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CONSULTING, ACTUARIAL & ADMINISTRATIVE SERVICES

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March 30, 2016

Pension Board  
City of Pensacola Police Officers' Retirement Fund  
222 West Main Street  
Pensacola, Florida 32502

Actuarial Report as of October 1, 2015

Dear Trustees:

We are pleased to forward our report on the actuarial valuation of the City of Pensacola Police Officers' Retirement Fund as of October 1, 2015. The cost recommendations cover the Plan Years beginning October 1, 2016.

This is based on participant data and on asset information provided by the City and on the terms of the Plan in effect on October 1, 2015. Valuation pay is the greater of the annualized rate of pay or FY2015 pensionable earnings. All of the data has been reviewed for consistency with prior data and for general reasonableness.

Statement by Actuary:

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 that may require material increases in Plan costs or required contribution rates have been taken into account in the valuation.

I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

 3-30-16  
Jarmon Welch, A.S.A. Date  
PENSION BOARD CONSULTANTS, INC.

14 - 1108  
Enrollment Number

CITY OF PENSACOLA  
POLICE OFFICERS' RETIREMENT FUND

Actuarial Report for the Plan Year Beginning October 1, 2015

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CITY OF PENSACOLA  
POLICE OFFICERS' RETIREMENT FUND  
Derivation of Required Contribution as of October 1, 2015

	<u>October 1, 2014</u>	<u>October 1, 2015</u>
1. Covered October 1 Payroll (non DROP)	\$4,377,970	\$4,423,864
2. Entry Age Actuarial Accrued Liabilities		
a. Active Participants	\$22,751,598	\$26,612,767
b. Inactive Participants	<u>\$95,327,489</u>	<u>\$100,759,455</u>
c. Total (a. + b.)	\$118,079,087	\$127,372,222
3. Value of Assets		
a. Actuarial Value of Assets	\$80,562,282	\$83,576,423
b. Contribution Surplus Account*	\$700,508	\$806,396
c. Accumulated Chapter 185 Premium Tax	<u>\$396,897</u>	<u>\$396,897</u>
d. Net Actuarial Value of Assets (a. - b. - c.)	\$79,464,877	\$82,373,130
4. Unfunded Actuarial Accrued Liability	\$38,614,210	\$44,999,092
5. Annual Plan Cost		
a. UAAL Amortization Payment (16 years)	\$3,751,814	\$4,483,574
b. Individual Entry Age Normal Cost	\$818,742	\$912,596
c. Annual Expense Load	\$70,000	\$70,000
d. Total Required Contribution BOY (a. + b. + c.)	\$4,640,556	\$5,466,170
6. Contributions		
a. Expected State Contribution	\$473,283	\$512,808
b. Expected Employee Contribution	\$227,654	\$230,041
c. Minimum Required City Contribution (5.d. - 6.a. - 6.b.) payable October 1	\$3,939,619	\$4,723,321
7. Funded Status	70.60%	62.00%
= Net Market Value of Assets / Total Pension Liability		

Reconciliation

The City minimum required contribution increased \$783,702 as follows:

1. Assumption changes (interest and mortality) increased costs \$665,381.
2. Experience losses (primarily investment) increased costs \$118,321.

\* adjusted for (expected less actual) contributions plus 7.25% interest on prior 3(a) and 3(b).

CITY OF PENSACOLA  
POLICE OFFICERS' RETIREMENT FUND

Projected Unfunded Actuarial Accrued Liability

<u>Plan Year</u> <u>Beginning</u>	Expected UAAL <u>on 10/1</u>	Expected Amortization <u>Payment</u>	Expected UAAL <u>on 9/30</u>
2015	\$44,999,092	\$4,483,574	\$43,452,893
2016	43,452,893	4,483,574	41,794,595
2017	41,794,595	4,483,574	40,016,070
2018	40,016,070	4,483,574	38,108,602
2019	38,108,602	4,483,574	36,062,842
2020	36,062,842	4,483,574	33,868,765
2021	33,868,765	4,483,574	31,515,617
2022	31,515,617	4,483,574	28,991,867
2023	28,991,867	4,483,574	26,285,144
2024	26,285,144	4,483,574	23,382,184
2025	23,382,184	4,483,574	20,268,759
2026	20,268,759	4,483,574	16,929,611
2027	16,929,611	4,483,574	13,348,374
2028	13,348,374	4,483,574	9,507,498
2029	9,507,498	4,483,574	5,388,159
2030	5,388,159	4,483,574	970,167
2031	970,167	970,167	0

