

CITY OF VENICE
MUNICIPAL POLICE OFFICERS'
PENSION TRUST FUND

ACTUARIAL VALUATION AND REPORT
AS OF OCTOBER 1, 2015

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDED SEPTEMBER 30, 2017

February 8, 2016

Board of Trustees
c/o Linda Runkle, Plan Administrator
City of Venice
Municipal Police Officers' Pension Trust Fund
815 Nicholas Pkwy
Cape Coral, FL 33915

Re: City of Venice
Municipal Police Officers' Pension Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Venice Municipal Police Officers' Pension Trust Fund. 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, 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 City of Venice and 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 Venice, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Venice Municipal Police Officers' Pension Trust Fund. 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:



Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

DHL/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Venice Municipal Police Officers’ Pension Trust Fund, performed as of October 1, 2015, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2017.

The contribution requirements developed in this valuation, compared with amounts developed in the August 17th, 2015 revision to our May 29, 2015 Actuarial Impact Statement (determined as of October 1, 2014), are as follows:

Valuation Date	10/1/2015	10/1/2014
Applicable Plan/Fiscal Yr. End	<u>9/30/2017</u>	<u>9/30/2016</u>
Total Required Contribution	\$1,575,376	\$2,467,451
Member Contributions (Est.)	\$48,235	\$199,308
City and State Required Contribution	\$1,527,141	\$2,268,143
State Contribution ¹	\$189,276	\$189,276
Balance from City ¹	\$1,337,865	\$2,078,867

¹ The City may use all future State Contributions for determining its minimum funding requirements.

¹ Additionally, the City has access to a \$18,706 prepaid credit, available for the fiscal year ending September 30, 2016.

During the past year the actuarial experience has been more favorable than expected on the basis of the actuarial assumptions. The primary sources of favorable experience included higher than expected employee turnover, an 8.73% investment return (Actuarial Asset Basis), exceeding the 7.00% assumption, average increases in base compensation that were less than assumed, and greater than expected retiree mortality.

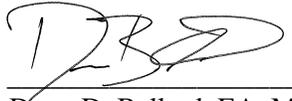
The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 

Douglas H. Lozen, EA, MAAA

By: 

Drew D. Ballard, EA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes

Ordinance 2015-17, adopted and effective June 23, 2015, amended the definition of Salary, in addition to providing 100% vesting in benefits accrued prior to October 1, 2014. Details of the impact on Plan liabilities and funding requirements are set forth in the August 17th, 2015 revision to the May 29th, 2015 Actuarial Impact Statement.

Actuarial Assumption/Method Changes

In conjunction with the August 17th revision to the May 29th, 2015 Actuarial Impact Statement, the following assumption changes were implemented:

- The net-of-fees investment return assumption was lowered from 7.9% to 7.0%.
- The Final Salary Load assumption was increased from 0% to the below table, based on census data provided by the City:

<u>Service as of 10/1/2012</u>	<u>Final Salary Load</u>
10 or more years	20.0%
More than 1, less than 10 years	10.0%
Less than 1 year	0.0%

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	8	38
Service Retirees	34	34
DROP Retirees	7	6
Beneficiaries	8	7
Disability Retirees	6	7
Terminated Vested	<u>32</u>	<u>5</u>
Total	95	97
Total Annual Payroll	\$628,437	\$2,549,559
Payroll Under Assumed Ret. Age	628,437	2,549,559
Annual Rate of Payments to:		
Service Retirees	1,757,457	1,791,152
DROP Retirees	485,463	400,959
Beneficiaries	275,080	207,109
Disability Retirees	175,933	196,410
Terminated Vested	502,761	33,742
B. Assets		
Actuarial Value ¹	32,540,274	30,244,691
Market Value ¹	30,020,198	31,832,954
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	3,897,311	9,626,063
Disability Benefits	177,980	847,735
Death Benefits	19,029	206,736
Vested Benefits	415,869	2,832,266
Refund of Contributions	0	0
Service Retirees	20,498,469	20,973,724
DROP Retirees ¹	7,318,745	5,654,492
Beneficiaries	2,554,506	1,895,023
Disability Retirees	2,076,386	2,282,094
Terminated Vested	<u>3,044,702</u>	<u>470,969</u>
Total	40,002,997	44,789,102

