



Cavanaugh Macdonald
CONSULTING, LLC

The experience and dedication you deserve



Pensacola General Pension and Retirement Fund

Actuarial Valuation Report as of September 30, 2014





TABLE OF CONTENTS

Discussion	1
Comments	3
<u>Liabilities</u>	
Table I	Summary of Valuation Results4
Table IIa	Unfunded Actuarial Accrued Liability for Pension Benefits.....6
Table IIb	Unfunded Actuarial Accrued Liability for Retiree Healthcare Benefits7
Table IIIa	Supplemental Disclosures (GASB 25/27)8
Table IIIb	Supplemental Disclosures (GASB 43/45)11
Table IVa	Present Value of Accrued Benefits (GASB 25/27).....14
Table IVb	Present Value of Accrued Benefits (GASB 43/45).....16
Table Va	Information Req. by Florida Statute Chapter 112.....18
Table Vb	Projected Unfunded Actuarial Accrued Liability22
<u>Assets</u>	
Table VIa	Asset Reconciliation24
Table VIb	Derivation of Actuarial Value of Assets26
Table VIc	Allocation of Actuarial Value of Assets27
<u>Accounting Information for GASB 67</u>	
Table VIIa	Net Pension Liability28
Table VIIb	Assumptions for Total Pension Liability29
Table VIIc	Asset Allocation.....30
Table VIId	Sensitivity Analysis31
Table VIIe	Total Pension Liability Roll-Forward.....32
Table VIIf	Assumptions for Actuarially Determined Contributions.....33
Table VIIg	Schedule of Changes in Net Pension Liability34
Table VIIh	Schedule of Net Pension Liability35
Table VIIi	Schedule of Employer Contributions.....36
<u>Data</u>	
Table VIIIa	Active Data Table37
Table VIIIb	Retiree Data Table38
Table VIIIc	Data Reconciliation.....39
Table IX	Historical Data40
<u>Assumptions</u>	
Table X	Actuarial Assumptions.....42
<u>Plan Provisions</u>	
Table XI	Plan Provisions.....48



Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

February 6, 2015

The City of Pensacola and
The Board of Trustees
Pensacola General Pension and Retirement Fund
Pensacola, FL

Dear Board of Trustees:

This report presents the results of the September 30, 2014 actuarial valuation of the Pensacola General Pension and Retirement Fund. This valuation is used to determine the contributions for the City's fiscal year beginning October 1, 2015. The first valuation presented by Cavanaugh Macdonald Consulting, LLC was as of September 30, 2005. All previous years' results presented in the report were reported by the previous actuarial firm.

The City contribution requirements for the fiscal year beginning October 1, 2015 and October 1, 2016 is summarized below:

Required City contribution for plan year beginning October 1, 2015 and October 1, 2016	
Pension Benefits	\$7,060,666
Retiree Healthcare Benefits	<u>4,322</u>
Total	\$7,064,988

The assumptions used in the valuation are outlined in Table X. Provisions of the Fund are set forth in Table XI. Information required to be disclosed by the State of Florida under Chapter 112 is presented in Table Va. The projected unfunded actuarial accrued liability (UAAL) is shown in Table Vb. Tables VIa, VIb and VIc provide information about the Fund's assets. Tables VIIa through VIIi provide accounting information required under Governmental Accounting Standards Board (GASB) Statement No. 67, while Tables VIIIa through VIIIc provide information about the membership data. Finally, Table IX provides detailed historical data.

3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144

Phone (678) 388-1700 • Fax (678) 388-1730

www.CavMacConsulting.com

Offices in Englewood, CO • Kennesaw, GA • Bellevue, NE



Certification

This actuarial valuation and/or cost determination 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.

This is to certify that the independent consulting actuary is a Member of the American Academy of Actuaries, meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the Plan and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the Plan.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

Sincerely yours,

A handwritten signature in blue ink that reads 'Todd B. Green' followed by a horizontal flourish.

Todd B. Green, ASA, FCA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink that reads 'Jose I. Fernandez' followed by a horizontal flourish.

Jose I. Fernandez, ASA, FCA, MAAA, EA
Principal & Consulting Actuary
Enrollment Number 14-4461

TJC:tbg



Comments

1. Changes in Benefit Provisions, Actuarial Assumptions and Methods

The assumed rate of return will be lowered by 0.2% in 5 biennial steps for each valuation beginning September 30, 2014. The assumed rate of return for this valuation is 7.80%.

The 0.2% reduction in the assumed rate of return is reflected in the valuation and increased the Unfunded Actuarial Accrued Liability (UAAL) by \$4.4 million.

2. Health Insurance Premium Assistance program

As a result of the issuance of Governmental Accounting Standards Board Statements 43 and 45, the valuation of the Health Insurance Premium Assistance Program must be shown separately from that of the pension benefits being provided from the Fund. The results that follow are labeled to indicate whether they apply to pension benefits, retiree healthcare benefits or both.

3. Prepayment Reserve

The Pensacola General Pension and Retirement Fund has received additional monies in the amount of \$1,661,992 as a result of a legal settlement. It is the intent of the Fund to utilize these additional funds to offset future contributions for the 2012/2013, 2013/2014, and 2014/2015 plan years instead of reducing the unfunded liability. The balance as of September 30, 2014 that the City can use to offset future contributions is \$553,997

**Summary of Valuation Results****Table I**

	<u>As of September 30, 2014</u>	<u>As of September 30, 2012</u>
1. Number of Members		
a. Active Members:	159	195
b. Deferred Vested Members:	68	59
c. DROP Members:	37	70
d. Retired Members:		
i. Non-disabled	421	402
ii. Disabled	41	48
iii. Beneficiaries	148	138
iv. Subtotal	<u>610</u>	<u>588</u>
e. Total Members:	874	912
2. Total Annual Compensation	\$ 6,901,570	\$ 7,834,617
3. Total Projected Payroll	\$ 6,901,570	\$ 7,834,617
4. Total Retired Member Benefits	\$ 13,201,852	\$ 12,984,021
5. Annual Cost (Pension and Retiree Healthcare combined)		
a. Present Value of Future Benefits	\$ 181,912,711	\$ 178,840,596
b. Present Value of Future Normal Cost	(5,786,847)	(6,535,729)
<i>City Portion</i>	3,067,427	3,223,612
<i>Member Portion</i>	2,719,420	3,312,117
c. Actuarial Accrued Liability (AAL)	176,125,864	172,304,867
d. Actuarial Value of Assets	<u>(126,847,720)</u>	<u>(115,254,582)</u>
e. Unfunded Accrued Liability	\$ 49,278,144	\$ 57,050,285
6. Actuarially Determined Contribution (Payable Bi-Weekly)		
a. Normal Cost	\$ 891,407	\$ 877,270
b. Payment to Amortize Unfunded Liability	6,166,347	6,665,159
c. Administrative Expenses	103,765	98,756
d. Interest Adjustment	<u>283,055</u>	<u>309,569</u>
e. Total	\$ 7,444,574	\$ 7,950,754
f. Expected Member Contributions	\$ 379,586	\$ 430,904
g. Estimated City Contributions	<u>7,064,988</u>	<u>7,519,850</u>
h. Total	\$ 7,444,574	\$ 7,950,754

**Summary of Valuation Results****Table I****6. Actuarially Determined Contribution (Payable as
a Lump Sum on October 1st)**

a. Normal Cost	\$ 891,407	\$ 877,270
b. Payment to Amortize Unfunded Liability	6,166,347	6,665,159
c. Administrative Expenses	<u>103,765</u>	<u>98,756</u>
e. Total	\$ 7,161,519	\$ 7,641,185
f. Expected Member Contributions	\$ 379,586	\$ 430,904
g. Estimated City Contributions	<u>6,781,933</u>	<u>7,210,281</u>
h. Total	\$ 7,161,519	\$ 7,641,185