CITY OF PENSACOLA  
POLICE OFFICERS' RETIREMENT FUND

Statement of Plan Net Assets  
as of September 30, 2014 and 2015

	<u>2014</u>	<u>2015</u>
<b><u>Assets</u></b>		
Cash and short-term investments	\$1,860,739	\$1,500,248
Real Estate	\$7,086,177	\$7,988,799
Receivables	\$7,306	\$12,329
Investments, at fair value		
Fixed Income Securities	\$23,384,445	\$23,260,642
Equities		
Domestic	\$47,007,762	\$42,904,694
International	\$5,021,520	\$4,360,168
Accrued Income	<u>\$171,289</u>	<u>\$187,074</u>
Total assets	\$84,539,238	\$80,213,954
<b><u>Liabilities</u></b>		
Accounts payable	\$101,252	\$83,155
<b>Net assets held in trust for pension benefits</b>	<u><u>\$84,437,986</u></u>	<u><u>\$80,130,799</u></u>

Note: The market values shown above include \$4,529,916 as of 09/30/14 and \$4,203,550 as of 09/30/15 for accumulated DROP accounts with interest.

CITY OF PENSACOLA  
POLICE OFFICERS' RETIREMENT FUND

Statement of Changes in Plan Net Assets  
as of September 30, 2014 and 2015

	<u>2014</u>	<u>2015</u>
<b><u>Additions</u></b>		
Contributions		
Employer	\$3,825,656	\$3,830,839
Plan members	\$156,000	\$240,097
State of Florida - Insurance	\$473,283	\$512,808
Purchase of Service by Members	<u>\$12,024</u>	<u>\$0</u>
Total contributions	\$4,466,963	\$4,583,744
Investment income		
Investment income & realized gains	\$2,813,426	\$3,433,953
Market valuation adjustment	\$4,503,803	(\$5,379,146)
Miscellaneous	<u>(\$46)</u>	<u>(\$61)</u>
	\$7,317,183	(\$1,945,254)
Less investment expense	<u>\$436,161</u>	<u>\$417,233</u>
Net investment income	<u>\$6,881,022</u>	<u>(\$2,362,487)</u>
Total additions	\$11,347,985	\$2,221,257
<b><u>Deductions</u></b>		
Benefits	\$4,059,344	\$4,511,427
Refund of contributions	\$4,201	\$1,183
DROP payouts	\$1,930,562	\$1,933,393
Administrative expense	<u>\$69,051</u>	<u>\$82,441</u>
Total deductions	<u>\$6,063,158</u>	<u>\$6,528,444</u>
<b>Net increase</b>	\$5,284,827	(\$4,307,187)
<b>Net assets held in trust for pension benefits</b>		
Beginning of year	<u>\$79,153,159</u>	<u>\$84,437,986</u>
End of year	<u><u>\$84,437,986</u></u>	<u><u>\$80,130,799</u></u>

Note: The market values shown above include \$4,529,916 as of 09/30/14 and \$4,203,550 as of 09/30/15 for accumulated DROP accounts with interest.

