

**CITY OF BOYNTON BEACH
GENERAL EMPLOYEES' PENSION PLAN**

**A PENSION TRUST FUND OF THE
CITY OF BOYNTON BEACH, FLORIDA**

**FINANCIAL STATEMENTS AND
ACCOMPANYING INFORMATION**

For the Years Ended September 30, 2018 and 2017

And Report of Independent Auditor

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN
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Report of Independent Auditor

Board of Trustees
City of Boynton Beach General Employees' Pension Plan
Boynton Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Boynton Beach General Employees' Pension Plan (the "Plan") which comprise the statements of fiduciary net position as of September 30, 2018 and 2017, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Boynton Beach General Employees' Pension Plan as of September 30, 2018 and 2017 and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed on the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The other supplementary information as listed on the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2019 on our consideration of the Plan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Cheryl Behrman" followed by a stylized monogram or initials.

Orlando, Florida
February 25, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED SEPTEMBER 30, 2018 and 2017

As management of the City of Boynton Beach General Employees' Pension Plan (the "Plan"), we offer readers of the Plan's financial statements this narrative overview of the financial activities of the Plan for the years ended September 30, 2018 and 2017. This narrative is intended to supplement the Plan's financial statements, and we encourage readers to consider the information presented here in conjunction with these statements, which begin on page 9.

Overview of the financial statements

The following discussion and analysis are intended to serve as an introduction to the Plan's financial statements. The financial statements are:

- Statements of fiduciary net position
- Statements of changes in fiduciary net position
- Notes to the financial statements

This report also contains the following "Required Supplementary Information" to the financial statements:

- Schedules of changes in net pension liability and related ratios
- Schedule of contributions
- Schedule of money-weighted rate of return
- Notes to required supplementary information

The financial statements contained in the report are described below:

- The statements of fiduciary net position are a point-in-time snapshot of account balances at fiscal year-end. It reports the assets available for future payments to retirees and any current liabilities that are owed as of the statement date. The resulting net position value (assets – liabilities = net position) represents the value of assets, net of liabilities, restricted for pension benefits.
- The statements of changes in fiduciary net position display the effect of pension plan transactions that occurred during the fiscal years, where additions – deductions = net increase in net position. This net increase in net position reflects the change in the net asset value of the statement of fiduciary net position from the prior year to the current year. Both statements are in compliance with Governmental Accounting Standards Board ("GASB") Pronouncements.
- The notes to the financial statements are an integral part of the financial statements and provide additional information that is essential to the comprehensive understanding of the data provided in the financial statements. These notes describe the accounting and administrative policies under which the Plan operates and provide additional levels of detail for select financial statement items (See notes to financial statements on pages 11 to 19 of this report).

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED SEPTEMBER 30, 2018 and 2017

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect the ongoing plan perspective. Therefore, in addition to the financial statements explained above, this financial report includes three additional "required supplementary information" schedules with historical trend information.

- The schedules of changes in net pension liability and related ratios (page 20) include information about the sources of changes to the net pension liability and to the changes in Plan fiduciary net position. They also provide information regarding the fiduciary net position as a percentage of covered employee payroll and the net pension liability as a percentage of covered payroll.
- The schedule of contributions (page 21) presents information regarding the value of total annual contributions required to be paid by the City of Boynton Beach (the "City") and the actual performance of the City in meeting this requirement.
- The schedule of money-weighted rate of return (page 22) provides information regarding the Plan's rate of return.
- The notes to the required supplementary information (page 23) provide background information and explanatory detail to aid in understanding the required supplementary schedules.

Financial highlights

- The assets of the Plan exceeded its liabilities at the close of the fiscal year ended September 30, 2018 and 2017, with \$179,720,765 and \$165,934,113 in net position restricted for pension benefits, respectively.
- Net position increased by \$13,786,652 or 8.3% during 2018, primarily due to contributions and investment income.
- Net position increased by \$16,308,738 or 10.9% during 2017, primarily due to contributions and investment income.
- For the year ended September 30, 2018, Plan net position was 92.11% of the total pension liability of \$195,105,878. Net pension liability was \$15,385,113, which was 71.70% of covered payroll.
- For the year ended September 30, 2017, Plan net position was 89.36% of the total pension liability of \$185,696,911. Net pension liability was \$19,762,798, which was 93.12% of covered payroll.
- Additions to fiduciary net position for the year ended September 30, 2018 were \$23,893,499, which include member and employer contributions of \$8,643,144 and net income from investment activities totaling \$15,250,355.
- Additions to fiduciary net position for the year ended September 30, 2017 were \$26,202,034, which include member and employer contributions of \$8,471,761 and net income from investment activities totaling \$17,730,273.
- Deductions from fiduciary net position totaled to \$10,106,847 in 2018, a \$213,551 increase from 2017. Most of the increase relates to increased benefit payments made in 2018.

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED SEPTEMBER 30, 2018 and 2017

- Deductions from fiduciary net position totaled to \$9,893,296 in 2017, a \$1,235,926 increase from 2016. Most of the increase relates to increased benefit payments made in 2017.

Analysis of financial activities

The Plan's funding objective is to meet long-term benefit obligations through investment income and contributions. Accordingly, the collection of employer and member contributions, and the income from investments provide the reserves needed to finance future retirement benefits.

Employer contributions to the Plan are made at levels determined by the Plan's actuary. Accordingly, contributions fluctuate with levels of compensation. Net position restricted for pension benefits increased by \$13,786,652 in 2018, compared to an increase of \$16,308,738 in 2017.

Fiduciary Net Position (Table 1)							
As of September 30, 2018, 2017 and 2016							
	2018	2017	2016	Increase (Decrease)		Increase (Decrease)	
				2017 to 2018		2016 to 2017	
				\$	%	\$	%
Current and other assets	\$ 1,595,252	\$ 1,527,028	\$ 6,624,198	\$ 68,224	4.5%	\$ (5,097,170)	(76.9%)
Investments	178,875,036	165,115,602	143,836,794	13,759,434	8.3%	21,278,808	14.8%
Total assets	180,470,288	166,642,630	150,460,992	13,827,658	8.3%	16,181,638	10.8%
Total liabilities	749,523	708,517	835,617	41,006	5.8%	(127,100)	(15.2%)
Net position	\$ 179,720,765	\$ 165,934,113	\$ 149,625,375	\$ 13,786,652	8.3%	\$ 16,308,738	10.9%

As the years roll forward and total assets and liabilities grow, investment income will continue to play an important role in funding future retirement benefits. Therefore, investment return over the long term is critical to the funding status of the retirement Plan.

During 2018, the Plan's investment portfolio experienced a return of approximately 9.7%. It is important to remember that a retirement plan's funding is based on a long time horizon, where temporary ups and downs in the market are expected. The more critical factor is that the Plan be able to meet an expected earnings yield of 7.3% annual return on investments.

Based on the latest actuarial analysis for the year ended September 30, 2018, the Plan's total pension liability exceeds its Plan net position by \$15,385,113, producing a plan net position as a percent of total pension liability of 92.11%.

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED SEPTEMBER 30, 2018 and 2017

Financial analysis – summary

As previously noted, net position viewed over time may serve as a useful indication of the Plan's financial position (See Table on page 5.) At the close of fiscal year 2018, the assets of the Plan exceeded its liabilities by \$179,720,765 in fiduciary net position restricted for pension benefits. The fiduciary net position is available to meet the Plan's ongoing obligation to plan participants and their beneficiaries.

Net position

The Plan's net position is established from employer and member contributions, and the accumulation of investment income, net of investment and administrative expenses, refunds, and benefit payments.

Additions to plan net position

As noted above, the position needed to finance retirement benefits is accumulated through the collection of employer and member contributions and through investment earnings (net of investment expenses). The additions totaled \$23,893,499 for the year ended September 30, 2018. This was \$2,308,535 less than the prior year, primarily due to decreased investment returns.

Additions to Net Position (Table 2)							
As of September 30, 2018, 2017 and 2016							
	2018	2017	2016	Increase (Decrease)		Increase (Decrease)	
				2017 to 2018		2016 to 2017	
				\$	%	\$	%
Employer contributions	\$ 7,110,298	\$ 6,951,693	\$ 7,615,053	\$ 158,605	2.3%	\$ (663,360)	(8.7%)
Member contributions	1,532,846	1,520,068	1,450,369	12,778	0.8%	69,699	4.8%
Net investment income	15,250,355	17,730,273	16,354,236	(2,479,918)	(14.0%)	1,376,037	8.4%
Total additions	\$ 23,893,499	\$ 26,202,034	\$ 25,419,658	\$ (2,308,535)	(8.8%)	\$ 782,376	3.1%

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED SEPTEMBER 30, 2018 and 2017

Deductions from plan net position

The Plan was created to provide retirement, survivor and disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments, refunds of contributions to employees who terminate employment, and the cost of administering the Plan.

Deductions from Net Position (Table 3)							
As of September 30, 2018, 2017 and 2016							
	2018	2017	2016	Increase (Decrease)		Increase (Decrease)	
				2017 to 2018		2016 to 2017	
				\$	%	\$	%
Benefit payments	\$ 9,810,800	\$ 9,609,277	\$ 8,304,937	\$ 201,523	2.1%	\$ 1,304,340	15.7%
Refunds of contributions	158,309	139,840	211,319	18,469	13.2%	(71,479)	(33.8%)
Administrative expenses	137,738	144,179	141,114	(6,441)	(4.5%)	3,065	2.2%
Total deductions	\$ 10,106,847	\$ 9,893,296	\$ 8,657,370	\$ 213,551	2.2%	\$ 1,235,926	14.3%

Deductions for the year ended September 30, 2018 totaled \$10,106,847, an increase of 2.2% from 2017. The increase was primarily due to the increase in benefit payments. Further analysis of benefit payments is provided in Table 4 below.

Benefit Payments (Table 4)							
As of September 30, 2018, 2017 and 2016							
	2018	2017	2016	Increase (Decrease)		Increase (Decrease)	
				2017 to 2018		2016 to 2017	
				\$	%	\$	%
Normal retirement payments	\$ 8,854,082	\$ 8,691,131	\$ 7,785,052	\$ 162,951	1.9%	\$ 906,079	11.6%
Disability pension payments	5,717	5,717	5,717	-	0.0%	-	0.0%
DROP account withdrawals	951,001	912,429	514,168	38,572	4.2%	398,261	77.5%
Total benefit payments	\$ 9,810,800	\$ 9,609,277	\$ 8,304,937	\$ 201,523	2.1%	\$ 1,304,340	15.7%

The deductions of plan net position of \$10,106,847 and additions to plan net position of \$23,893,499 resulted in an overall increase of \$13,786,652 in net position restricted for pension benefits for the year ended September 30, 2018. The deductions of plan net position of \$9,893,296 and additions to plan net position of \$26,202,034 resulted in an overall increase of \$16,308,738 in net position restricted for pension benefits for the year ended September 30, 2017.

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED SEPTEMBER 30, 2018 and 2017

Fiduciary responsibilities

The Board of Trustees is the fiduciary of the Plan. Fiduciaries are charged with the responsibility of assuring that the assets of the Plan are used exclusively for the benefit of plan participants and their beneficiaries and defraying reasonable expenses of administering the Plan.

Requests for information

This financial report is designed to provide the Board of Trustees, our membership, taxpayers and investment managers with an overview of the Plan's finances and accountability for the money received. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Boynton Beach General Employees' Pension Plan
c/o Resource Centers, LLC
4360 Northlake Boulevard, Suite 206
Palm Beach Gardens, FL 33410

BASIC FINANCIAL STATEMENTS

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN
STATEMENTS OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2018 AND 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 1,187,353	\$ 583,496
Receivables		
Interest and dividends	206,357	208,112
Pending trades receivables	192,749	118,924
Total receivables	399,106	327,036
Prepaid expenses	8,793	616,496
Investments		
Money market funds	2,632,734	4,268,610
U.S. Government obligations	11,582,223	16,309,555
U.S. Government agencies	-	6,006,986
Corporate obligations	6,856,977	8,869,663
Mortgage-backed securities	3,819,593	2,922,295
Equity securities	62,984,099	61,223,453
Equity mutual funds	47,536,140	30,883,971
Equity common trust funds	14,641,778	11,772,882
Real estate common trust funds	28,821,492	22,858,187
Total investments	178,875,036	165,115,602
Total assets	180,470,288	166,642,630
Liabilities		
Accounts payable	269,605	230,451
Pending trades payable	479,918	478,066
Total liabilities	749,523	708,517
Net position restricted for pension benefits	\$ 179,720,765	\$ 165,934,113

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
Additions		
Contributions		
City of Boynton Beach	\$ 7,110,298	\$ 6,951,693
Employee	1,532,846	1,520,068
Total contributions	<u>8,643,144</u>	<u>8,471,761</u>
Investment income		
Net appreciation in fair value		
of investments (realized and unrealized)	12,502,459	15,259,096
Interest and dividends	3,570,016	3,230,123
Other	5,568	6,849
	<u>16,078,043</u>	<u>18,496,068</u>
Less investment expenses	827,688	765,795
Net investment income	<u>15,250,355</u>	<u>17,730,273</u>
Total additions	<u>23,893,499</u>	<u>26,202,034</u>
Deductions		
Participant benefit payments	9,810,800	9,609,277
Refunds of participant contributions	158,309	139,840
Administrative expenses	137,738	144,179
Total deductions	<u>10,106,847</u>	<u>9,893,296</u>
Net increase in net position restricted for pension benefits	13,786,652	16,308,738
Net position restricted for pension benefits		
Beginning of year	165,934,113	149,625,375
End of year	<u>\$ 179,720,765</u>	<u>\$ 165,934,113</u>

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2018 and 2017

Note 1 - Summary of significant accounting policies

Reporting entity - The City of Boynton Beach General Employees' Pension Plan (the "Plan") was established to account for the accumulation of resources to be used for the retirement benefit payments to the general employees of the City of Boynton Beach, Florida (the "City"). The Plan is managed by a seven member Board of Trustees comprised of the Mayor, the City Manager, two members appointed by the Commission of the City, and three members elected by/from the plan membership, one of whom must be a member of a bargaining unit of the City and one of whom must not be a member of a bargaining unit of the City. The Plan is reported in the fiduciary funds (pension trust) in the City's basic financial statements.

Basis of accounting - The Plan's financial statements are prepared using the accrual basis of accounting. Contributions from the Plan's members are recognized as revenue in the period in which the contributions are due. Contributions from the City, as calculated by the Plan's actuary, are recognized as revenue when due and when the City is legally required to provide contributions. Expenses are recognized in the accounting period incurred, if measurable. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method used to value investments - Investments, with the exception of money market funds and real estate common trust funds, are reported at fair value. Money market funds are reported at amortized cost, which approximates fair value, and real estate common trust funds are reported at net asset value ("NAV"), which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price or exchange rates. Net asset values of the real estate common trust funds are determined by the fund managers using fair market values of the underlying investments of the fund, and the fund's investment in private real estate. There are no restrictions or terms and conditions on the Plan in redeeming the real estate common trust funds, and the Plan has no unfunded commitments related to the investments. Real estate values are based upon independent appraisals performed for assets held by the open-end fund annually, with restricted-scope appraisals conducted on a quarterly basis for those assets not receiving a full appraisal. The fair value of real estate is determined as the price that the Plan would expect to receive if the asset was sold to a market participant assuming the highest and best use of each asset at the date of the statement of fiduciary net position. Net appreciation (depreciation) in fair value of investments includes the difference between cost and fair value of investments held as well as the net realized gains and losses for securities which are sold. Interest and dividend income are recognized on the accrual basis when earned. Purchases and sales of investments are recorded on a trade date basis.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Risks and uncertainties - Investment securities, in general, are subject to various risks, such as interest rate, credit and overall market volatility. Due to the levels of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2018 and 2017

Note 2 - Plan description and contribution information

Plan description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to City ordinances for more complete information.

The City adopted this single employer defined benefit pension plan. The Plan is governed by Florida Statutes Chapter 112, as revised by ordinances passed by the Boynton Beach City Commission. All full time general employees (not police officers or firefighters) are covered under the plan.

The Plan provides retirement, death and disability benefits for its members. Benefit provisions are established and may be amended by the City. A member may retire with normal benefits after the earlier of age 62 with 5 years of credited service, age 55 with 25 years of credited service or 30 years of credited service regardless of age. Reduced early retirement benefits are available once a member reaches the earlier of age 55 and accumulates 10 years of credited service, or age 52 with 25 years of credited service. Normal retirement benefits are 3.0% of the member's average monthly earnings times his or her credited service years up to a maximum of 75% of average monthly earnings. Early retirement benefits are the same as normal retirement benefits, reduced by 3.0% for each year by which early retirement precedes the normal retirement date. Average monthly earnings for purposes of calculating benefits is the average of salary during the highest 5 years within the last 10 years of employment producing the highest average. Salary includes base salary, overtime, longevity pay, and may include other types of pay. The amount of overtime included in this definition for each year on or after June 18, 2013 shall be limited to not more than 300 hours per year.

Any member who attains 30 years of service, age 62 with 5 years of service or age 55 with 25 years of service may elect to participate in a deferred retirement option plan ("DROP") while continuing his or her active employment as a police officer. Upon participation in the DROP, the member becomes a retiree for all Plan purposes so that he or she ceases to accrue any further benefits under the Plan. Normal retirement payments that would have been payable to the member as a result are accumulated and invested in the DROP plan to be distributed to the member upon his or her termination of employment. Participation in the DROP plan ceases for a member at the first to occur of: termination of employment, 35 years of credited service or 5 years of participation.

Eligibility for disability benefits begins from the member's date of hire. Disability benefits are calculated the same as a normal retirement pension based on average monthly earnings and credited service at the time of disability. Benefits are payable on the date at which the member would have otherwise been eligible for normal benefits.

Pre-retirement death benefits are paid to the member's beneficiary for life. For members with less than 5 years of contributing service at the date of death, the benefit is the return of the member's contributions, including interest at an annual rate of 5%. For members with 5 years or more of contributing service at the date of death, the benefit is equal to that payable at early or normal retirement age. If the member is eligible for normal retirement, the benefit is equal to his or her accrued benefit, and is payable for life. The beneficiary of a member with 5 years or more of contributing service may also elect to receive an immediate lump sum payment equal to the greater of the return of the member's contributions, including interest at an annual rate of 5%, or the lump sum value of the accrued benefit payable at the earliest date that the member could have retired.

Termination benefits for unvested members are the return of the member's contributions. For members who are vested when they terminate, their vested accrued benefit is payable at the early or normal retirement date. Full vesting occurs at the completion of 5 years of credited service.

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2018 and 2017

Note 2 - Plan description and contribution information (continued)

Plan description (continued)

Membership in the Plan consisted of the following at October 1, 2017, the date of the latest actuarial valuation:

Retirees, beneficiaries, and DROP participants receiving benefits	409
Terminated employees entitled to benefits but not yet receiving them	49
Active members	<u>383</u>
Total	<u>841</u>

Contributions

Contribution requirements are established and may be amended by the City. Contribution requirements are based on the benefit structure established by the City. Members are required to contribute 7.0% of their covered salary. The City is required to contribute the remaining amounts necessary to finance the benefits through periodic contributions at actuarially determined rates. Administrative costs are financed through investment earnings.

The Plan allows members who were enrolled in elective benefits prior to the passage of Ordinance 10-006 (on February 16, 2010) to continue to participate in additional voluntary contributions in order to pay for certain elective benefits; however, members who enrolled in the Plan after the passage of Ordinance 10-006 may not elect the voluntary benefits. There are four elective benefits: cost of living adjustment, health insurance subsidy, health insurance subsidy with 2% per year cost of living adjustment, and retirement after 25 years of service, regardless of age.

If a member terminates employment and returns to work for the City within 5 years of termination of employment, then the member will be considered a new employee with no credited service, unless the member elects to pay back to the Plan in a lump sum any previous distributions received from the Plan, plus interest within one year of re-employment. The amount of interest required will be calculated based upon the actuarially assumed rate of investment return, applied to the period from the date of original distribution to the date of repayment. If the member repays this amount, the member will be granted the credited service earned prior to your previous termination of service. If the member fails to make application within one year of re-employment, the member may, within 5 years of re-employment, request to purchase the time at the full actuarial cost, plus the cost of the actuarial services to calculate the buyback.

Note 3 - Deposits and investments

Deposits

Custodial credit risk – Florida Statutes require the Plan to maintain its deposits with financial institutions in a qualified public depository, as determined by the Treasurer of the State of Florida (the "Treasurer").

The Plan's accounts maintained in qualified public depositories are covered by federal depository insurance for an amount equal to the aggregate of each participant's ascertainable, non-contingent interest in the Plan (up to \$250,000 per participant). Amounts in excess of federal depository insurance are secured by the Public Depository Trust Fund (the "Trust Fund") maintained by the Treasurer. The Trust Fund is a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a member fails.

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2018 and 2017

Note 3 - Deposits and investments (continued)

Investments

Authorized investments – Florida Statutes and the Plan's investment policy limit investments to money market deposit accounts provided by the Plan's custodian; obligations issued by the United States Government; commercial paper with a maturity of 270 days or less that is rated A-1 by Standard & Poor's or P-1 by Moody's; bankers' acceptances issued by the largest 50 banks in the United States (in terms of total assets); corporate equity and fixed income securities; mutual funds; commingled funds; limited partnerships; real estate held in commingled funds; and absolute or real return investments held in commingled funds. Investments in companies identified as scrutinized companies by the Florida State Board of Administration ("SBA") are prohibited, with the exception of investments in scrutinized companies that are held within commingled funds (if the commingled fund sponsor does not offer a similar fund that does not hold investments in scrutinized companies). Investments in unhedged and/or leveraged derivatives are prohibited.

Investment Policy – The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Plan's Board of Trustees. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected net rate of return on investments was presented as geometric means. Best-estimates ranges of expected future rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. The long-term expected net rate of return on investments is the best-estimate ranges weighted by asset allocation plus expected inflation. Best estimates of compound real rates of return for each major asset class as provided by the investment monitor are shown in the following table, together with the Board's adopted asset allocation policy, as of September 30, 2018:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap domestic equity	35%	4.0%
Small / mid cap domestic equity	10%	4.5%
International equity	20%	5.0%
Real estate	15%	4.3%
Fixed income	20%	1.5%
	<u>100%</u>	

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2018 and 2017

Note 3 - Deposits and investments (continued)

At September 30, 2018 and 2017, the Plan had the following investments:

2018	Credit rating (S&P)	Amount	Investment maturity (in years)			
			Less than 1	1 - 5	5 - 10	More than 10
Money market funds	AAA	\$ 2,632,734	\$ 2,632,734	\$ -	\$ -	\$ -
U.S. Government obligations	N/A	11,582,223	294,210	3,393,433	4,364,531	3,530,049
Corporate obligations	AA+ .. B-	6,856,977	63,046	5,083,835	1,506,378	203,718
Mortgaged-backed securities	N/A	3,819,593	-	-	148,127	3,671,466
Fixed income subtotal		24,891,527	\$ 2,989,990	\$ 8,477,268	\$ 6,019,036	\$ 7,405,233
Equity securities	N/R*	62,984,099				
Equity mutual funds	N/R*	47,536,140				
Equity common trust funds	N/R*	14,641,778				
Real estate common trust funds (at NAV)	N/R*	28,821,492				
Total investments		\$ 178,875,036				

2017	Credit rating (S&P)	Amount	Investment maturity (in years)			
			Less than 1	1 - 5	5 - 10	More than 10
Money market funds	AAA	\$ 4,268,610	\$ 4,268,610	\$ -	\$ -	\$ -
U.S. Government obligations	N/A	16,309,555	1,638,360	6,540,402	1,907,849	6,222,944
U.S. Government agencies	AA+	6,006,986	2,792,827	3,214,159	-	-
Corporate obligations	AA+ .. B	8,869,663	79,292	5,109,060	3,077,795	603,516
Mortgaged-backed securities	N/A	2,922,295	37,464	-	221,145	2,663,686
Fixed income subtotal		38,377,109	\$ 8,816,553	\$ 14,863,621	\$ 5,206,789	\$ 9,490,146
Equity securities	N/R*	61,223,453				
Equity mutual funds	N/R*	30,883,971				
Equity common trust funds	N/R*	11,772,882				
Real estate common trust funds (at NAV)	N/R*	22,858,187				
Total investments		\$ 165,115,602				

*Not Rated

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2018 and 2017

Note 3 - Deposits and investments (continued)

Interest rate risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Plan's investment policy limits the duration of the fixed income portfolio to 135% of the duration of the Bloomberg Barclays Capital Aggregate Bond Index.

Credit risk – This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization ("NSRO"), such as Moody's or Standard & Poor's. The Plan's investment policy states that the average credit quality of the fixed income portfolio must be "A" or higher as defined by an NSRO. Fixed income securities rated below "BBB" as defined by an NSRO shall not exceed 20% of the Plan's fixed income portfolio.

Custodial credit risk – This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are held by the counterparty. The Plan's policy is to maintain its investments in custodial accounts that identify securities held as assets of the Plan by registering securities in the name of the Plan, or in street name or nominee name as the Plan's agent.

Concentration of credit risk – The Plan's investment policy limits investments in equity securities and fixed income securities of any one issuing company to 5% of an investment manager's portfolio at cost. Furthermore, investments in equity securities shall not exceed 65% of the Plan's assets at cost. Investments in foreign securities, excluding American depository receipts ("ADRs"), shall be limited to 25% of the Plan's assets at market value. Investments in real estate shall not exceed 25% of the Plan's assets at market value. Investments in absolute or real return strategies shall not exceed 20% of the Plan's assets at market value.

Fair Value Hierarchy – The fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, provides three levels of inputs to measure fair value. Because of the inherent uncertainty of valuations, estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed, and differences could be material.

The Plan classifies its investments into a hierarchical disclosure framework as follows:

Level I – Securities traded in an active market with available quoted prices for identical assets as of the reporting date.

Level II – Securities not traded on an active market but for which observable market inputs are readily available or Level I securities where there is a contractual restriction as of the reporting date.

Level III – Securities not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2018 and 2017

Note 3 - Deposits and investments (continued)

At September 30, 2018 and 2017, the Plan's measurements for investments were as follows:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	9/30/2018			
Investments measured at fair value				
U.S. Government obligations	\$ 11,582,223	\$ -	\$ 11,582,223	\$ -
Corporate obligations	6,856,977	-	6,856,977	-
Mortgage-backed securities	3,819,593	-	3,819,593	-
Equity securities	62,984,099	62,984,099	-	-
Equity mutual funds	47,536,140	47,536,140	-	-
Equity common trust funds	14,641,778	-	14,641,778	-
Total investments measured at fair value	147,420,810	\$ 110,520,239	\$ 36,900,571	\$ -
Investments measured at amortized cost				
Money market funds	2,632,734			
Total investments measured at amortized cost	2,632,734			
Investments measured at NAV				
Real estate common trust funds	28,821,492			
Total investments measured at NAV	28,821,492			
Total investments	\$ 178,875,036			

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	9/30/2017			
Investments measured at fair value				
U.S. Government obligations	\$ 16,309,555	\$ -	\$ 16,309,555	\$ -
U.S. Government agencies	6,006,986	-	6,006,986	-
Corporate obligations	8,869,663	-	8,869,663	-
Mortgage-backed securities	2,922,295	-	2,922,295	-
Equity securities	61,223,453	61,223,453	-	-
Equity mutual funds	30,883,971	30,883,971	-	-
Equity common trust funds	11,772,882	-	11,772,882	-
Total investments measured at fair value	137,988,805	\$ 92,107,424	\$ 45,881,381	\$ -
Investments measured at amortized cost				
Money market funds	4,268,610			
Total investments measured at amortized cost	4,268,610			
Investments measured at NAV				
Real estate common trust funds	22,858,187			
Total investments measured at NAV	22,858,187			
Total investments	\$ 165,115,602			

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2018 and 2017

Note 4 – Restricted Net Position

Portions of the plan net position are restricted for benefits that accrue in relation to the DROP plan described in Note 2. Plan net position at September 30, 2018 and 2017 consists of the following:

	2018	2017
Restricted for DROP benefits (fully funded)	\$ 11,970,335	\$ 11,970,335
Restricted for pension benefits	165,720,352	153,963,778
Total restricted plan net position	<u>\$ 179,720,765</u>	<u>\$ 165,934,113</u>

Note 5 – Net pension liability of the City

The components of the net pension liability of the City at September 30, 2018 and 2017, were as follows:

	2018	2017
Total pension liability	\$ 195,105,878	\$185,696,911
Plan fiduciary net position	179,720,765	165,934,113
Net pension liability of the City	<u>\$ 15,385,113</u>	<u>\$ 19,762,798</u>
Plan fiduciary net position as a percentage of the total pension liability	92.11%	89.36%

Total pension liability is based on the October 1, 2017 actuarial valuation updated to the September 30, 2018 measurement date.

Mortality rates were based on the RP-2000 Combined Healthy Participant Mortality Table and the RP-2000 Mortality Table for Annuitants, with mortality improvement projected to all future years after 2000 using Scale BB. Assumptions for inflation and salary increases were 2.8% and 3.5% to 8.6%, respectively.

The discount rate used to measure the total pension liability was 7.3% and 7.4%, for the fiscal years 2018 and 2017, respectively. This is the single rate that reflects the long-term expected net rate of return on pension plan investments expected to be used to finance the payment of benefits, including inflation. The projection of cash flows used to determine this single discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.3%) was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the City, calculated using the discount rate of 7.3% for the 2018 fiscal year, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.3%) or 1-percentage higher (8.3%) than the current rate:

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

1% Decrease 6.3%	Current Single Discount Rate Assumption 7.3%	1% Increase 8.3%
\$ 35,206,371	\$ 15,385,113	(\$ 1,345,119)

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2018 and 2017

Note 5 – Net pension liability of the City (continued)

The following presents the net pension liability of the City, calculated using the discount rate of 7.4% for the 2017 fiscal year, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.40%) or 1-percentage higher (8.40%) than the current rate:

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

1% Decrease 6.4%	Current Single Discount Rate Assumption 7.4%	1% Increase 8.4%
\$ 38,592,253	\$ 19,762,798	\$ 3,842,781

Note 6 - Income taxes

The Plan administrator and the Plan's tax counsel believe the Plan is currently designed and is being operated in compliance with the applicable requirements of the Internal Revenue Service Code and that, therefore, the Plan continues to qualify under Section 401(a) as tax-exempt as of September 30, 2018. Therefore, no provision for income taxes is included in the Plan's financial statements.

Note 7 - Subsequent events

Management has evaluated subsequent events through February 25, 2019 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Year Ending September 30,	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 3,435,186	\$ 3,115,194	\$ 2,990,326	\$ 2,954,646	\$ 2,968,214
Interest	13,626,918	12,836,669	12,699,614	11,691,291	11,192,833
Benefit changes	-	-	-	5,680,646	-
Difference between actual and expected experience	484,186	2,006,523	(4,891,541)	1,191,720	(13,973)
Assumption changes	1,800,889	4,538,235	-	-	-
Benefit payments	(9,810,800)	(9,609,277)	(8,304,937)	(7,593,403)	(7,796,109)
Refunds	(158,309)	(139,840)	(211,319)	(191,378)	(198,139)
Other (contributions toward elective benefits)	30,897	34,453	36,826	40,842	44,092
Net change in total pension liability	9,408,967	12,781,957	2,318,969	13,774,364	6,196,918
Total pension liability - beginning	185,696,911	172,914,954	170,595,985	156,821,621	150,624,703
Total pension liability	195,105,878	185,696,911	172,914,954	170,595,985	156,821,621
Plan fiduciary net position					
Contributions - Employer	7,110,298	6,951,693	7,615,053	7,273,068	6,780,773
Contributions - Members	1,532,846	1,520,068	1,450,369	1,439,239	1,492,985
Net investment income	15,250,355	17,730,273	16,354,236	1,605,790	11,833,483
Benefit payments	(9,810,800)	(9,609,277)	(8,304,937)	(7,593,403)	(7,796,109)
Refunds	(158,309)	(139,840)	(211,319)	(191,378)	(198,139)
Administrative expense	(137,738)	(144,179)	(141,114)	(142,577)	(135,227)
Net changes in Plan fiduciary net position	13,786,652	16,308,738	16,762,288	2,390,739	11,977,766
Total Plan fiduciary net position - beginning	165,934,113	149,625,375	132,863,087	130,472,348	118,494,582
Total Plan fiduciary net position - ending	179,720,765	165,934,113	149,625,375	132,863,087	130,472,348
Net pension liability ending	\$ 15,385,113	\$ 19,762,798	\$ 23,289,579	\$ 37,732,898	\$ 26,349,273
Plan fiduciary net position as a percentage of the total pension liability	92.11%	89.36%	86.53%	77.88%	83.20%
Covered payroll	\$ 21,456,414	\$ 21,223,071	\$ 20,193,471	\$ 19,977,100	\$ 20,698,471
Net pension liability as a percentage of covered payroll	71.70%	93.12%	115.33%	188.88%	127.30%

Note: Government accounting standards require 10 year trend information. As fiscal year 2014 is the first year of implementation, additional years will be displayed as the information becomes available.

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS

<u>FY Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a % of Covered Payroll</u>
2018	\$ 7,110,298	\$ 7,110,298	\$ -	\$ 21,456,414	33.1%
2017	6,951,693	6,951,693	-	21,223,071	32.8%
2016	7,608,338	7,615,053	(6,715)	20,193,471	37.7%
2015	7,273,067	7,273,068	(1)	19,977,100	36.4%
2014	6,780,773	6,780,773	-	20,698,471	32.8%

Note: Government accounting standards require 10-year trend information. As fiscal year 2014 was the first year of implementation, additional years will be displayed as the information becomes available.

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN

<u>Year Ending September 30,</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
2018	9.7%
2017	12.5%
2016	12.6%
2015	0.8%
2014	10.2%

Note: Government accounting standards require 10-year trend information. As fiscal year 2014 is the first year of implementation, additional years will be displayed as the information becomes available.

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Valuation Date	October 1, 2016
Note:	Actuarially determined contribution rates are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	8 years (single equivalent amortization period)
Asset valuation method	5-year smoothed market
Inflation	2.8%
Salary increases	3.5% to 8.6% depending on years of completed service, including inflation
Investment rate of return	7.40%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table and RP-2000 Mortality Table for Annuitants, with mortality improvements projected to all future years after 2000 using Scale BB.
Change in assumptions	The assumed rate of return decreased from 7.5% to 7.4%.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BOYNTON BEACH GENERAL EMPLOYEES' PENSION PLAN
SCHEDULES OF ADMINISTRATIVE AND INVESTMENT EXPENSES

YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
Administrative expenses		
Accounting services	\$ 15,000	\$ 16,000
Actuarial services	24,632	23,018
Legal services	7,613	7,873
Administrative services	64,358	76,433
Fiduciary liability insurance	8,917	8,941
Trustee expenses	8,539	3,708
Computer services	4,900	4,000
Postage	2,674	3,232
Annual membership fees	-	660
Miscellaneous expenses	1,105	314
Total administrative expenses	\$ 137,738	\$ 144,179
Investment expenses		
Investment management fees	\$ 685,503	\$ 637,654
Custodial fees	55,336	49,840
Performance monitoring fees	86,849	78,301
Total investment expenses	\$ 827,688	\$ 765,795

OTHER REPORT

**Report of Independent Auditor on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of the Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Trustees
City of Boynton Beach General Employees' Pension Plan
Boynton Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Boynton Beach General Employees' Pension Plan (the "Plan") as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon, dated February 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, reading "Cheryl Behrman" followed by a stylized flourish.

Orlando, Florida
February 25, 2019