**Unfunded Actuarial Accrued Liability (UAAL) for Pension Benefits****Table IIa**

1. Actual Unfunded Accrued Liability as of 9/30/2012	\$ 56,604,602
2. Expected Change in Unfunded Liability During the 2012/2013 & 2013/2014 Plan Years:	
a. Due to Normal Cost	1,790,794
b. Due to Contributions	13,059,054
c. Due to Interest	8,569,572
d. Total Expected Change = (a. - b. + c.)	<u>(2,698,688)</u>
3. Expected Unfunded Accrued Liability as of 9/30/2014	\$ 53,905,914
4. Change in Unfunded Liability During the 2012/2013 & 2013/2014 Plan Years Due to:	
a. Method changes	\$ 0
b. Assumption changes	3,115,050
c. Plan amendments	0
d. Total change	<u>\$ 3,115,050</u>
5. Actual Unfunded Accrued Liability as of 9/30/2014	\$ 49,369,045
6. Actuarial Gain/(Loss) as of 9/30/2014	\$ 7,651,919



Unfunded Actuarial Accrued Liability (UAAL) for Retiree Healthcare Benefits Table IIb

1. Actual Unfunded Accrued Liability as of 9/30/2012	\$	445,683
2. Expected Change in Unfunded Liability During the 2012/2013 & 2013/2014 Plan Years:		
a. Due to Normal Cost		31,292
b. Due to Contributions		83,399
c. Due to Interest		69,142
d. Total Expected Change = (a. - b. + c.)		17,135
3. Expected Unfunded Accrued Liability as of 9/30/2014	\$	462,818
4. Change in Unfunded Liability During the 2012/2013 & 2013/2014 Plan Years Due to:		
a. Method changes	\$	0
b. Assumption changes		32,024
c. Plan amendments		0
d. Total change	\$	32,024
5. Actual Unfunded Accrued Liability as of 9/30/2014	\$	(90,920)
6. Actuarial Gain/(Loss) as of 9/30/2014	\$	585,743

**Supplemental Disclosures (GASB 25/27)****Table IIIa**

	For the Plan Years 2015/2016 & <u>2016/2017</u>	For the Plan Years 2013/2014 & <u>2014/2015</u>
A. Number of Plan Participants as of September 30		
a. Retirees and beneficiaries receiving benefits	610	588
b. DROP members	37	70
c. Terminated plan participants entitled to but not yet receiving benefits	68	59
d. Active plan participants	<u>159</u>	<u>195</u>
e. Total	874	912
B. Development of Annual Required Contribution (ARC) for Pension Benefits		
a. Employer normal cost:		
i. Total normal cost	\$ 1,262,528	\$ 1,265,903
ii. Expected employee contribution	<u>379,586</u>	<u>430,904</u>
iii. Employer normal cost	\$ 882,942	\$ 834,999
b. Amortization of UAAL:		
i. PV of future benefits	\$ 179,910,089	\$ 176,519,016
ii. PV of future employer normal costs	(2,976,647)	(3,114,060)
iii. PV of future employee contributions	<u>(2,719,420)</u>	<u>(3,312,117)</u>
iv. Actuarial accrued liability (AAL)	174,214,022	170,092,839
v. Actuarial value of assets	<u>(124,844,958)</u>	<u>(113,488,237)</u>
vi. Unfunded AAL (UAAL)	49,369,06445	56,604,602
vii. Amortization of UAAL	\$ 6,177,724	\$ 6,613,090
c. ARC (Item B.a.iii. plus item B.b.vii.)	\$ 7,060,666	\$ 7,448,089



C. Schedule of Employer Contributions

Fiscal Year 10/1-9/30	Valuation Date	Annual Required Contribution*	Percentage Contributed
2005-06	2004	\$6,060,800	100.0%
2006-07	2005	5,962,692	100.0
2007-08	2006	5,936,524	100.0
2008-09	2007	6,942,271	100.0
2009-10	2008	7,094,735	100.0
2010-11	2009	7,162,033	100.0
2011-12	2010	7,157,167	100.0
2012-13	2010	7,157,167	100.0
2013-14	2012	7,138,520	100.0
2014-15	2012	7,138,520	
2015-16	2014	7,056,344	

* The ARC for 2005-2006 and before is for pension and retiree healthcare combined

D. Schedule of Funding Progress (\$ in thousands) ^

Actuarial Valuation Date		(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
9/30/03	(a)(b)	\$105,000	\$155,855	\$50,855	67.4%	\$15,286	332.7%
9/30/04		104,027	160,845	56,818	64.7	15,708	361.7
9/30/05		103,504	153,413	49,909	67.5	16,904	295.2
9/30/06		105,548	152,863	47,315	69.0	17,598	268.9
9/30/07	(c)	112,045	159,180	47,135	70.4	14,807	318.3
9/30/08	(c)	114,133	163,922	49,789	69.6	13,546	367.6
9/30/09		115,693	166,687	50,994	69.4	12,091	421.8
9/30/10	(b)	117,344	171,605	54,261	68.4	11,280	481.0
9/30/12	(c)	113,488	170,093	56,605	66.7	7,835	722.5
9/30/14	(b)	124,845	174,214	49,369	71.7	6,902	715.3

(a) Change in cost method

(b) Change in actuarial assumptions

(c) Change in benefit provisions

^ All results for 9/30/04 and earlier are for pensions and retiree healthcare combined

**E. Additional Information**

Valuation date	September 30, 2014
Actuarial cost method	Entry Age Normal
Amortization method	Closed level dollar
Remaining amortization period	13 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.80%
Projected salary increases*	4.50% - 9.50%
Cost-of-living adjustments	1.50% per year for retirements before October 1, 2012; 1.00% for retirements on or after October 1, 2012
*Includes inflation at:	3.00%

**Supplemental Disclosures (GASB 43/45)****Table IIIb**

	For the Plan Years 2015/2016 & <u>2016/2017</u>	For the Plan Years 2013/2014 & <u>2014/2015</u>
A. Number of Plan Participants as of September 30		
a. Retirees and beneficiaries receiving benefits	610	588
b. DROP members	37	70
c. Terminated plan participants entitled to but not yet receiving benefits	68	59
d. Active plan participants	<u>159</u>	<u>195</u>
e. Total	874	912
B. Development of Annual Required Contribution (ARC)		
a. Employer normal cost:		
i. Total normal cost	\$ 15,699	\$ 19,692
ii. Expected employee contribution	<u>0</u>	<u>0</u>
iii. Employer normal cost	\$ 15,699	\$ 19,692
b. Amortization of UAAL:		
i. PV of future benefits	\$ 2,002,622	\$ 2,321,580
ii. PV of future employer normal costs	(90,780)	(109,552)
iii. PV of future employee contributions	<u>0</u>	<u>0</u>
iv. Actuarial accrued liability (AAL)	1,911,842	2,212,028
v. Actuarial value of assets	<u>(2,002,762)</u>	<u>(1,766,345)</u>
vi. Unfunded AAL (UAAL)	(90,920)	445,683
vii. Amortization of UAAL	\$ (11,377)	\$ 52,069
c. ARC (Item B.a.iii. plus item B.b.vii.)	\$ 4,322	\$ 71,761