### Determination of Actuarial Value of Assets as of September 30, 2015

Fiscal Year <u>Ending</u>	Index as of 9/30	Market Yield During Next Year	Growth Factor	Relative Weights	Weighted Value
2011	100.00	19.47%	1.3231	1	8.82
2012	119.47	14.05%	1.2336	2	19.65
2013	136.26	8.78%	1.1503	3	31.35
2014	148.22	-2.83%	1.0725	4	42.39
2015	144.02		1.0000	<u>5</u>	<u>48.01</u>
				15	150.22

Adjustment Factor : 150.22 divided by 144.02  
or 1.0430

Actuarial Value of Assets :

Market Value	\$80,130,799
x Adjustment Factor	1.0430
	<u>          </u>
=	\$83,576,423

Plan Year Ending	<u>9/30/2014</u>	<u>9/30/2015</u>
1. Actuarial Asset Value, BOY	\$74,087,357	\$80,562,282
2. Actuarial Asset Value, EOY	\$80,562,282	\$83,576,423
3. Contributions from all Sources	\$4,466,963	\$4,583,744
4. Benefit Payments and Expenses Net of Money Manager Fees*	\$6,063,158	\$6,528,444
5. Income, including Realized and Unrealized Gains	\$8,071,120	\$4,958,841
6. Yield for Plan Year	11.01%	6.23%

\* Money manager fees for PYE2014 were \$436,161 and PYE2015 were \$417,233.

CITY OF PENSACOLA  
POLICE OFFICERS' RETIREMENT FUND

Actuarial Assumptions and Methods

The actuarial assumptions are based on an experience study for the five Plan Years ending September 30, 2011.

Economic Assumptions:

Annual Investment Yield: 7.125% compounded annually.  
Salary Scale: 4.0% compounded annually  
Increase in Benefits: 2.5% per year after retirement.  
Expense Loading: \$70,000

Demographic Assumptions:

Mortality: Pre- and Post-Retirement: All using RP-2000 Generational, Scale BB, with  
Female: 100% Annuitant White Collar  
Male: 10% Annuitant White Collar/90% Annuitant Blue collar  
Post-Disablement:  
Female: 60% RP2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection scale  
Male: 60% RP2000 Disabled Male setback four years/ 40% Annuitant White Collar with no setback, no projection scale

Probability of Death: Line of Duty: 15%; Non-Line of Duty: 85%.

Turnover: No vested refunds or disability recoveries.

<u>Age</u>	<u>Probability of Disability</u>	<u>Probability of Withdrawal</u>
25-35	0.002387-0.003867	0.060
40	0.005733	0.020
55	0.030600	0.000

Probability of Disability: Line of Duty: 45%; Non-Line of Duty: 55%.

Percent Married: 80% of active participants married with spouses three years younger. Inactives and DROP participant status is same as reported tax status.

CITY OF PENSACOLA  
POLICE OFFICERS' RETIREMENT FUND

Actuarial Assumptions and Methods

Retirement:                      The greater of the rates below:

<u>Service</u>	<u>Annual Rate</u>
25 YOS	0.50
26-29 YOS	0.25
30 YOS	1.00

<u>Age</u>	<u>Annual Rate</u>	<u>Age</u>	<u>Annual Rate</u>
45-49	.05	58	.70
50--56	.10	59	.90
57	.50	60	1.00

Actuarial Methods:

Cost:	Individual Entry Age
Assets:	Five-year Smoothing

Changes Since the October 1, 2014 Valuation

1. The annual net investment yield was reduced from 7.25% to 7.125%.
2. The mortality assumption was changed to that used in July 1, 2015 for the FRS.
3. Next Plan Year, the asset valuation method will use a growth factor of 7.125%.

CITY OF PENSACOLA  
POLICE OFFICERS' RETIREMENT FUND

Plan Outline

Eligibility: Hired before January 1, 2013 and elected to continue in the Fund.

Credited Service: All service as a Police Officer.

Compensation: Limited to an officers' base pay and senior officer pay exclusive of overtime earned on or after January 1, 2013, but shall include overtime earned as of December 31, 2012.

Average Final Compensation: 1/12 of the average annual Compensation of the last 5 years of Credited Service (best 2 of last 5 for those with 20 YOS on January 1, 2013).

Normal Retirement Date: Age 55 with 12 years of Credited Service or 25 years of Credited Service.

Normal Annual Retirement Benefit: 3% of Average Final Compensation for each Full Year of Credited Service.

