082	\$ 19,082	\$ 19,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$	(16,635)	5	\$ (3,327)	\$ (3,327)	\$ (3,327)	\$ (3,327)	\$ (3,327)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$	(65,783)	5	\$ -	\$ (13,155)	\$ (13,157)	\$ (13,157)	\$ (13,157)	\$ (13,157)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense				\$ 8,549	\$ (4,606)	\$ (4,608)	\$ 2,598	\$ (16,484)	\$ (13,157)	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS
 (Special Risk Class Employees)

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	\$ 136,013	4	\$ 34,003	\$ 34,003	\$ 34,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 20,015	2	\$ 10,007	\$ 10,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 44,010	\$ 44,011	\$ 34,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE
(Special Risk Class Employees)

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

Plan Year Ending	Differences Between		Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience										
	Expected and Actual Experience	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2015	\$ 32,533	4	\$ 8,133	\$ 8,133	\$ 8,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (281,383)	2	\$ (140,691)	\$ (140,692)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ 58,940	1	\$ -	\$ 58,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (132,558)	\$ (73,619)	\$ 8,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -