

CITY OF PLANT CITY
SAFETY EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2015

CONTRIBUTIONS APPLICABLE TO CITY'S
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2017

December 30, 2015

Board of Trustees
611 S. Collins Street
Plant City, FL 33566

Re: City of Plant City Safety Employees' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Plant City Safety Employees' Retirement System. The 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. 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 Chapters 112, 175 and 185, 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 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 Plant City, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Plant City Safety Employees' Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

By: 
Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #14-6595

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Plant City Safety Employees' Retirement System, performed as of October 1, 2015, has been completed and the results are presented in this Report. The results of this valuation apply to the City's plan/fiscal year ended September 30, 2017.

The contribution requirements, compared with the amounts set forth in the October 1, 2014 Actuarial Valuation, are as follows:

Valuation Date	10/1/2015	10/1/2014
Applicable Fiscal Year End	<u>9/30/2017</u>	<u>9/30/2016</u>
Total Required Contribution	\$3,410,337	\$3,197,043
Member Contributions (Est.)	\$701,005	\$666,043
Required City and State Cont.	\$2,709,332	\$2,531,000
State Contributions *	\$517,964	\$517,964
Balance from City	\$2,191,368	\$2,013,036

* Reflects mutual consent to allow the City to utilize all of the State Monies that come in each year to help offset the City's bottom line funding requirements to the Plan.

During the past year, the actual experience realized by the Plan was virtually neutral, relative to the Plan's actuarial assumptions. The principal source of favorable actuarial experience included average increases in pensionable compensation lower than the assumed rate by 1.74%. This gain was partially offset by higher than expected retirements.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Plan. 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: Patrick T. Donlan
Patrick T. Donlan, EA, ASA, MAAA

By: Sara E. Baumer
Sara E. Baumer

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

The Board adopted a change in the investment return assumption from 7.75% to 7.50%, net of investment-related expenses.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2015</u>	Old Assump <u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data			
Number Included			
Actives	100	100	94
Service Retirees	63	63	58
DROP Retirees	7	7	6
Beneficiaries	6	6	5
Disability Retirees	0	0	0
Terminated Vested	<u>11</u>	<u>11</u>	<u>15</u>
Total	187	187	178
Total Annual Payroll	\$6,386,267	\$6,386,267	\$6,066,190
Payroll Under Assumed Ret. Age	6,386,267	6,386,267	6,066,190
Annual Rate of Payments to:			
Service Retirees	2,127,999	2,127,999	2,009,552
DROP Retirees	396,725	396,725	335,954
Beneficiaries	86,791	86,791	66,796
Disability Retirees	0	0	0
Terminated Vested	127,429	127,429	163,350
B. Assets			
Actuarial Value ¹	33,714,650	33,714,650	31,078,438
Market Value ¹	31,918,201	31,918,201	32,420,945
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	27,480,500	26,294,060	25,225,091
Disability Benefits	569,965	549,780	538,855
Death Benefits	165,539	160,564	157,462
Vested Benefits	3,403,471	3,247,332	3,231,736
Refund of Contributions	270,951	269,254	232,930
Service Retirees	24,015,225	23,486,241	22,100,718
DROP Retirees ¹	5,841,726	5,711,846	5,616,164
Beneficiaries	634,343	625,587	490,511
Disability Retirees	0	0	0
Terminated Vested	1,359,387	1,323,997	1,844,860
Excess State Monies Reserve	<u>0</u>	<u>0</u>	<u>280,684</u>
Total	63,741,107	61,668,661	59,719,011

C. Liabilities - (Continued)	New Assump <u>10/1/2015</u>	Old Assump <u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	47,164,925	46,611,878	44,582,823
Present Value of Future Member Contributions	4,716,493	4,661,188	4,458,282
Normal Cost (Retirement)	1,312,684	1,248,926	1,184,903
Normal Cost (Disability)	53,951	52,354	48,872
Normal Cost (Death)	9,616	9,306	8,959
Normal Cost (Vesting)	202,028	191,626	187,615
Normal Cost (Refunds)	<u>58,544</u>	<u>58,470</u>	<u>55,733</u>
Total Normal Cost	1,636,823	1,560,682	1,486,082
Present Value of Future Normal Costs	11,417,381	10,729,880	10,586,754
Accrued Liability (Retirement)	18,141,062	17,534,114	16,492,872
Accrued Liability (Disability)	250,462	244,215	242,666
Accrued Liability (Death)	95,701	93,926	93,173
Accrued Liability (Vesting)	1,960,988	1,893,924	1,946,330
Accrued Liability (Refunds)	24,832	24,931	24,279
Accrued Liability (Inactives) ¹	31,850,681	31,147,671	30,052,253
Excess State Monies Reserve	<u>0</u>	<u>0</u>	<u>280,684</u>
Total Actuarial Accrued Liability	52,323,726	50,938,781	49,132,257
Unfunded Actuarial Accrued Liability (UAAL)	18,609,076	17,224,131	18,053,819
Funded Ratio (AVA / AL)	64.4%	66.2%	63.3%
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives ¹	31,850,681	31,147,671	30,052,253
Actives	8,066,306	7,634,401	7,166,020
Member Contributions	<u>4,477,088</u>	<u>4,477,088</u>	<u>4,175,203</u>
Total	44,394,075	43,259,160	41,393,476
Non-vested Accrued Benefits	<u>1,903,315</u>	<u>1,808,019</u>	<u>1,918,687</u>
Total Present Value Accrued Benefits	46,297,390	45,067,179	43,312,163
Funded Ratio (MVA / PVAB)	68.9%	70.8%	74.9%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	1,230,211	0	
New Accrued Benefits	0	1,837,930	
Benefits Paid	0	(3,311,294)	
Interest	0	3,228,380	
Other	<u>0</u>	<u>0</u>	
Total	1,230,211	1,755,016	

	New Assump	Old Assump	
Valuation Date	10/1/2015	10/1/2015	10/1/2014
Applicable to Fiscal Year Ending	<u>9/30/2017</u>	<u>9/30/2017</u>	<u>9/30/2016</u>
 E. Pension Cost			
Normal Cost (with interest) ²	\$1,796,700	\$1,715,186	\$1,631,657
Administrative Expenses (with interest) ²	37,073	37,118	32,887
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2015, with interest) ²	1,576,564	1,513,503	1,532,499
Total Required Contribution	3,410,337	3,265,807	3,197,043
Expected Member Contributions ²	701,005	682,340	666,043
Expected City & State Contribution	2,709,332	2,583,467	2,531,000
 F. Past Contributions			
Plan Years Ending:	<u>9/30/2015</u>		
Total Required Contribution City and State Requirement	3,112,187 2,441,481		
Actual Contributions Made:			
Members (excluding buyback)	611,006		
City	2,301,422		
State	<u>465,173</u> ²		
Total	3,377,601		
 G. Net Actuarial (Gain)/Loss	 (16,072)		

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015 and 9/30/2014.

² Contributions developed as of 10/1/2015 displayed above have been adjusted to account for assumed salary increase and interest components.

² Reflects traditional interpretation of Chapter 99-1, Florida Statutes.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	18,609,076
2016	18,460,759
2017	18,259,634
2024	14,889,672
2031	7,849,409
2038	2,204,383
2045	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	3.98%	5.72%
Year Ended	9/30/2014	5.31%	5.50%
Year Ended	9/30/2013	5.04%	6.00%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	7.78%	7.75%
Year Ended	9/30/2014	8.20%	7.75%
Year Ended	9/30/2013	7.82%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$6,386,267
	10/1/2005	4,832,061
(b) Total Increase		32.16%
(c) Number of Years		10.00
(d) Average Annual Rate		2.83%

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 #14-6595

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

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

Ms. Sarah Carr
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

Unfunded Actuarial Accrued Liability as of October 1, 2014	\$18,053,819
Sponsor Normal Cost developed as of October 1, 2014	879,463
Expected administrative expenses for the year ended September 30, 2015	29,953
Expected interest on (1), (2) and (3)	1,468,490
Sponsor contributions to the System during the year ended September 30, 2015	2,766,595
Expected interest on (5)	91,452
Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	17,573,678
Change to UAAL due to Assumption Change	1,384,945
Chapter 2015-39 Allocation from Excess State Monies Reserve	(333,475)
Change to UAAL due to Actuarial (Gain)/Loss	(16,072)
Unfunded Accrued Liability as of October 1, 2015	18,609,076

Type of Base	Date Established	Years Remaining	10/1/2015 Amount	Amortization Amount
"A"	10/1/1995	10	\$698,711	\$85,082
"B"	10/1/1997	12	421,736	44,625
"C"	10/1/1999	14	1,553,519	146,824
"D"	10/1/2001	16	3,022,253	260,262
Benefit	10/1/2002	17	1,808,251	149,518
Loss	10/1/2003	18	215,442	17,161
Method	10/1/2003	18	222,452	17,720
Loss	10/1/2004	19	1,006,990	77,501
Loss	10/1/2005	20	701,438	52,295
Loss	10/1/2006	21	359,857	26,050
Gain	10/1/2007	22	(7,418)	(522)
Benefit	10/1/2007	22	(291,332)	(20,520)
Loss	10/1/2008	23	1,257,235	86,328
Method	10/1/2008	23	154,151	10,585
Loss	10/1/2009	24	2,681,619	179,815
Benefit	10/1/2009	24	(34,237)	(2,296)
Loss	10/1/2010	25	1,730,293	113,482
Assum	10/1/2010	25	543,804	35,666
Loss	10/1/2011	26	922,684	59,274
Assum	10/1/2011	26	799,626	51,368
Loss	10/1/2012	27	861,630	54,288
Loss	10/1/2013	28	815,937	50,483
Benefit	10/1/2013	28	(265,589)	(16,432)
Assum	10/1/2013	28	(1,632,284)	(100,990)
Actuarial Gain	10/1/2014	29	26,910	1,637
Assum	10/1/2015	30	1,384,945	82,896
Chapter 2015-39	10/1/2015	20	(333,475)	(24,862)
Actuarial Gain	10/1/2015	30	<u>(16,072)</u>	<u>(962)</u>
			18,609,076	1,436,276

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality RP-2000 Table with no projection – Disabled lives set forward 5 years. We believe this sufficiently accounts for future mortality improvements.

Interest 7.50% per year (previously 7.75%) compounded annually, net of investment related expenses. This assumption is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

Retirement Age *Prior to Attaining Age 55:*

<u>Service</u>	<u>Probability</u>
20 Years	50.0%
21 Years	5.0%
22 Years	5.0%
23 Years or more	100.0%

Age 55 and older:

All other members are assumed to retire with 100% probability at the earlier of age 60 or the attainment of age 55 with 10 years of credited service.

Additionally, it is assumed that members who are eligible to retire on the valuation date will continue employment for one additional year.

This assumption was developed in our May 5, 2014 Experience Study.

Early Retirement Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. We believe this assumption is in line with the current Plan provisions.

Disability Age-based. Sample rates are as follows:

<u>Age</u>	<u>Probability</u>
20	0.051%
30	0.058%
40	0.121%
50	0.429%

Additionally, it is assumed that 75% of disablements are service related. This assumption was developed from those used by other plans containing Florida municipal Police Officers and Firefighters.

Termination

<u>Service</u>	<u>Probability</u>
First 3 Years	10.0%
Years 4 to 6	6.0%
Greater than 6 Years	3.0%

This assumption was developed in our May 5, 2014 Experience Study.

Salary Increases

<u>Service</u>	<u>Assumed Increase</u>
First Year	10.0%
Years 2 to 10	6.0%
Greater than 10 Years	4.0%

In addition, the projected salary in the year of retirement is assumed to increase based on the following table to account for non-regular compensation:

<u>Credited Service as of October 1, 2013 ¹</u>	<u>Final Salary Load</u>
15+ Years	20.0%
10 to 15 Years	15.0%
Less than 10 Years	5.0%

¹ Members hired on or after July 1, 2011 will have no final salary load.

This assumption was developed in our May 5, 2014 Experience Study.

Administrative Expenses

\$33,774 annually. This amount is equal to the actual non-investment related expense incurred during the fiscal year ending September 30, 2015.

Payroll Growth

2.7% per year. This complies with the requirements of Part VII of Chapter 112, Florida Statutes.

Funding Method

Entry Age Normal Actuarial Cost Method. The following loads are utilized for determination of the Total Required Contribution:

- Interest – A half-year, based on the current 7.50% (previously 7.75%) assumption.

- Salary – A full-year, based on the current 5.8% assumption.

Actuarial Aset Method

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

VALUATION NOTES

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.

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.

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

- (a) The normal cost accrual rate equals
 - (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by
 - (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age .
- (b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.
- (c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1992	175,588.00	_____%
1993	179,127.00	2.0%
1994	182,862.00	2.1%
1995	199,487.00	9.1%
1996	218,119.00	9.3%
1997	238,774.57	9.5%
1998	277,884.64	16.4%
1999	256,920.28	-7.5%
2000	262,155.42	2.0%
2001	284,934.78	8.7%
2002	312,104.54	9.5%
2003	378,593.06	21.3%
2004	403,272.91	6.5%
2005	431,492.26	7.0%
2006	449,047.41	4.1%
2007	486,441.91	8.3%
2008	586,100.89	20.5%
2009	560,259.72	-4.4%
2010	497,868.81	-11.1%
2011	495,170.81	-0.5%
2012	484,273.41	-2.2%
2013	537,593.77	11.0%
2014	508,305.37	-5.4%
2015	517,963.66	1.9%

EXCESS STATE MONIES RESERVE

	Firefighters' Distribution			Special Distribution			Police Officers' Distribution		
	Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve	Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve	Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve
1999	\$68,068.32	\$62,565.12	\$5,503.20	\$27,069.67	\$27,069.67	\$0.00	\$161,782.29	\$164,266.46	\$0.00
2000	71,256.38	112,565.12	0.00	32,874.17	47,069.67	0.00	158,024.87	232,109.46	0.00
2001	73,741.14	112,565.12	0.00	40,657.98	47,069.67	0.00	170,535.66	232,109.46	0.00
2002	84,582.21	112,565.12	0.00	23,887.83	47,069.67	0.00	203,634.50	232,109.46	0.00
2003	91,288.38	104,064.12	0.00	46,888.21	47,069.67	0.00	240,416.47	240,610.46	0.00
2004	100,076.30	88,547.64	11,528.66	36,796.17	36,796.17	0.00	266,400.44	266,400.44	0.00
2005	104,115.40	64,367.39	39,748.01	30,491.71	30,491.71	0.00	296,885.15	296,885.15	0.00
2006	109,263.12	64,367.39	44,895.73	40,818.65	30,491.71	10,326.94	298,965.64	296,885.15	2,080.49
2007	131,642.29	64,836.99	66,805.30	54,962.03	27,069.67	27,892.36	299,837.59	299,837.59	0.00
2008	165,347.22	64,836.99	100,510.23	112,116.56	112,116.56	0.00	308,637.11	307,181.70	1,455.41
2009	181,316.77	181,316.77	0.00	114,658.05	38,533.58	76,124.47	264,284.90	264,284.90	0.00
2010	195,343.54	195,343.54	0.00	41,773.34	28,039.78	13,733.56	260,751.93	260,751.93	0.00
2011	205,984.80	205,984.80	0.00	27,835.91	16,800.35	11,035.56	261,350.10	261,350.10	0.00
2012	206,841.29	196,683.64	10,157.65	17,050.18	17,050.18	0.00	260,381.94	260,381.94	0.00
2013	220,505.49	188,951.47	31,554.02	48,974.17	46,954.93	2,019.24	268,114.11	268,114.11	0.00
2014	224,545.64	190,451.63	34,094.01	17,145.78	17,145.78	0.00	266,613.95	266,613.95	0.00
2015	231,368.26	190,451.63	<u>40,916.63</u>	8,107.41	8,107.41	<u>0.00</u>	278,487.99	266,613.95	<u>11,874.04</u>
			385,713.44			141,132.13			15,409.94
Accumulated Fire Regular Excess			385,713.44						
Accumulated Fire Special Excess			141,132.13						
Accumulated Police Regular Excess			<u>15,409.94</u>						
Total Excess State Monies			542,255.51						
Less Excess Used in Funding Ordinance 1-2008			(208,780.69)						
Less amount allocated to UAAL (Chapter 2015-39)			(333,474.82)						
Equals Current State Monies Reserve			\$0.00						

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Certificates of Deposits	829,508.75	844,027.75
Short Term Investments	1,412,091.91	1,412,091.91
Money Market	23,042.34	23,042.34
Cash	(932.33)	(932.33)
Total Cash and Equivalents	2,263,710.67	2,278,229.67
Receivables:		
State Contributions	8,107.41	8,107.41
Investment Income	68,460.90	68,460.90
Total Receivable	76,568.31	76,568.31
Investments:		
U. S. Bonds and Bills	1,673,041.00	1,671,426.94
Federal Agency Guaranteed Securities	1,269,792.53	1,275,902.94
Corporate Bonds	5,384,717.87	5,358,954.21
Mutual Funds:		
Fixed Income	4,004,638.75	3,872,743.70
Equity	13,267,757.62	14,852,347.60
Pooled/Common/Commingled Funds:		
Equity	1,589,198.87	1,095,829.73
Real Estate	1,324,594.34	1,436,197.58
Total Investments	28,513,740.98	29,563,402.70
Total Assets	30,854,019.96	31,918,200.68
<u>LIABILITIES</u>		
Total Liabilities	0.00	0.00
NET POSITION RESTRICTED FOR PENSIONS	30,854,019.96	31,918,200.68

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Market Value Basis

ADDITIONS

Contributions:			
Member		611,005.77	
Buy-Back		126,105.00	
City		2,301,422.47	
State		517,963.66	
Total Contributions			3,556,496.90
Investment Income:			
Net Realized Gain (Loss)	27,827.55		
Unrealized Gain (Loss)	(1,604,444.43)		
Net Increase in Fair Value of Investments		(1,576,616.88)	
Interest & Dividends		958,782.14	
Less Investment Expense ¹		(96,337.82)	
Net Investment Income			(714,172.56)
Total Additions			2,842,324.34
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		2,156,095.01	
Lump Sum DROP Distributions		1,030,928.56	
Refunds of Member Contributions		124,270.68	
Total Distributions			3,311,294.25
Administrative Expense			33,774.46
Total Deductions			3,345,068.71
Net Increase in Net Position			(502,744.37)
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			32,420,945.05
End of the Year			31,918,200.68

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

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2015
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	611,005.77	
Buy-Back	126,105.00	
City	2,301,422.47	
State	517,963.66	
Total Contributions		3,556,496.90
Earnings from Investments:		
Interest & Dividends	958,782.14	
Net Realized Gain (Loss)	27,827.55	
Change in Actuarial Value	1,534,511.86	
Total Earnings and Investment Gains		2,521,121.55

EXPENDITURES

Distributions to Members:		
Benefit Payments	2,156,095.01	
Lump Sum DROP Distributions	1,030,928.56	
Refunds of Member Contributions	124,270.68	
Total Distributions		3,311,294.25
Expenses:		
Investment related ¹	96,337.82	
Administrative	33,774.46	
Total Expenses		130,112.28
Change in Net Assets for the Year		2,636,211.92
Net Assets Beginning of the Year		31,078,437.95
Net Assets End of the Year²		33,714,649.87

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

²Net Assets may be limited for actuarial consideration.

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2015

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*	
09/30/2012	15.79%	
09/30/2013	9.18%	
09/30/2014	9.16%	
09/30/2015	-2.23%	
Annualized Rate of Return for prior four (4) years:		7.78%
(A) 10/01/2014 Actuarial Assets:		\$31,078,437.95
(I) Net Investment Income:		
1. Interest and Dividends	958,782.14	
2. Realized Gains (Losses)	27,827.55	
3. Change in Actuarial Value	1,534,511.86	
4. Investment Related Expenses	(96,337.82)	
Total		2,424,783.73
(B) 10/01/2015 Actuarial Assets:		\$33,714,649.87
Actuarial Asset Rate of Return = 2I/(A+B-I):		7.78%
10/01/2015 Limited Actuarial Assets:		\$33,714,649.87
10/01/2015 Market Value of Assets:		\$31,918,200.68
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$8,011.95

*Market Value Basis, net of investment related expenses.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2014 to September 30, 2015

Beginning of the Year Balance	1,391,378.05
Plus Additions	352,282.66
Investment Return Earned	37,273.71
Less Distributions	(1,030,928.56)
End of the Year Balance	750,005.86

STATISTICAL DATA ¹

	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>
<u>Actives</u>				
Number	97	97	94	100
Average Current Age	39.5	39.5	39.8	39.2
Average Age at Employment	30.2	31.1	31.4	31.3
Average Past Service	9.3	8.4	8.4	7.9
Average Annual Salary	\$57,275	\$63,235	\$64,534	\$63,863
<u>Service Retirees</u>				
Number			58	63
Average Current Age			58.9	58.6
Average Annual Benefit			\$34,647	\$33,778
<u>DROP Retirees</u>				
Number			6	7
Average Current Age			49.6	49.7
Average Annual Benefit			\$55,992	\$56,675
<u>Beneficiaries</u>				
Number			5	6
Average Current Age			71.9	73.3
Average Annual Benefit			\$13,359	\$14,465
<u>Disability Retirees</u>				
Number			0	0
Average Current Age			N/A	N/A
Average Annual Benefit			N/A	N/A
<u>Terminated Vested ²</u>				
Number			8	5
Average Current Age			47.3	47.7
Average Annual Benefit			\$20,419	\$25,486

¹ Prior to 10/1/2013, averages were salary weighted.

² Excludes non-vested terminated Members awaiting a refund of Member contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	3	1	0	0	0	0	0	0	0	0	0	4
25 - 29	4	2	2	0	1	1	0	0	0	0	0	10
30 - 34	4	1	1	3	0	6	4	0	0	0	0	19
35 - 39	0	1	1	1	0	5	10	1	0	0	0	19
40 - 44	1	0	0	1	1	7	9	3	1	0	0	23
45 - 49	1	0	0	1	0	2	1	7	1	0	0	13
50 - 54	0	0	0	2	0	3	0	1	1	0	0	7
55 - 59	0	0	1	0	0	0	1	0	0	0	0	2
60 - 64	0	2	0	0	0	1	0	0	0	0	0	3
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	13	7	5	8	2	25	25	12	3	0	0	100

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	94
b. Terminations	
i. Vested (partial or full) with deferred benefits	(2)
ii. Non-vested or full lump sum distribution received	(2)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>0</u>
f. DROP	(3)
g. Continuing participants	87
h. New entrants	<u>13</u>
i. Total active life participants in valuation	100

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	58	6	5	0	15	84
Retired	0	(2)	0	0	(4)	(6)
DROP	2	3	0	0	0	5
Vested Deferred	4	0	0	0	2	6
Death, With Survivor	(1)	0	1	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	(2)	(2)
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	63	7	6	0	11	87

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 20-2014)

<u>Eligibility</u>	Full-time employees who are classified as full-time sworn police officers or full-time certified firefighters shall participate in the Plan as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City as a police officer or firefighter.
<u>Salary</u>	Total W-2 income, plus tax sheltered, tax exempt and tax deferred items of income. Effective July 1, 2011, Salary shall not include more than three hundred (300) hours of overtime per calendar year. Additionally, Salary will include the lesser of the amount of sick and vacation leave time accrued as of July 1, 2011, or the actual amount of sick and vacation leave time for which the retiree receives payment at the time of retirement.
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	10.0% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize the unfunded past service cost, if any, as provided in Part VII of Chapter 112, <u>Florida Statutes</u> .
<u>Normal Retirement</u>	
Date	Earlier of (1) age 60, (2) the completion of 20 years of Credited Service, regardless of age, or (3) the attainment of age 55 with 10 years of Credited Service.
Benefit	3.75% of Average Final Compensation <u>times</u> Credited Service
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year.

Vesting

Schedule	100% after 10 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	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability, based on a 3.0% benefit multiplier, but not less than 42% of Average Final Compensation (Service Incurred).
Duration	Payable for life and ten years certain or until recovery (as determined by the Board). Options available.

Death Benefits

Pre-Retirement	
Vested	Monthly accrued benefit paid to the designated beneficiary for 10 years.
Non-Vested	Refund of accumulated member contributions.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

- a. Two City employees,
- b. One Police Officer Member and one Firefighter Member, and
- c. Fifth Member elected by other 4 and appointed by the City

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements (earlier of age 60, age 55 with the completion of 10 years of Credited Service, or 20 years of Credited Service)
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Participation	Not to exceed 96 months.
Rate of Return	(a) 1.5% less than actuarial assumption at time of DROP, or (b) Net Investment Return.
Form of Distribution	Lump sum (options available) at termination of employment.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Certificates of Deposits	844,028
Short Term Investments	1,412,092
Money Market	23,042
Cash	(932)
Total Cash and Equivalents	2,278,230
Receivables:	
State Contributions	8,107
Investment Income	68,461
Total Receivable	76,568
Investments:	
U. S. Bonds and Bills	1,671,427
Federal Agency Guaranteed Securities	1,275,903
Corporate Bonds	5,358,954
Mutual Funds:	
Fixed Income	3,872,744
Equity	14,852,348
Pooled/Common/Commingled Funds:	
Equity	1,095,830
Real Estate	1,436,197
Total Investments	29,563,403
Total Assets	31,918,201
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	31,918,201

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Market Value Basis

ADDITIONS

Contributions:

Member	611,006	
Buy-Back	126,105	
City	2,301,422	
State	517,964	
 Total Contributions		 3,556,497
 Investment Income:		
Net Increase in Fair Value of Investments	(1,576,616)	
Interest & Dividends	958,782	
Less Investment Expense ¹	(96,338)	
 Net Investment Income		 (714,172)
 Total Additions		 2,842,325

DEDUCTIONS

Distributions to Members:

Benefit Payments	2,156,095	
Lump Sum DROP Distributions	1,030,929	
Refunds of Member Contributions	124,271	
 Total Distributions		 3,311,295
 Administrative Expense		 33,774
 Total Deductions		 3,345,069
 Net Increase in Net Position		 (502,744)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		32,420,945
End of the Year		31,918,201

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

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2015)

Plan Description

Plan Administration

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

- a. Two City employees,
- b. One Police Officer Member and one Firefighter Member, and
- c. Fifth Member elected by other four and appointed by the City.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	69
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	15
Active Plan Members	94
	178

Benefits Provided

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

Normal Retirement:

Date: Earlier of (1) age 60, (2) the completion of 20 years of Credited Service, regardless of age, or (3) the attainment of age 55 with 10 years of Credited Service.

Benefit: 3.75% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting:

Schedule: 100% after 10 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.

Benefit: Benefit accrued to date of disability, based on a 3.0% benefit multiplier, but not less than 42% of Average Final Compensation (Service Incurred).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit paid to the designated beneficiary for 10 years.

Non-Vested: Refund of accumulated member contributions.

Contributions

Member Contributions: 10.0% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize the unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	35%
International Equity	12%
Bonds	28%
High Yield Bonds	5%
Convertibles	8%
Private Real Estate	5%
MLPs	5%
Cash	2%
Total	100%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -2.23 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 (earlier of age 60, age 55 with the completion of 10 years of Credited Service, or 20 years of Credited Service).

Participation: Not to exceed 96 months.

Rate of Return: (a) 1.5% less than actuarial assumption at time of DROP, or (b) Net Investment Return.

The DROP balance as September 30, 2015 is \$750,006.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 52,495,827
Plan Fiduciary Net Position	\$ (31,918,201)
Sponsor's Net Pension Liability	<u>\$ 20,577,626</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	60.80%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	4.00% - 10.00%
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate: RP 2000 Combined Healthy – Sex Distinct. Disabled lives are set forward 5 years. Based upon other studies of municipal Firefighters and Police Officers, we feel this assumption sufficiently accommodates future mortality improvements.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study for the period 1992-2013.

The Long-Term Expected Rate of Return on Pension Plan investments was 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.

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 arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	8.0%
International Equity	3.0%
Bonds	4.4%
High Yield Bonds	6.0%
Convertibles	6.4%
Private Real Estate	4.6%
MLPs	10.4%
Cash	1.1%

GASB 67

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 percent.

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability	\$ 26,721,648	\$ 20,577,626	\$ 15,433,154

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

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	1,495,811	1,492,763
Interest	3,779,930	3,616,029
Change in Excess State Money	52,791	34,094
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(231,630)	-
Changes of assumptions	1,370,307	-
Contributions - Buy Back	126,105	-
Benefit Payments, including Refunds of Employee Contributions	<u>(3,311,295)</u>	<u>(2,682,691)</u>
Net Change in Total Pension Liability	3,282,019	2,460,195
Total Pension Liability - Beginning	<u>49,213,808</u>	<u>46,753,613</u>
Total Pension Liability - Ending (a)	<u>\$ 52,495,827</u>	<u>\$ 49,213,808</u>
Plan Fiduciary Net Position		
Contributions - Employer	2,301,422	2,052,565
Contributions - State	517,964	508,305
Contributions - Employee	611,006	621,181
Contributions - Buy Back	126,105	-
Net Investment Income	(714,172)	2,678,774
Benefit Payments, including Refunds of Employee Contributions	(3,311,295)	(2,682,691)
Administrative Expense	<u>(33,774)</u>	<u>(29,953)</u>
Net Change in Plan Fiduciary Net Position	(502,744)	3,148,181
Plan Fiduciary Net Position - Beginning	<u>32,420,945</u>	<u>29,272,764</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 31,918,201</u>	<u>\$ 32,420,945</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 20,577,626</u>	<u>\$ 16,792,863</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	60.80%	65.88%
Covered Employee Payroll*	\$ 6,508,413	\$ 5,898,563
Net Pension Liability as a percentage of Covered Employee Payroll	316.17%	284.69%

Notes to Schedule:*Changes of assumptions:*

For Fiscal year 2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.75% to 7.50%.

* For Fiscal year 2014, the reported Covered Employee Payroll figure was based on Pensionable Salary.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2015	09/30/2014
Actuarially Determined Contribution	2,441,481	2,323,784
Contributions in relation to the Actuarially Determined Contributions	2,766,595	2,526,776
Contribution Deficiency (Excess)	\$ (325,114)	\$ (202,992)
Covered Employee Payroll*	\$ 6,508,413	\$ 5,898,563
Contributions as a percentage of Covered Employee Payroll	42.51%	42.84%

* For Fiscal year 2014, the reported Covered Employee Payroll figure was based on Pensionable Salary.

Notes to Schedule

Valuation Date: 10/01/2013 (AIS 11/04/2014)
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: 30 Years (as of 10/01/2013).
 Mortality: RP-2000 Table with no projection – Disabled lives set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
 Interest Rate: 7.75% per year compounded annually, net of investment related expenses.
 Inflation: 3.0% per year.
 Retirement Age: Earlier of age 60, age 55 with the completion of 10 years of Credited Service or the completion of 23 years of Credited Service. Members who are eligible to retire on the valuation date are assumed to work one additional year.
 Early Retirement: Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
 Disability Rates: See table below. It is assumed that 75% of disablements and active Member deaths are service related.
 Termination Rates: See table below (1304).
 Salary Increases: 6.0% per year up to the assumed retirement age. In addition, the projected salary in the year of retirement is increased 20% to account for non-regular compensation.
 Payroll Growth: 3% per year.
 Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

	% Becoming Disabled During the Year	% Terminating During the Year
Age		
20	0.051%	12.4%
30	0.058%	10.5%
40	0.121%	5.7%
50	0.429%	1.5%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return		
Net of Investment Expense	-2.23%	9.16%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2016)

General Information about the Pension Plan

Plan Description

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

- a. Two City employees,
- b. One Police Officer Member and one Firefighter Member, and
- c. Fifth Member elected by other four and appointed by the City.

Full-time employees who are classified as full-time sworn police officers or full-time certified firefighters shall participate in the Plan as a condition of employment.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	69
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	15
Active Plan Members	94
	178
	178

Benefits Provided

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

Normal Retirement:

Date: Earlier of (1) age 60, (2) the completion of 20 years of Credited Service, regardless of age, or (3) the attainment of age 55 with 10 years of Credited Service.

Benefit: 3.75% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting:

Schedule: 100% after 10 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.

Benefit: Benefit accrued to date of disability, based on a 3.0% benefit multiplier, but not less than 42% of Average Final Compensation (Service Incurred).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit paid to the designated beneficiary for 10 years.

Non-Vested: Refund of accumulated member contributions.

Contributions

Member Contributions: 10.0% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize the unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2015.

The measurement period for the pension expense was October 1, 2014 to September 30, 2015.

The reporting period is October 1, 2015 through September 30, 2016.

The Sponsor's Net Pension Liability was measured as of September 30, 2015.

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, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	4.00% - 10.00%
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate: RP 2000 Combined Healthy – Sex Distinct. Disabled lives are set forward 5 years. Based upon other studies of municipal Firefighters and Police Officers, we feel this assumption sufficiently accommodates future mortality improvements.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study for the period 1992-2013.

The Long-Term Expected Rate of Return on Pension Plan investments was 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.

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 arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	35%	8.00%
International Equity	12%	3.00%
Bonds	28%	4.40%
High Yield Bonds	5%	6.00%
Convertibles	8%	6.40%
Private Real Estate	5%	4.60%
MLPs	5%	10.40%
Cash	2%	1.10%
Total	100%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 percent.

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2014	\$ 49,213,808	\$ 32,420,945	\$ 16,792,863
Changes for a Year:			
Service Cost	1,495,811	-	1,495,811
Interest	3,779,930	-	3,779,930
Change in Excess State Money	52,791	-	52,791
Differences between Expected and Actual Experience	(231,630)	-	(231,630)
Changes of assumptions	1,370,307	-	1,370,307
Changes of benefit terms	-	-	-
Contributions - Employer	-	2,301,422	(2,301,422)
Contributions - State	-	517,964	(517,964)
Contributions - Employee	-	611,006	(611,006)
Contributions - Buy Back	126,105	126,105	-
Net Investment Income	-	(714,172)	714,172
Benefit Payments, including Refunds of Employee Contributions	(3,311,295)	(3,311,295)	-
Administrative Expense	-	(33,774)	33,774
Net Changes	3,282,019	(502,744)	3,784,763
Balances at September 30, 2015	\$ 52,495,827	\$ 31,918,201	\$ 20,577,626

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 26,721,648	\$ 20,577,626	\$ 15,433,154

Pension Plan Fiduciary Net Position.

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

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

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$2,508,863.

On September 30, 2016, 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	-	185,304
Changes of assumptions	1,096,246	-
Net difference between Projected and Actual Earnings on Pension Plan investments	2,352,824	-
Employer contributions subsequent to the measurement date	-	
Total	\$ 3,449,070	\$ 185,304

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, 2016. 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:	
2017	\$ 796,344
2018	\$ 796,344
2019	\$ 796,344
2020	\$ 874,734
2021	\$ -
Thereafter	\$ -

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

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	1,495,811	1,492,763
Interest	3,779,930	3,616,029
Change in Excess State Money	52,791	34,094
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(231,630)	-
Changes of assumptions	1,370,307	-
Contributions - Buy Back	126,105	-
Benefit Payments, including Refunds of Employee Contributions	(3,311,295)	(2,682,691)
Net Change in Total Pension Liability	<u>3,282,019</u>	<u>2,460,195</u>
Total Pension Liability - Beginning	49,213,808	46,753,613
Total Pension Liability - Ending (a)	<u><u>\$ 52,495,827</u></u>	<u><u>\$ 49,213,808</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	2,301,422	2,052,565
Contributions - State	517,964	508,305
Contributions - Employee	611,006	621,181
Contributions - Buy Back	126,105	-
Net Investment Income	(714,172)	2,678,774
Benefit Payments, including Refunds of Employee Contributions	(3,311,295)	(2,682,691)
Administrative Expense	(33,774)	(29,953)
Net Change in Plan Fiduciary Net Position	<u>(502,744)</u>	<u>3,148,181</u>
Plan Fiduciary Net Position - Beginning	32,420,945	29,272,764
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 31,918,201</u></u>	<u><u>\$ 32,420,945</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 20,577,626</u></u>	<u><u>\$ 16,792,863</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	60.80%	65.88%
Covered Employee Payroll*	\$ 6,508,413	\$ 5,898,563
Net Pension Liability as a percentage of Covered Employee Payroll	316.17%	284.69%

Notes to Schedule:*Changes of assumptions:*

For Fiscal year 2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.75% to 7.50%.

* For Fiscal year 2014, the reported Covered Employee Payroll figure was based on Pensionable Salary.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2015	09/30/2014
Actuarially Determined Contribution	2,441,481	2,323,784
Contributions in relation to the Actuarially Determined Contributions	2,766,595	2,526,776
Contribution Deficiency (Excess)	<u>\$ (325,114)</u>	<u>\$ (202,992)</u>
Covered Employee Payroll*	\$ 6,508,413	\$ 5,898,563
Contributions as a percentage of Covered Employee Payroll	42.51%	42.84%

* For Fiscal year 2014, the reported Covered Employee Payroll figure was based on Pensionable Salary.

Notes to Schedule

Valuation Date: 10/01/2013 (AIS 11/04/2014)
 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: 30 Years (as of 10/01/2013).
 Mortality: RP-2000 Table with no projection – Disabled lives set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
 Interest Rate: 7.75% per year compounded annually, net of investment related expenses.
 Inflation: 3.0% per year.
 Retirement Age: Earlier of age 60, age 55 with the completion of 10 years of Credited Service or the completion of 23 years of Credited Service. Members who are eligible to retire on the valuation date are assumed to work one additional year.
 Early Retirement: Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
 Disability Rates: See table below. It is assumed that 75% of disablements and active Member deaths are service related.
 Termination Rates: See table below (1304).
 Salary Increases: 6.0% per year up to the assumed retirement age. In addition, the projected salary in the year of retirement is increased 20% to account for non-regular compensation.
 Payroll Growth: 3% per year.
 Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

Termination and Disability Rate Table:	% Becoming Disabled During	% Terminating During the
	Age	Year
	the Year	Year
	20	0.051%
	30	12.40%
	40	10.50%
	50	0.121%
		5.70%
		0.429%
		1.50%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 17,480,849	\$ -	\$ 2,052,565	\$ -
Employer Contributions made after September 30, 2014	-	-	2,301,422	-
Total Pension Liability Factors:				
Service Cost	1,492,763	-	-	1,492,763
Interest	3,616,029	-	-	3,616,029
Change in Excess State Money	34,094	-	-	34,094
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	-	-	-
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(2,682,691)	-	-	(2,682,691)
Net change	<u>2,460,195</u>	<u>-</u>	<u>2,301,422</u>	<u>2,460,195</u>
Plan Fiduciary Net Position:				
Contributions - Employer	2,052,565	-	(2,052,565)	-
Contributions - State	508,305	-	-	(508,305)
Contributions - Employee	621,181	-	-	(621,181)
Contributions - Buy Back	-	-	-	-
Net Investment Income	2,286,829	-	-	(2,286,829)
Difference between projected and actual earnings on Pension Plan investments	391,945	391,945	-	-
Current year amortization	-	(78,389)	-	(78,389)
Benefit Payments	(2,682,691)	-	-	2,682,691
Administrative Expenses	(29,953)	-	-	29,953
Net change	<u>3,148,181</u>	<u>313,556</u>	<u>(2,052,565)</u>	<u>(782,060)</u>
Ending Balance	<u>\$ 16,792,863</u>	<u>\$ 313,556</u>	<u>\$ 2,301,422</u>	<u>\$ 1,678,135</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 16,792,863	\$ 313,556	\$ 2,301,422	\$ -
Employer Contributions made after September 30, 2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	1,495,811	-	-	1,495,811
Interest	3,779,930	-	-	3,779,930
Change in Excess State Money	52,791	-	-	52,791
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	126,105	-	-	126,105
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(231,630)	231,630	-	-
Current year amortization of experience difference	-	(46,326)	-	(46,326)
Change in assumptions about future economic or demographic factors or other inputs	1,370,307	-	1,370,307	-
Current year amortization of change in assumptions	-	-	(274,061)	274,061
Benefit Payments	(3,311,295)	-	-	(3,311,295)
Net change	<u>3,282,019</u>	<u>185,304</u>	<u>1,096,246</u>	<u>2,371,077</u>
Plan Fiduciary Net Position:				
Contributions - Employer	2,301,422	-	(2,301,422)	-
Contributions - State	517,964	-	-	(517,964)
Contributions - Employee	611,006	-	-	(611,006)
Contributions - Buy Back	126,105	-	-	(126,105)
Net Investment Income	2,520,816	-	-	(2,520,816)
Difference between projected and actual earnings on Pension Plan investments	(3,234,988)	-	3,234,988	-
Current year amortization	-	(78,389)	(646,997)	568,608
Benefit Payments	(3,311,295)	-	-	3,311,295
Administrative Expenses	(33,774)	-	-	33,774
Net change	<u>(502,744)</u>	<u>(78,389)</u>	<u>286,569</u>	<u>137,786</u>
Ending Balance	<u>\$ 20,577,626</u>	<u>\$ 420,471</u>	<u>TBD</u>	<u>\$ 2,508,863</u>

* Employer Contributions subsequent to the measurement date made after September 30, 2015 but made on or before September 30, 2016 needs to be added.