Early Retirement Benefit: Age 50 and 12 years of Credited Service. Normal benefit is reduced 0.25% for each month preceding age 55.

Form of Retirement Benefit: Life only (if 20 YOS on January 1, 2013, 10 years certain with 100% J&S).

Pre-Retirement Death and Disability: Return of employee contributions, or

Line of Duty: immediate Accrued Benefit, minimum 42% of average monthly salary.

Non Line of Duty: after 12 years of Credited Service, immediate Accrued Benefit, minimum 25% of average monthly salary.

Employee Contributions: 5.2% of Compensation.

Post-Retirement Cost of Living Increase: Board of Trustees may increase benefits up to 3% per annum based on DOL CPI (retirees and DROP participants on or after January 1, 2013 have maximum increase of 2% after 10 years) calculated each September 30 and effective the following January 1.

Deferred Retirement Option Plan (DROP):

Pension amount frozen at date of entry to DROP

Maximum 5 years DROP period

No employee or City contributions while in DROP

Pre January 1, 2013 DROPS:

Awarded annual COLA while in DROP

Account balances are credited with 4% annual interest

Post January 1, 2013 DROPS:

No COLA while in DROP

Account balances are credited with 1.3% annual interest

Changes Since the October 1, 2014 Valuation: None.

CITY OF PENSACOLA  
POLICE OFFICERS' RETIREMENT FUND

Key Statistics

Class of Participant	Valuation Date				
	10/01/11	10/01/12	10/01/13	10/01/14	10/1/15
Continuing Actives*	129	109	104	91	88
Pay Increase %	6.8%	-4.0%	3.0%	7.53%**	4.85%
<hr/>					
Active					
Number	136	122	108	91	88
Average Age	40.3	38.3	39.1	40.8	41.4
Average Annual Pay	\$49,188	\$43,506	\$45,094	\$49,366	\$51,593
Average Past Service***	12.1	10.6	11.4	13.0	13.9
<hr/>					
Terminated Vested					
Number	7	6	18	14	13
Average Age	45.0	44.4	39.0	40.4	40.5
Average Annual Benefit	\$13,206	\$13,321	\$9,200	\$9,953	\$9,282
<hr/>					
Retired					
Number	68	74	76	83	91
Average Age	66.7	66.7	65.8	65.2	64.3
Average Annual Benefit	\$32,801	\$34,926	\$37,754	\$40,271	\$42,663
<hr/>					
Disabled					
Number	19	17	17	17	16
Average Age	70.6	70.4	69.7	68.5	68.4
Average Annual Benefit	\$10,903	\$11,869	\$14,212	\$15,467	\$16,387
<hr/>					
Survivors					
Number	32	31	33	33	31
Average Age	72.0	72.2	72.3	72.2	72.7
Average Annual Benefit	\$18,295	\$17,933	\$19,140	\$19,753	\$20,626
<hr/>					
DROPs					
Number	21	36	32	27	21
Average Age	52.4	51.9	52.9	53.0	54.0
Average Annual Benefit	\$55,233	\$55,727	\$59,759	\$60,397	\$59,448

\* Excluding DROP's

\*\* Corrected

\*\*\* Includes buy back service.

CITY OF PENSACOLA  
POLICE OFFICERS' RETIREMENT FUND

Reconciliation of Number of Participants by Status

	<u>Actives</u>	<u>Retirees</u>	<u>Vested Terminations</u>	<u>Disabilities</u>	<u>Beneficiaries</u>	<u>DROPS</u>
Members on 10/01/2014	91	83	14	17	33	27
Non-Vested Terminations or Terminated with Refund						
Vested Terminations						
Retirees	(1)	10	(1)			(8)
Disabilities						
Deaths with Beneficiaries		(1)		(1)		
Deaths without Beneficiaries		(1)			(4)	
New Beneficiaries					2	
Data Correction						
New DROPS	(2)					2
Members on 10/01/2015	<u>88</u>	<u>91</u>	<u>13</u>	<u>16</u>	<u>31</u>	<u>21</u>

CITY OF PENSACOLA  
POLICE OFFICERS' RETIREMENT FUND

Age and Service Distribution as of October 1, 2015

Service		>=1	>=2	>=3	>=4	>=5	>=10	>=15	>=20	>=25	>=30	>=35		
Age	<1	<2	<3	<4	<5	<10	<15	<20	<25	<30	<35	<40	>=40	ALL
<25	0	0	0	1	0	0	0	0	0	0	0	0	0	1
	0.00	0.00	0.00	24.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24.13
	0.00	0.00	0.00	3.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.04
	0	0	0	37,772	0	0	0	0	0	0	0	0	0	37,772
>=25 <30	0	0	1	1	0	0	0	0	0	0	0	0	0	2
	0.00	0.00	26.58	26.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26.61
	0.00	0.00	2.96	3.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
	0	0	37,772	37,772	0	0	0	0	0	0	0	0	0	37,772
>=30 <35	0	0	0	1	0	12	4	0	0	0	0	0	0	17
	0.00	0.00	0.00	33.77	0.00	32.39	33.97	0.00	0.00	0.00	0.00	0.00	0.00	32.84
	0.00	0.00	0.00	3.04	0.00	8.07	11.79	0.00	0.00	0.00	0.00	0.00	0.00	8.65
	0	0	0	37,627	0	40,241	54,278	0	0	0	0	0	0	43,390
>=35 <40	0	0	1	1	0	1	13	5	0	0	0	0	0	21
	0.00	0.00	37.94	37.60	0.00	35.26	37.20	38.22	0.00	0.00	0.00	0.00	0.00	37.40
	0.00	0.00	2.96	3.04	0.00	6.91	12.37	16.00	0.00	0.00	0.00	0.00	0.00	12.08
	0	0	37,772	37,772	0	38,022	45,740	60,371	0	0	0	0	0	48,097
>=40 <45	0	0	0	0	1	2	1	12	3	0	0	0	0	19
	0.00	0.00	0.00	0.00	41.07	41.45	44.04	42.73	43.74	0.00	0.00	0.00	0.00	42.74
	0.00	0.00	0.00	0.00	4.88	7.14	14.94	17.11	21.55	0.00	0.00	0.00	0.00	16.00
	0	0	0	0	37,772	38,712	43,869	52,864	69,916	0	0	0	0	52,799
>=45 <50	0	0	0	0	1	2	3	2	5	2	0	0	0	15
	0.00	0.00	0.00	0.00	45.68	45.09	47.48	46.13	48.40	47.11	0.00	0.00	0.00	47.12
	0.00	0.00	0.00	0.00	4.11	9.06	12.43	16.77	22.70	25.11	0.00	0.00	0.00	17.12
	0	0	0	0	37,772	40,267	43,382	54,801	68,954	88,816	0	0	0	58,697
>=50 <55	0	0	0	1	0	0	1	1	3	3	0	0	0	9
	0.00	0.00	0.00	50.93	0.00	0.00	52.71	54.06	51.76	52.29	0.00	0.00	0.00	52.21
	0.00	0.00	0.00	3.55	0.00	0.00	14.76	15.00	21.56	25.63	0.00	0.00	0.00	19.43
	0	0	0	37,772	0	0	65,229	43,869	64,309	71,108	0	0	0	61,458
>=55 <60	0	0	0	0	0	0	0	1	1	0	0	0	0	2
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	57.55	55.56	0.00	0.00	0.00	0.00	56.56
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19.02	22.93	0.00	0.00	0.00	0.00	20.98
	0	0	0	0	0	0	0	54,998	71,117	0	0	0	0	63,058
>=60 <65	0	0	0	0	0	0	1	0	1	0	0	0	0	2
	0.00	0.00	0.00	0.00	0.00	0.00	60.58	0.00	61.10	0.00	0.00	0.00	0.00	60.84
	0.00	0.00	0.00	0.00	0.00	0.00	11.43	0.00	20.32	0.00	0.00	0.00	0.00	15.88
	0	0	0	0	0	0	42,418	0	73,936	0	0	0	0	58,177
>=65 ALL	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0	0	2	5	2	17	23	21	13	5	0	0	0	88
ALL	0.00	0.00	32.26	34.61	43.38	35.12	39.97	43.23	49.63	50.22	0.00	0.00	0.00	41.42
	0.00	0.00	2.96	3.14	4.50	8.01	12.45	16.80	22.01	25.42	0.00	0.00	0.00	13.85
	0	0	37,772	37,743	37,772	39,934	47,539	54,509	68,654	78,191	0	0	0	51,593

Cell Format: Number In Each Group, Average Age, Average Service, And Average Salary  
Includes both sexes

CITY OF PENSACOLA  
POLICE OFFICERS' RETIREMENT FUND

State of Florida Information

- A. Participant Data See pages 9, 10 and 11.
- B. Assets See page 3.
- C. Liabilities

	<u>As of</u> <u>10/1/2014</u>	<u>Before</u> <u>Changes</u> <u>10/1/2015</u>	<u>Assumption</u> <u>Changes</u> <u>10/1/2015</u>
1. Present Value of Future Benefits for:			
Retirement Benefits	\$24,501,994	\$26,564,183	\$28,247,086
Death Benefits	\$433,207	\$437,078	\$510,472
Disability Benefits	\$3,548,061	\$3,573,327	\$4,041,934
Withdrawal Benefits	\$748,647	\$764,110	\$838,197
Return of Contributions	<u>\$52,241</u>	<u>\$50,283</u>	<u>\$50,954</u>
Total Active	\$29,284,150	\$31,388,981	\$33,688,642
Terminated Vested	\$1,012,184	\$838,273	\$894,025
Retirees and Beneficiaries	\$57,859,591	\$66,186,751	\$69,448,620
Disableds	\$3,577,698	\$3,539,895	\$3,794,232
DROPs	<u>\$32,878,016</u>	<u>\$25,650,574</u>	<u>\$26,622,578</u>
Total Inactive	\$95,327,489	\$96,215,493	\$100,759,455
Total Present Value of Future Benefits	\$124,611,639	\$127,604,474	\$134,448,097

- D. Entry Age Normal Actuarial Accrued Liability

	<u>As of</u> <u>10/1/2014</u>	<u>Before</u> <u>Changes</u> <u>10/1/2015</u>	<u>Assumption</u> <u>Changes</u> <u>10/1/2015</u>
Actives			
Retirement Benefits	\$19,911,338	\$21,996,783	\$23,281,435
Death Benefits	\$295,161	\$305,154	\$353,564
Disability Benefits	\$2,355,237	\$2,436,198	\$2,739,629
Withdrawal Benefits	\$405,830	\$417,477	\$455,673
Return of Contributions	<u>-\$215,968</u>	<u>-\$216,492</u>	<u>-\$217,534</u>
Total Actives	\$22,751,598	\$24,939,120	\$26,612,767
Total Inactives	\$95,327,489	\$96,215,493	\$100,759,455
Total Entry Age Normal Actuarial Accrued Liability	\$118,079,087	\$121,154,613	\$127,372,222

CITY OF PENSACOLA  
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E. Actuarial Present Value of Accumulated Plan Benefits

	<u>As of</u> <u>10/1/2014</u>	<u>Before</u> <u>Changes</u> <u>10/1/2015</u>	<u>Assumption</u> <u>Changes</u> <u>10/1/2015</u>
Active			
Vested	\$14,718,622	\$16,777,550	\$17,585,884
Nonvested	\$1,133,933	\$1,045,985	\$1,074,747
Inactive	<u>\$95,327,489</u>	<u>\$96,215,493</u>	<u>\$100,759,455</u>
Total	\$111,180,044	\$114,039,028	\$119,420,086

Includes accumulated employee contributions of	\$928,582	\$1,103,674	\$1,103,674
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Reconciliation with Prior Valuation

1. Actuarial Present Value of Accumulated Plan Benefits as of October 1, 2014. (includes DROP balances of \$4,529,916)	\$111,180,044
2. Plus additional benefit accruals FYE 2015.	\$1,158,553
3. Less benefit payments to pensioners FYE 2015.	\$6,446,003
4. Increase due to 7.25% net yield assumption.	\$7,914,969
5. Increase due to Assumption Changes.	\$5,381,058
6. Salary increases and other experience deviations from expected values.	\$231,465
7. Actuarial Present Value of Accumulated Plan Benefits as of October 1, 2015. (includes DROP balances of \$4,529,916)	\$119,420,086

F. Present Value of

	<u>As of</u> <u>10/1/2014</u>	<u>Before</u> <u>Changes</u> <u>10/1/2015</u>	<u>Assumption</u> <u>Changes</u> <u>10/1/2015</u>
Future Salaries	\$35,402,400	\$34,628,300	\$34,815,100
Future City Contributions	\$39,233,773	\$39,416,609	\$46,228,865
Future Employee Contributions	\$1,840,921	\$1,800,672	\$1,810,385
Future Contributions from Other Sources	\$3,827,197	\$4,014,063	\$4,035,717

CITY OF PENSACOLA  
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G. Pension Cost

	As of <u>10/1/2014</u>	Before Changes <u>10/1/2015</u>	Assumption Changes <u>10/1/2015</u>
Normal Actuarial Cost	\$888,742	\$909,341	\$982,596
Minimum Payment to UAAL	\$3,751,814* *corrected	\$3,891,448	\$4,483,574
Expected Usable Contributions From State			
Dollar Amount	\$473,283	\$512,808	\$512,808
% of Covered Payroll	10.81%	11.59%	11.59%
Expected Contributions From Employees			
Dollar Amount	\$227,654	\$230,041	\$230,041
% of Covered Payroll	5.20%	5.20%	5.20%
Expected Contributions From City			
Dollar Amount	\$3,939,619* *corrected	\$4,057,940	\$4,723,321
% of Covered Payroll	89.99%	91.73%	106.77%

H. Past Contributions

Expected contributions for Plan Year ending September 30, 2015. See G. above.  
Actual contributions for Plan Year ending September 30, 2015 - See page 4.

I. Net Actuarial Gain (Loss)

For period ended 09/30/2015 – (\$1,124,936)

J. Benefits and Expenses of Plans not Explicitly or Implicitly Provided for in Valuation

None.

K. Trends Not Taken Into Account But Which Are Likely to Result in Future Cost Increases

None.

L. Age/Service Distribution of Active Employees

See page 11.

M. Derivation of Costs on Current Plan Basis

See page 1.

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N. (i) Three-Year Comparison of Actual and Assumed Salary Increases

<u>Year Ended</u>	<u>Actual</u>	<u>Assumed</u>
09/30/15	4.85%	4.0%
09/30/14	7.53%*	4.0%
09/30/13	3.03%	5.0%

\*corrected

(ii) Five-Year Comparison of Net Investment Returns

<u>Year Ended</u>	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
09/30/15	-2.83%	6.23%	7.25%
09/30/14	8.78%	11.01%	7.50%
09/30/13	14.05%	11.09%	7.75%
09/30/12	19.47%	7.36%	8.00%
09/30/11	1.37%	2.02%	8.00%

(iii) Average Annual Growth in Payroll, last 10 Years

<u>Plan Year</u>	<u>Total Valuation Payroll</u>
2004/2005	\$7,933,608
2005/2006	\$7,152,673
2006/2007	\$7,600,743
2007/2008	\$7,577,663
2008/2009	\$7,093,224
2009/2010	\$6,966,752
2010/2011	\$6,850,528
2011/2012	\$5,296,929
2012/2013	\$4,870,112
2013/2014	\$4,377,970
2014/2015	\$4,423,864
Total % Increase	(44.24%)
Annual % Increase	(5.67%)

O. Statement by Enrolled Actuary

See Cover Letter.