**C. Schedule of Employer Contributions**

Fiscal Year 10/1-9/30	Valuation Date	Annual Required Contribution	Percentage Contributed
2006-07	2005	\$304,565	100.0%
2007-08	2006	327,205	100.0
2008-09	2007	398,457	100.0
2009-10	2008	116,211	100.0
2010-11	2009	79,820	100.0
2011-12	2010	89,447	100.0
2012-13	2010	89,447	100.0
2013-14	2012	71,761	100.0
2014-15	2012	71,761	
2015-16	2014	4,322	

D. Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
9/30/05	\$930,563	\$4,499,586	\$3,569,023	20.7%	\$16,904,096	21.1%
9/30/06	1,113,914	4,553,791	3,439,877	24.5	17,597,916	19.5
9/30/07	1,327,015	4,504,338	3,177,323	29.5	14,806,933	21.5
9/30/08	1,546,435	2,389,391	842,956	64.7	13,546,116	6.2
9/30/09	1,850,821	2,365,471	514,650	78.2	12,090,613	4.3
9/30/10	1,854,119	2,409,662	555,543	76.9	11,280,207	4.9
9/30/12	1,766,345	2,212,028	445,683	79.9	7,834,617	5.7
9/30/14	2,002,743	1,911,842	(90,901)	104.8	6,901,570	(1.4)

**E. Additional Information**

Valuation date	September 30, 2014
Actuarial cost method	Entry Age Normal
Amortization method	Closed level dollar
Remaining amortization period	13 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.80%
Projected salary increases*	4.50% - 9.50%
Cost-of-living adjustments	N/A
*Includes inflation at:	3.00%

**GASB 25/27 Present Value of Accrued Benefits (SB 1128)****Table IVa**

Shown below is the development of the Total Present value of Accrued Benefit for the Plan. The calculations were performed in accordance with Chapter 2011-216 Laws of Florida (SB 1128) which requires the calculation of the present value of accrued benefits be calculated using the Florida Retirement System's assumed rate of return of 7.75% in order to promote comparability of actuarial data between local plans.

1. Actuarial Present Value of Accrued Benefits as Prescribed Under GASB 25/27

	As of September 30, 2012	As of September 30, 2014
a. Vested Accrued Benefits:		
i. Inactive members and beneficiaries	\$154,657,598	\$153,648,499
ii. Active members	\$19,362,601	\$21,360,888
b. Total Benefits	\$174,020,199	\$175,009,387
c. Market Value of Assets	\$118,921,775	\$136,755,910
d. Percentage Funded	68.3%	78.1%

2. Statement of Changes in Total Actuarial Present Value of All Accrued Benefits

a. Actuarial Present Value as of September 30, 2012 (7.75% Interest):	\$174,020,199
b. Increase (Decrease) During 2012/2013 & 2013/2014 Plan Years Attributable to:	
i. Interest	\$26,654,473
ii. Benefits accumulated/experience	\$2,551,478
iii. Benefits paid	(\$28,216,763)
iv. Plan amendments	\$0
v. Changes in actuarial assumptions or methods	\$0
vi. Net increase (decrease)	\$989,188
c. Actuarial Present Value as of September 30, 2014 (7.75% Interest):	\$175,009,387

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

- a. Plan provisions reflected in the accrued benefits (see Table X)
- b. Actuarial assumptions and methods used to determine present values (see Table IX)

**GASB 25/27 Present Value of Accrued Benefits (Plan Assumptions)****Table IVa**

Shown below is the development of the Total Present value of Accrued Benefit for the Plan. The calculations were performed using the Plan's discount rate of 7.80%.

1. Actuarial Present Value of Accrued Benefits as Prescribed Under GASB 25/27

	<u>As of September 30, 2012</u>	<u>As of September 30, 2014</u>
a. Vested Accrued Benefits:		
i. Inactive members and beneficiaries	\$151,428,119	\$153,000,429
ii. Active members	\$18,664,720	\$21,213,594
b. Total Benefits	<u>\$170,092,839</u>	<u>\$174,214,023</u>
c. Market Value of Assets	\$118,921,775	\$136,755,910
d. Percentage Funded	69.9%	78.5%

2. Statement of Changes in Total Actuarial Present Value of All Accrued Benefits

a. Actuarial Present Value as of September 30, 2012 (8.0% Interest):	\$170,092,839
b. Increase (Decrease) During 2012/2013 & 2013/2014 Plan Years Attributable to:	
i. Interest	\$26,000,961
ii. Benefits accumulated/experience	\$3,221,936
iii. Benefits paid	(\$28,216,763)
iv. Plan amendments	\$0
v. Changes in actuarial assumptions or methods	\$3,115,050
vi. Net increase (decrease)	<u>\$4,121,184</u>
c. Actuarial Present Value as of September 30, 2014 (7.8% Interest):	<u><u>\$174,214,023</u></u>

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

- a. Plan provisions reflected in the accrued benefits (see Table X)
- b. Actuarial assumptions and methods used to determine present values (see Table IX)

**GASB 43/45 Present Value of Accrued Benefits (SB 1128)****Table IVb**

Shown below is the development of the Total Present value of Accrued Benefit for the Plan. The calculations were performed in accordance with Chapter 2011-216 Laws of Florida (SB 1128) which requires the calculation of the present value of accrued benefits be calculated using the Florida Retirement System's assumed rate of return of 7.75% in order to promote comparability of actuarial data between local plans.

1. Actuarial Present Value of Accrued Benefits as Prescribed Under GASB 43/45

	As of September 30, 2012	As of September 30, 2014
a. Vested Accrued Benefits:		
i. Inactive members and beneficiaries	\$2,013,842	\$1,685,338
ii. Active members	\$234,716	\$234,657
b. Total Benefits	\$2,248,558	\$1,919,995
c. Market Value of Assets	\$1,850,913	\$2,193,837
d. Percentage Funded	82.3%	114.3%

2. Statement of Changes in Total Actuarial Present Value of All Accrued Benefits

a. Actuarial Present Value as of September 30, 2012 (7.75% Interest):	\$2,248,558
b. Increase (Decrease) During 2012/2013 & 2013/2014 Plan Years Attributable to:	
i. Interest	\$349,265
ii. Benefits accumulated/experience	(\$372,740)
iii. Benefits paid	(\$305,088)
iv. Plan amendments	\$0
v. Changes in actuarial assumptions or methods	\$0
vi. Net increase (decrease)	(\$328,563)
c. Actuarial Present Value as of September 30, 2014 (7.75% Interest):	\$1,919,995

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

- a. Plan provisions reflected in the accrued benefits (see Table X)
- b. Actuarial assumptions and methods used to determine present values (see Table IX)

**GASB 43/45 Present Value of Accrued Benefits (Plan Assumptions)****Table IVb**

Shown below is the development of the Total Present value of Accrued Benefit for the Plan. The calculations were performed using the Plan's discount rate of 7.80%.

1. Actuarial Present Value of Accrued Benefits as Prescribed Under GASB 43/45

	As of September 30, 2012	As of September 30, 2014
a. Vested Accrued Benefits:		
i. Inactive members and beneficiaries	\$1,971,577	\$1,678,480
ii. Active members	\$227,868	\$233,361
b. Total Benefits	\$2,199,445	\$1,911,841
c. Market Value of Assets	\$1,850,913	\$2,193,837
d. Percentage Funded	84.2%	114.7%

2. Statement of Changes in Total Actuarial Present Value of All Accrued Benefits

a. Actuarial Present Value as of September 30, 2012 (8.0% Interest):	\$2,199,445
b. Increase (Decrease) During 2012/2013 & 2013/2014 Plan Years Attributable to:	
i. Interest	\$341,092
ii. Benefits accumulated/experience	(\$355,632)
iii. Benefits paid	(\$305,088)
iv. Plan amendments	\$0
v. Changes in actuarial assumptions or methods	\$32,024
vi. Net increase (decrease)	(\$287,604)
c. Actuarial Present Value as of September 30, 2014 (7.8% Interest):	\$1,911,841

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

- a. Plan provisions reflected in the accrued benefits (see Table X)
- b. Actuarial assumptions and methods used to determine present values (see Table IX)



	<u>September 30, 2014</u> After Assumption Change	<u>September 30, 2014</u> Prior to Assumption Change	<u>September 30, 2012</u>
Participant Data			
1. Active Members			
a. Number	159	159	195
b. Valuation payroll	\$ 6,901,570	\$ 6,901,570	\$ 7,834,617
c. Estimated payroll for next fiscal year	\$ 6,901,570	\$ 6,901,570	\$ 7,834,617
2. Retired Members			
a. Number on service retirement	421	421	402
b. Annual benefits	\$ 10,035,673	\$ 10,035,673	\$ 9,186,179
c. Number in DROP	37	37	70
d. Annual benefits	\$ 895,539	\$ 895,539	\$ 1,775,079
e. Number on disability retirement	41	41	48
f. Annual benefits	\$ 379,892	\$ 379,892	\$ 423,457
g. Number of beneficiaries of deceased members	148	148	138
h. Annual benefits	\$ 1,890,748	\$ 1,890,748	\$ 1,599,306
i. Number of deferred vested members	68	68	59
j. Annual benefits	\$ 928,083	\$ 928,083	\$ 739,397
Assets			
3. a. Assets for valuation purposes	\$ 126,847,720	\$ 126,847,720	\$ 115,254,582
b. Market value of assets	\$ 138,949,747	\$ 138,949,747	\$ 120,772,688



	<u>September 30, 2014</u> After Assumption Change	<u>September 30, 2014</u> Prior to Assumption Change	<u>September 30, 2012</u>
Liabilities			
4. Present value of prospective benefits payable in respect of:			
a. Retired members and beneficiaries:			
i. Present retirees on service retirement drawing allowances	\$ 112,781,584	\$ 110,913,0886	\$ 102,755,443
ii. Present beneficiaries drawing allowances	15,861,912	15,652,148	13,253,086
iii. Present retirees on disability retirement now drawing allowances	<u>3,981,183</u>	<u>3,916,483</u>	<u>4,188,473</u>
iv. Subtotal	\$ 132,624,679	\$ 130,481,717	\$ 120,197,002
b. DROP members	\$ 14,788,934	\$ 14,570,199	\$ 28,338,403
c. Former active members eligible for deferred benefits	\$ 7,265,296	\$ 7,058,101	\$ 4,876,874
d. Present active members:			
i. Service retirement benefits	\$ 24,683,578	\$ 23,902,046	\$ 22,257,893
ii. Deferred vested benefits	2,027,864	1,939,367	2,525,933
iii. Disability benefits	202,874	197,503	269,853
iv. Death benefits	319,486	310,149	374,638
v. Return of contributions	<u>0</u>	<u>0</u>	<u>0</u>
vi. Subtotal	<u>\$ 27,233,802</u>	<u>\$ 26,349,065</u>	<u>\$ 25,428,317</u>
e. Total present value of all prospective benefits payable	\$ 181,912,711	\$ 178,459,082	\$ 178,840,596
5. Present Value of Accrued Benefits under GASB 25 & 43	\$ 176,125,864	\$ 172,978,790	\$ 172,304,867
6. Unfunded Actuarial Accrued Liabilities	\$ 49,278,144	\$ 46,131,070	\$ 57,050,285

**Information Req. by Florida Statute (Chapter 112)****Table Va**

	<u>September 30, 2014</u> After Assumption Change	<u>September 30, 2014</u> Prior to Assumption Change	<u>September 30, 2012</u>
Contributions			
7. Normal Contribution Rate:			
a. From City (including interest)	13.02%	12.35%	10.92%
b. From Members	5.50%	5.50%	5.50%
8. Required City Contributions as % of Payroll (including interest):			
a. Normal	13.02%	12.35%	10.92%
b. Unfunded Actuarial Accrued Liabilities	<u>89.35%</u>	<u>84.57%</u>	<u>85.07%</u>
c. Total	102.37%	96.92%	95.99%
9. Required City Contributions (including interest):			
a. Normal	\$ 898,641	\$ 852,617	\$ 854,691
b. Unfunded Actuarial Accrued Liabilities	<u>6,166,347</u>	<u>5,836,586</u>	<u>6,665,159</u>
c. Total	\$ 7,064,988	\$ 6,689,203	\$ 7,519,850
10. Percentage of Compensation to be Contributed by Members	5.50%	5.50%	5.50%

**Information Req. by Florida Statute (Chapter 112)****Table Va**

	<u>September 30, 2014</u> After Assumption Change	<u>September 30, 2014</u> Prior to Assumption Change	<u>September 30, 2012</u>
11. Present Value of Active Members:			
a. Future salaries	\$ 49,444,000	\$ 49,008,789	\$ 60,220,315
b. Future contributions	\$ 2,719,420	\$ 2,613,907	\$ 3,312,117
12. Prior Fiscal Year's Contribution (cash basis):			
a. Required City	\$ 7,210,281	\$ 7,210,281	\$ 6,940,304
b. Actual City	7,212,182	7,212,182	6,988,143
c. Required member	430,904	430,904	620,411
d. Actual member	388,789	388,789	496,722
13. Accumulated Member Contributions	\$ 4,429,923	\$ 4,429,923	\$ 4,593,175

The information presented in Table Va is for both pension benefits and retiree healthcare benefits combined.

**Projected Unfunded Actuarial Accrued Liability (UAAL)****Table Vb****Pension Benefits**

Balance as of October 1	UAAL Beginning of Year	Amortization Payment	UAAL End of Year
2014	\$49,369,045	\$6,177,721	\$47,042,109
2015	47,042,109	6,177,721	44,533,672
2016	44,533,672	6,177,721	41,829,577
2017	41,829,577	6,177,721	38,914,563
2018	38,914,563	6,177,721	35,772,177
2019	35,772,177	6,177,721	32,384,685
2020	32,384,685	6,177,721	28,732,969
2021	28,732,969	6,177,721	24,796,419
2022	24,796,419	6,177,721	20,552,819
2023	20,552,819	6,177,721	15,978,217
2024	15,978,217	6,177,721	11,046,796
2025	11,046,796	6,177,721	5,730,725
2026	5,730,725	6,177,721	0

**Projected Unfunded Actuarial Accrued Liability (UAAL)****Table Vb****Retiree Healthcare Benefits**

Balance as of October 1	UAAL Beginning of Year	Amortization Payment	UAAL End of Year
2014	\$ (90,901)	\$ (11,375)	\$ (86,617)
2015	(86,617)	(11,375)	(81,998)
2016	(81,998)	(11,375)	(77,019)
2017	(77,019)	(11,375)	(71,652)
2018	(71,652)	(11,375)	(65,866)
2019	(65,866)	(11,375)	(59,628)
2020	(59,628)	(11,375)	(52,905)
2021	(52,905)	(11,375)	(45,657)
2022	(45,657)	(11,375)	(37,843)
2023	(37,843)	(11,375)	(29,420)
2024	(29,420)	(11,375)	(20,340)
2025	(20,340)	(11,375)	(10,552)
2026	(10,552)	(11,375)	(0)

**Asset Reconciliation****Table VIa****Revenues and Expenditures**

	As of September 30, 2014	As of September 30, 2012
Revenues:		
a. Member contributions	\$ 388,789	\$ 496,722
b. City contributions	7,212,182	7,075,211
c. City contributions – Other	0	1,661,992
d. Investment Income and Realized Gains	3,972,575	3,142,047
e. Increase in unrealized appreciation	11,832,103	17,256,246
f. Other revenue	<u>9,513</u>	<u>5,061</u>
g. Total revenues	\$ 22,861,165	\$ 29,637,279
Expenditures:		
a. Refunds of member contributions	\$ 82,048	\$ 168,354
b. Benefits payments	11,937,368	10,759,452
c. Payment from DROP accounts	1,727,186	2,069,005
d. Health care subsidy payments	149,688	159,348
e. Administrative expenses	5,808	15,000
f. Investment expenses	679,168	515,305
g. Realized losses	0	0
h. Decrease in unrealized appreciation	0	0
i. Other expenditures	<u>97,957</u>	<u>83,756</u>
j. Total expenditures	\$ 14,679,223	\$ 13,770,220
Net Income:		
Total revenues minus total expenditures	<u>\$ 8,181,942</u>	<u>\$ 15,867,059</u>

**Asset Reconciliation****Table VIa****Summary of Assets for Pension and Retiree Healthcare Benefits Combined**

	<u>September 30, 2014</u>	<u>September 30, 2012</u>
	Market	Market
Cash	\$ 63,844	\$ 70,554
Debt Securities		
Short-term	1,945,266	1,779,730
Bonds	11,422,141	13,798,781
Equity Securities		
Common Stock	125,637,321	104,657,726
Other		
Accounts receivable	18,121	287,741
Accounts payable	(146,899)	(121,204)
Accrued Interest	9,953	299,360
Total Assets	\$ 138,949,747	\$ 120,772,688



Derivation of Actuarial Value of Assets

Table VIb

Valuation Date September 30:	2013	2014	2015	2016	2017	2018
A. Actuarial Value Beginning of Year	\$ 116,916,574	\$ 120,736,284				
B. Market Value End of Year	\$ 130,767,805	\$ 138,949,747				
C. Market Value Beginning of Year	\$ 120,772,688	\$ 130,767,805				
D. Cash Flow						
D1. Contributions	\$ 7,424,137	\$ 7,046,974				
D2. Other Revenue	0	0				
D3. Benefit Payments	(14,625,561)	(13,896,290)				
D4. Administrative Expenses	(100,144)	(103,765)				
D5. Investment Expenses	<u>(583,224)</u>	<u>(679,168)</u>				
D6. Net	\$ (7,884,792)	\$ (7,632,249)				
E. Investment Income						
E1. Market Total: B – C – D6	\$ 17,879,909	\$ 15,814,191				
E2. Assumed Rate	8.00%	8.00%				
E3. Amount for Immediate Recognition	9,952,976	10,862,469				
E4. Amount for Phased-In Recognition	\$ 7,926,933	\$ 4,951,722				
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.20*E4	\$ 1,585,387	\$ 990,344				
F2. First Prior Year	2,331,288	1,585,387	\$ 990,344			
F3. Second Prior Year	(1,832,075)	2,331,288	1,585,387	\$ 990,344		
F4. Third Prior Year	360,269	(1,832,075)	2,331,288	1,585,387	\$ 990,344	
F5. Fourth Prior Year	<u>(693,343)</u>	<u>360,269</u>	<u>(1,832,075)</u>	<u>2,331,288</u>	<u>1,585,387</u>	<u>\$ 990,344</u>
F6. Total Recognized Investment Gain	\$ 1,751,526	\$ 3,435,213	\$ 3,074,944	\$ 4,907,019	\$ 2,575,731	\$ 990,344
G. Preliminary Actuarial Value End of Year:	\$ 120,736,284	\$ 127,401,717				
H. Adjustment for Prepaid Contribution:	\$ (1,107,994)	\$ (553,997)				
I. Final Actuarial Value End of Year: G + H	\$ 119,628,290	\$ 126,847,720				
J. Difference Between Market & Actuarial Values:	\$ 11,139,515	\$ 12,102,027	\$ 8,473,086	\$ 3,566,067	\$ 990,344	\$ 0

The actuarial value of assets recognizes assumed investment income (line E3) fully each year. Differences between actual and assumed investment income (line E4) are phased in over a closed 5 year period. During periods when investment performance exceeds the assumed rate, the actuarial value will tend to be less than market value. During periods when investment performance is less than assumed, the actuarial value will tend to be greater than the market value.

**Allocation of Actuarial Value of Assets****Table VIc****I. Market Rate of Return for Combined Assets for the 2012/2013 Plan Year**

a. Market Value Beginning of Year (Table VIb, Item C)	\$120,772,688
b. Market Value End of Year (Table VIb, Item B)	130,767,805
c. Cash Flow net of Investment Expenses (Table VIb, Items D1 through D4)	(7,301,568)
d. Investment Income net of Investment Expenses (b. – a. – c.)	17,296,685
e. Market Rate of Return (2 x d. / (a. + b. – d.))	14.77%

II. Market Value of Retiree Healthcare Assets for the 2012/2013 Plan Year

a. Market Value Beginning of Year	\$1,850,913
b. Annual Required Contribution	71,761
c. Benefit Payments	(149,688)
d. Interest at Market Rate of Return (I.e.)	267,203
e. Market Value End of Year (a. + b. + c. + d.)	\$2,034,477

III. Market Rate of Return for Combined Assets for the 2013/2014 Plan Year

a. Market Value Beginning of Year (Table VIb, Item C)	\$130,767,805
b. Market Value End of Year (Table VIb, Item B)	138,949,747
c. Cash Flow net of Investment Expenses (Table VIb, Items D1 through D4)	(6,953,081)
d. Investment Income net of Investment Expenses (b. – a. – c.)	15,135,023
e. Market Rate of Return (2 x d. / (a. + b. – d.))	11.89%

IV. Market Value of Retiree Healthcare Assets for the 2013/2014 Plan Year

a. Market Value Beginning of Year	\$2,034,477
b. Annual Required Contribution	71,761
c. Benefit Payments	(149,688)
d. Interest at Market Rate of Return (I.e.)	237,267
e. Market Value End of Year (a. + b. + c. + d.)	\$2,193,817

V. Allocate Actuarial Value of Assets by Market Value

	Market Value of Assets	Actuarial Value of Assets
Pension Benefits	\$136,755,930	\$124,844,977
Retiree Healthcare Benefits	2,193,817	2,002,743
Total	\$138,949,747	\$126,847,720

**Net Pension Liability****Table VIIa**

The material presented herein will follow the order presented in GASB 67. Paragraph numbers are provided for ease of reference.

Paragraphs 31(a) (1)-(4): The information is provided in the following table. As stated above, the NPL is equal to the TPL minus the FNP. That result as of September 30, 2014 is presented in the table below.

	Fiscal Year Ending September 30, 2014
Total Pension Liability	\$ 169,779,676
Fiduciary Net Position	<u>136,730,296</u>
Net Pension Liability	\$ 33,049,380
Ratio of Fiduciary Net Position to Total Pension Liability	80.53%



Assumptions for Total Pension Liability Table

VIIb

Paragraph 31(b): This paragraph requires information regarding the actuarial assumptions used to measure the TPL. The actuarial assumptions utilized in developing the TPL are outlined in Schedule B. The total pension liability was determined by an actuarial valuation as of September 30, 2012, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.50 – 9.50 percent, average, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation
Mortality	The rates of mortality for the period after service retirement are according to the RP-2000 combined mortality table set forward five years for males.

**Asset Allocation****Table VIIc**

The actuarial assumptions used in the September 30, 2012 valuation were based on the results of the last actuarial experience study, dated January 7, 2011.

Paragraph 31.b.(1)

- (a) Discount rate:** The discount rate used to measure the total pension liability was 8.00%
- (b) Projected cash flows:** The projection of cash flows used to determine the discount rate assumed the City would contribute the actuarial determined contribution.
- (c) Long term rate of return:** The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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.
- (d) Municipal bond rate:** the discount rate determination does not use a municipal bond rate
- (e) Periods of projected benefit payments:** projected future benefit payments for all current plan members were projected through 2116
- (f) Assumed Asset Allocation:** The target asset allocation and best estimates of arithmetic rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	40%	11.1%
Bonds	25	7.6
International Equity	15	6.4
Private Real Estate	8	7.9
Convertibles	7	9.5
MLP's	5	16.9
Total	100%	

**Sensitivity Analysis****Table VIId**

(g) Sensitivity analysis: this paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the System, calculated using the discount rate of percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
System's net pension liability	\$49,306,551	\$33,049,380	\$19,195,957

**Total Pension Liability Roll-Forward****Table VIIe**

Paragraph 31(c): September 30, 2012 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of September 30, 2014 using standard roll forward techniques. The roll forward calculation adds the annual normal cost (also called the service cost), adds the actual benefit payments and refunds for the plan year and then applies the expected investment rate of return. The procedure was used to determine the TPL as of September 30, 2014, as shown in the following table:

TPL Roll-Forward	
(a) TPL as of September 30, 2012	\$170,092,839
(b) Entry Age Normal Cost for the Year October 1, 2012 – September 30, 2013	860,372
(c) Actual Benefit Payments for the Year October 1, 2012 – September 30, 2013	(14,470,161)
(d) TPL as of September 30, 2013 = ((a) + (b)) x 1.08 - (c) x 1.04	\$169,580,500
(e) Entry Age Normal Cost for the Year October 1, 2013 – September 30, 2014	860,372
(f) Actual Benefit Payments for the Year October 1, 2013 – September 30, 2014	(13,746,602)
(g) TPL as of September 30, 2014 = ((d) + (e)) x 1.08 - (f) x 1.04	\$169,779,676



Assumptions for Actuarially Determined Contributions

Table VIII

Paragraph 34: In addition the following should be noted regarding the RSI:

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	3.00 percent
Salary increase	4.50-9.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation



SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
GASB 67 Paragraph 32(a)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total pension liability										
Service Cost	\$ 929,202									
Interest	13,016,576									
Benefit changes	-									
Difference between expected and actual experience	-									
Changes of assumptions	-									
Benefit payments	(13,664,554)									
Refunds of contributions	(82,048)									
Net change in total pension liability	\$ 199,176									
Total pension liability - beginning	\$ 169,580,500									
Total pension liability - ending (a)	\$ 169,779,676									
Plan net position										
Contributions - employer	\$ 6,586,424									
Contributions - member	388,789									
Net investment income	14,895,032									
Benefit payments	(13,664,554)									
Administrative expense	(103,765)									
Refunds of contributions	(82,048)									
Other	-									
Net change in plan net position	\$ 8,019,878									
Plan net position - beginning	\$ 128,710,418									
Plan net position - ending (b)	\$ 136,730,296									
Net pension liability - ending (a) - (b)	\$ 33,049,380									



SCHEDULE OF THE NET PENSION LIABILITY
GASB 67 Paragraph 32(b)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total pension liability	\$ 169,779,676									
Plan net position	<u>136,730,296</u>									
Net pension liability	\$ 33,049,380									
Ratio of plan net position to total pension liability	80.53%									
Covered-employee payroll	\$ 6,757,461									
Net pension liability as a percentage of covered-employee payroll	489.08%									



Schedule of Employer Contributions

Table VIII

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB 67 Paragraph 32(c)**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined employer contribution	\$ 7,448,089	\$ 7,157,167	\$ 7,157,167	\$ 7,162,033	\$ 7,094,735	\$ 6,942,271	\$ 5,936,524	\$ 5,962,692	\$ 6,060,800	\$ 5,515,223
Actual employer contributions	<u>7,448,089</u>	<u>7,157,167</u>	<u>7,157,167</u>	<u>7,162,033</u>	<u>7,094,735</u>	<u>6,942,271</u>	<u>5,936,524</u>	<u>5,962,692</u>	<u>6,060,800</u>	<u>5,515,223</u>
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 6,757,461	6,961,827	7,834,617	11,280,207	12,090,613	13,546,116	14,806,933	17,597,916	16,904,096	15,707,738
Actual contributions as a percentage of covered-employee payroll	110.22%	102.81%	91.35%	63.49%	58.68%	51.25%	40.09%	33.88%	35.85%	35.11%



Active Data Table

Table VIIIa

**Tabulated by Attained Age and Years of Service
as of September 30, 2014**

Attained Age	Years of Service to Valuation Date							Totals	
	0-5	6-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20									
20-24									
25-29		1						1	\$25,185
30-34		5	8	1				14	510,898
35-39		3	6	1				10	370,175
40-44		4	13	7	3			27	1,045,611
45-49		1	8	6	9	2		26	1,209,842
50-54			8	5	11	6	1	31	1,524,822
55-59		2	13	13	9	2		39	1,692,245
60			2	1			1	4	201,390
61			1					1	29,741
62			3	1				4	207,511
63				1		1		2	84,149
64									
65									
66									
67									
68									
69									
70 & Over									
Totals	0	16	62	36	32	11	2	159	\$6,901,570

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 48.35 years
Service: 15.88 years
Annual Pay: \$43,406



Retiree Data Table

Table VIIIb

**Retiree and Beneficiary Information September 30, 2014
Tabulated by Attained Ages**

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Totals	
	No.	Annual Benefits*	No.	Annual Benefits*	No.	Annual Benefits*	No.	Annual Benefits*
Under 20								
20-24								
25-29								
30-34								
35-39			1	\$6,815			1	\$6,815
40-44			1	11,983	2	\$25,769	3	37,752
45-49					1	23,431	1	23,431
50-54	2	\$76,070	1	7,054	2	18,201	5	101,325
55-59	23	721,565	5	68,587	2	36,021	30	826,173
60-64	87	2,211,585	4	41,914	11	164,417	102	2,417,916
65-69	103	2,439,647	6	57,683	16	345,138	125	2,842,467
70-74	67	1,920,847	3	20,984	24	300,962	94	2,242,793
75-79	55	1,081,960	7	71,194	30	305,356	92	1,458,510
80-84	51	1,039,155	7	52,035	34	400,742	92	1,491,932
85-89	23	352,071	6	31,564	23	223,615	52	607,250
90-94	8	90,493			3	22,233	11	112,726
95								
96	1	7,476					1	7,476
97	1	7,443					1	7,443
98								
99								
100 & Over								
Totals	421	\$9,948,313	41	\$369,812	148	\$1,865,884	610	\$12,184,010

* Excluding amounts for the health subsidy

There were 68 vested members with annual deferred benefits of \$913,299 included in the valuation excluding amounts for the health subsidy.

In addition, there were 37 members who enrolled in the DROP. The accumulated benefits credited to the DROP are \$3,315,656.

**Data Reconciliation****Table VIIIc**

	<u>Active</u>	<u>Deferred Vested</u>	<u>Retired</u>	<u>DROP</u>	<u>Total</u>
1. Number of participants as of September 30, 2012	195	59	588	70	912
2. Change in status during the plan year:					
a. Actives who became inactive	(15)	15			
b. Members who retired	(7)		7		
c. Actives who enrolled in DROP	(5)			5	
d. Vesteds who became active					
e. Vesteds who retired		(6)	6		
f. Retirees who became active					
g. Transfer in					
3. No longer participating due to:					
a. Death			(54)		(54)
b. Refund of contributions	(9)				(9)
c. Receipt of lump sum payment					
d. Expiration of certain period					
e. No longer in DROP			38	(38)	
f. Data change from last year					
g. Transfer out					
4. New participant due to:					
a. Initial participation					
b. Death of another participant			25		25
c. Data change from last year					
5. Number of participants as of September 30, 2014	159	68	610	37	874

**Historical Data****Table IX**

Actuarial estimates regarding the inflation rate and real investment return rate were utilized in the valuation. These estimates are used, in combination with the other estimates, to (i) determine the present value of amounts expected to be paid in the future and (ii) establish rates of contribution which are expected to remain relatively level as a percent of total employee payroll.

Inflation

- Effective September, 30 2010, 3.00% per annum, compounded annually. This is the rate at which growth in the supply of money and credit is estimated to exceed growth in the supply of goods and services. It may be thought of as the rate of decline in the purchasing power of the dollar. There are a number of indices for measuring the inflation rate. The recent inflation rate as measured by the Consumer Price Index has been:

Year Ended:	9/30/2014	9/30/2013	9/30/2012	9/30/2011	9/30/2010	Average for Period
Actual	1.7%	1.2%	2.0%	3.9%	1.1%	2.0%
Assumed	3.0	3.0	3.0	3.0	3.0	3.0

Real Investment Return

- Effective October 1, 2014, 4.80% per annum. This is the rate of return estimated to be produced by investing a pool of assets in an inflation-free environment. Recent real rates of investment return on the actuarial value of assets have been:

Year Ended:	9/30/2014	9/30/2013	9/30/2012	9/30/2011	9/30/2010	Average for Period
Total Rate	11.4%	9.1%	2.1%	2.5%	3.7%	5.8%
Less Inflation Rate	1.7	1.7	2.0	3.9	1.1	2.0
Actual Real Rate	9.7	7.9	0.1	(1.4)	2.6	3.8
Projected Real Rate	5.0	5.0	5.0	5.0	5.0	5.0

- The total investment return rate was computed by dividing the investment earnings recognized in the actuarial value of assets, before the release of any reserve, by a weighted average of the value of assets during the year. The investment earnings are assumed to be net of any investment expenses.



Historical Data

Table IX

- A schedule of recent salary change experience, as measured by average reported pay, follows:

Year Ended:	9/30/2014	9/30/2013	9/30/2012	9/30/2011	9/30/2010	Average for Period
% of Change: Actual Average*	5.0%	5.8%	(3.7)%	4.1%	3.3%	2.9%
Estimated	6.3	6.3	6.4	6.4	6.4	6.4
% Change in Total Payroll	(0.9)	(11.1)	(24.3)	(8.3)	(6.7)	(10.3)

*Excluding terminations and new members.

Prior Contribution Rates for Pension and Retiree Healthcare Combined

Valuation Date	Applicable Fiscal Year	Normal Cost	Expenses	Unfunded Actuarial Accrued Liability	Total City Contributions
9-30-96	1996-97	1.42%	1.04%	4.76%	7.22%
9-30-97	1997-98	(3.64)	1.04	15.17	12.57
9-30-98	1998-99	(3.96)	0.93	13.44	10.41
9-30-99	1999-00	(2.43)	1.05	13.89	12.51
9-30-00	2000-02	(2.88)	1.05	16.97	15.14
9-30-01	2002-03	4.38	1.05	15.75	21.18
9-30-02	2003-04	12.33	1.05	15.20	28.58
9-30-03	2004-05	11.31	1.05	22.50	34.86
9-30-04	2005-06	11.13	1.05	25.10	37.28
9-30-05	2006-07	12.91	1.05	21.86	35.82
9-30-06	2007-08	12.84	1.05	20.50	34.39
9-30-07	2008-09	13.92	1.05	34.61	49.58
9-30-08	2009-10	13.26	1.05	38.92	53.23
9-30-09	2010-11	13.65	0.80	45.45	59.90
9-30-10	2011-12	10.36	0.61	53.27	64.24
9-30-12	2013-14	9.61	1.26	85.07	95.99
9-30-14	2015-16	11.53	1.50	89.35	102.37

**1. Actuarial Cost Method**

- **To Determine the Funded Status and the Annual Required Contribution**
Entry Age Normal Cost Method on an individual basis.
- **To Determine the Present Value of Accrued Benefits**
Unit Credit

2. Decrements➤ **Pre-Retirement Mortality**

RP 2000 Combined Healthy Mortality, set forward 5 years for males and RP2000 combined Healthy Mortality for females.

Representative values of the assumed annual rates of pre-retirement mortality among members in active service are as follows:

	Male		Female	
Age	Ordinary Mortality Rate	Accidental Mortality Rate	Ordinary Mortality Rate	Accidental Mortality Rate
20	0.0245%	0.0024%	0.0169%	0.0022%
25	0.0311	0.0034	0.0188	0.0019
30	0.0341	0.0035	0.0238	0.0026
35	0.0397	0.0047	0.0430	0.0045
40	0.0694	0.0079	0.0633	0.0073
45	0.0972	0.0107	0.1010	0.0114
50	0.1358	0.0150	0.1513	0.0163
55	0.1923	0.0215	0.2448	0.0269
60	0.3262	0.0362	0.4551	0.0504
64	0.5352	0.0593	0.7756	0.0863



➤ **Post-Retirement Healthy Mortality**

RP 2000 Combined Healthy Mortality set forward 5 years for males and RP 2000 Combined Healthy Mortality for females.

Representative values of the assumed annual rates of post-retirement mortality among healthy retirees are as follows:

Age	Male	Female
65	0.6747%	0.9706%
70	1.2737	1.6742
75	2.2206	2.8106
80	3.7834	4.5879
85	6.4368	7.7446
90	11.0757	13.1682
95	18.3408	19.4509
100	26.7491	23.7467

➤ **Post-Retirement Disability Mortality**

RP 2000 Combined Healthy Mortality for males and females.

Representative values of the assumed annual rates of post-retirement mortality among disabled retirees are as follows:

Age	Male	Female
40	0.1079%	0.0706%
45	0.1508	0.1124
50	0.2138	0.1676
55	0.3624	0.2717
60	0.6747	0.5055
65	1.2737	0.9706
70	2.2206	1.6742
75	3.7834	2.8106
80	6.4368	4.5879
85	11.0757	7.7446



➤ **Disability**

Representative values of the assumed annual rates of disability among members in active service are as follows:

Age	Ordinary Disability Rate	Accidental Disability Rate
20	0.0135%	0.0065%
25	0.0133	0.0067
30	0.0202	0.0098
35	0.0267	0.0133
40	0.0333	0.0167
45	0.0666	0.0334
50	0.1135	0.0565
55	0.1935	0.0965
60	0.3000	0.1500
64	0.3934	0.1966

➤ **Withdrawal from Active Status**

Representative values of the assumed annual rates of withdrawal among members in active service are as follows:

Age	Rate
20	15.00%
25	13.00
30	11.00
35	9.00
40	7.00
45	5.00
50	4.00
54	4.00



➤ **Retirement**

Values of the assumed annual rates of retirement among members in active service are as follows:

Age	Rate
Under 45	5.00%
45	5.00
46	5.00
47	5.00
48	7.00
49	10.00
50	12.00
51	15.00
52	15.00
53	15.00
54	15.00
55	20.00
56	20.00
57	20.00
58	20.00
59	20.00
60	25.00
61	30.00
62	40.00
63	40.00
64	50.00
65 & Over	100.00

An additional 20% are assumed to retire when first eligible for an unreduced retirement benefit. In addition, 100% are assumed to retire upon the attainment of age 60 and the completion of 30 years of service.

**3. Interest Rates****➤ Used for Calculating All Liabilities (including GASB 25/27 and 43/45 liabilities)**

Effective October 1, 2014 the interest rate is assumed to be 7.80% net of investment expenses per annum, comprised of an inflation rate of 3.00% and a real rate of return of 4.8%.

➤ Used for Calculating Present Value of Accrued Benefits Pursuant to Ch. 112.63 (1)(f)

The interest rate is assumed to be 7.75% (Florida Retirement System's assumed rate of return)

4. Salary Increases

The following representative salary increases are assumed, which include a wage inflation rate of 3.00%.

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	9.50%	30	7.50%	40	6.50%	50	6.50%
25	9.50%	35	6.50%	45	6.50%	55	5.50%

5. Marriage Assumptions

➤ 80% of members are assumed married or entitled to dependent benefits.

➤ Male spouses are assumed to be three years older than female spouses.

6. Expenses

Administrative expenses for the year following the valuation date are assumed to be equal to the actual amount for the previous fiscal year.

7. Cost-of-Living Adjustments

For retirements before October 1, 2012, benefits are assumed to increase 1.50% annually after retirement. For retirements on or after October 1, 2012, cost-of-living adjustments are assumed to be 1.00%. No COLA is assumed for participants who enter the DROP on or after October 1, 2012 while currently participating in the DROP.



Actuarial Assumptions

Table X

8. Assets

Actuarial value, as developed in Tables VIb and VIc. The actuarial value of assets is a market-related method that each year recognizes 20% of the unexpected investment return.

9. Participation in the Health Insurance Premium Assistance program

50%

**1. Participation**

Participation, which was closed to new members on October 1, 1979, was reopened to new members effective October 6, 1997. Effective June 17, 2007, participation is closed to new members.

2. Credited Service

All service from date of hire. For benefit calculations only, fractional service greater than one-half is rounded up to a whole year. Members entering the Fund for the first time on or after October 6, 1997 who had service with the City had the option of purchasing credit for any or all prior service.

3. Average Final Compensation

For retirements before October 1, 2012, the average annual compensation, excluding unused leave and overtime in excess of 300 hours per fiscal year, during the highest 2 years of his or her last 5 years of contributing service prior to retirement, termination or death.

For retirements on or after October 1, 2012, the average annual compensation, excluding unused leave and overtime in excess of 200 hours per fiscal year, during the last 5 years of contributing service prior to retirement, termination or death. Overtime pay will be based on non-overtime rates for over 40 hours per week.

4. Normal Retirement Benefit**➤ Eligibility**

Age 55 and 20 years of credited service

➤ Benefit Amount

An annual benefit equal to the greatest of:

- (a) 2.1% of Average Final Compensation times years of service (maximum 63%) for service accrued before October 1, 2012. For service accrued on or after October 1, 2012, 1.75% of Average Final Compensation times years of service (maximum 52.5%).



(b) 75% of the first \$2,400 of Average Final Compensation, plus 50% of the next \$1,200 of Average Final Compensation, plus 40% of any additional amount.

(c) \$300 per year of service (maximum \$6,000).

5. Early Retirement Benefit

➤ **Eligibility**

30 years of credited service, regardless of age.

➤ **Benefit Amount**

Computed as a normal retirement benefit, with a benefit reduction of the lesser of 3% for each year of age below age 55, or 3% for each year of credited service below 30 years. Such benefit shall not be less than \$300 per year of service (service not to exceed 20 years).

6. Postponed Retirement

➤ **Eligibility**

Retirement after first eligible for normal retirement benefit.

➤ **Benefit Amount**

Computed as a normal retirement benefit plus, under formula (b) only, 1% of the normal retirement benefit for each year of service credited after normal retirement date, but before age 70.

7. Disability Benefit – Service-Connected

➤ **Eligibility**

Total and permanent disability or partial disability incurred in the line of duty.



➤ **Benefit Amount**

Accrued retirement benefit at date of disability, with a benefit reduction for formulas (a) and (b) of 2% for each year by which service at date of disability is less than 20 years. For partial disability, the benefit is further reduced by a certain percentage determined by the Board. Such benefit shall not be less than \$300 per year of service (service not to exceed 20 years).

8. Disability Benefit – Not Service-Connected

➤ **Eligibility**

Total and permanent disability or partial disability, and 6 years of credited service.

➤ **Benefit Amount**

Accrued retirement benefit at date of disability, with a benefit reduction for formulas (a) and (b) of 5% for each of the first 5 years, and 3% for each of the next 5 years by which service at date of disability is less than 20 years. For partial disability, the benefit is further reduced by a certain percentage determined by the Board. Such benefit shall not be less than \$300 per year of service (service not to exceed 20 years).

9. Death Benefit – Service-Connected

➤ **Eligibility**

None.

➤ **Benefit Amount**

Computed as 80% of service-connected disability benefit, payable to the widow until death. If there is no surviving spouse, any dependent child(ren) under the age of 18 shall receive a benefit in the amount that a surviving spouse would have been entitled to. The total of all children's benefits shall not exceed the amount payable to the widow.



10. Death Benefit – Not Service-Connected

➤ **Eligibility**

6 years of credited service.

➤ **Benefit Amount**

Same as service-connected death benefit, except widow's benefit is computed as a non-service connected disability benefit.

11. Vested Termination

➤ **Eligibility**

6 years of credited service.

➤ **Benefit Amount**

The accrued retirement benefit, payable at age 60. If the member terminated with at least 20 years of credited service, the benefit is payable at age 55.

12. Non-Vested Termination

A member terminating for any cause, other than line of duty disability, with less than 6 years of credited service is entitled to a refund of all accumulated contributions.

13. Cost-of-Living Adjustments

For retirements before October 1, 2012, the cost of living adjustment (COLA) is 1.50% per year. For retirements on or after October 1, 2012, the COLA is 1.00% per year. For participants who enter the DROP on or after October 1, 2012, no COLA is granted while participating in the DROP.

**14. Deferred Retirement Option Plan (DROP)**

An active member eligible for normal retirement may continue employment with the City but elect to freeze the accrual of additional benefits as of the effective date of such election (as if the member had retired on such date). The member's normal retirement benefit payments will be credited to a DROP account. Member and City contributions to the Fund cease for the participant. A DROP participant's continued employment cannot normally exceed 60 months.

The DROP account will earn interest at 4% per annum for participants who entered the DROP prior to October 1, 2012 and 1.3% per year for participants who entered the DROP on or after to October 1, 2012. Cost-of-living adjustments are also credited to the benefits in the DROP account for participants who entered the DROP prior to October 1, 2012. Participants who entered the DROP on or after October 1, 2012 are not eligible for COLA payments while participating in the DROP.

Upon resignation, the participant then receives a distribution from the DROP account as well as regular monthly retirement benefits.

15. Retiree Health Insurance Premium Assistance

The Fund shall provide premium assistance for each covered retiree participating in the City group health insurance plan in the amount of \$56 per month (not indexed for inflation).

16. Normal Form of Benefit

For participants who retired prior to October 1, 2012, the normal form of benefit is a benefit payable for life. Upon death 80% of the benefit is continued for the lifetime of the beneficiary. For participants who retire on or after October 1, 2012, the normal form of benefit is a single life annuity. Upon death all benefit payments stop.



17. Annual Contributions

➤ **Member**

All members contribute 5.5% of compensation to the Fund.

➤ **City**

The City contributes an actuarially determined amount which, together with member contributions, equals the sum of the normal cost and payments for the amortization of the unfunded actuarial accrued liability over a period not exceeding 40 years (currently 13 years).