C. Liabilities - (Continued)	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	3,257,649	20,759,893
Present Value of Future Member Contributions	228,035	1,453,193
Normal Cost (Retirement)	99,588	352,890
Normal Cost (Disability)	20,816	77,901
Normal Cost (Death)	2,424	20,065
Normal Cost (Vesting)	46,793	259,050
Normal Cost (Refunds)	<u>0</u>	<u>0</u>
Total Normal Cost	169,621	709,906
Present Value of Future Normal Costs	753,316	5,090,655
Accrued Liability (Retirement)	3,452,198	6,961,379
Accrued Liability (Disability)	80,202	240,631
Accrued Liability (Death)	8,066	52,159
Accrued Liability (Vesting)	216,407	1,167,976
Accrued Liability (Refunds)	0	0
Accrued Liability (Inactives) ¹	<u>35,492,808</u>	<u>31,276,302</u>
Total Actuarial Accrued Liability	39,249,681	39,698,447
Unfunded Actuarial Accrued Liability (UAAL)	6,709,407	9,453,756
Funded Ratio (AVA / AL)	82.9%	76.2%
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	35,492,808	31,276,302
Actives	2,777,129	5,785,157
Member Contributions	<u>553,063</u>	<u>1,511,701</u>
Total	38,823,000	38,573,160
Non-vested Accrued Benefits	<u>0</u>	<u>0</u>
Total Present Value Accrued Benefits	38,823,000	38,573,160
Funded Ratio (MVA / PVAB)	77.3%	82.5%
 Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	(131,006)	
Benefits Paid	(2,240,846)	
Interest	2,621,692	
Other	<u>0</u>	
Total	249,840	

Valuation Date	10/1/2015	10/1/2014
Applicable to Fiscal Year Ending	<u>9/30/2017</u>	<u>9/30/2016</u>

E. Pension Cost

Normal Cost ²	\$185,986	\$792,798
Administrative Expenses ²	80,650	70,346
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years (as of 10/1/2015) ²	1,308,740	1,604,307
Total Required Contribution	1,575,376	2,467,451
Expected Member Contributions ²	48,235	199,308
Expected City & State Contribution	1,527,141	2,268,143

F. Past Contributions

Plan Years Ending: 9/30/2015

City and State Requirement 1,942,551

Actual Contributions Made:

Members (excluding buyback)	40,508
City	1,753,275
State	<u>189,276</u>
Total	1,983,059

G. Net Actuarial (Gain)/Loss (2,034,940)

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 above have been adjusted to account for assumed salary increase and interest components.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	6,709,407
2016	5,901,932
2017	5,037,932
2024	3,119,735
2031	352,932
2037	(523,348)
2044	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	1.80%	6.42%
Year Ended	9/30/2014	5.38%	7.40%
Year Ended	9/30/2013	3.05%	7.80%

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

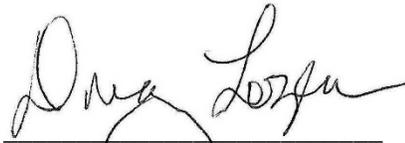
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	8.73%	7.00%
Year Ended	9/30/2014	10.05%	7.90%
Year Ended	9/30/2013	10.31%	7.90%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$628,437
	10/1/2005	3,160,736
(b) Total Increase		-80.12%
(c) Number of Years		10.00
(d) Average Annual Rate		-14.92%

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.



Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

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

(1) Unfunded Actuarial Accrued Liability as of October 1, 2014	\$9,453,756
(2) Sponsor Normal Cost developed as of October 1, 2014	531,437
(3) Expected administrative expenses for the year ended September 30, 2015	62,991
(4) Expected interest on (1), (2) and (3)	701,168
(5) Sponsor contributions to the System during the year ended September 30, 2015	1,942,551
(6) Expected interest on (5)	62,454
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	8,744,347
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	(2,034,940)
(10) Unfunded Accrued Liability as of October 1, 2015	6,709,407

<u>Type of</u> <u>Base</u>	<u>Date</u> <u>Established</u>	<u>Years</u> <u>Remaining</u>	<u>10/1/2015</u> <u>Amount</u>	<u>Amortization</u> <u>Amount</u>
	10/1/1991	6	\$310,610	\$60,902
	10/1/1993	8	420,759	65,854
	10/1/1998	13	204,813	22,903
	10/1/1999	14	284,441	30,397
	10/1/2000	15	259,967	26,676
	10/1/2001	16	668,755	66,162
method	10/1/2002	17	1,474,389	141,135
loss	10/1/2002	13	1,362,374	152,345
gain	10/1/2003	13	(292,664)	(32,727)
loss	10/1/2004	13	2,367,478	264,739
gain	10/1/2005	13	(1,092,431)	(122,159)
benefit	10/1/2006	21	656,334	56,610
loss	10/1/2006	13	338,529	37,855
gain	10/1/2007	13	(1,860,652)	(208,064)
loss	10/1/2008	3	715,129	254,674
method	10/1/2008	13	(46,373)	(5,186)
loss	10/1/2009	4	1,604,558	442,720
loss	10/1/2010	5	686,312	156,435

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

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(9) Change to UAAL due to Actuarial (Gain)/Loss	(2,034,940)
(10) Unfunded Accrued Liability as of October 1, 2015	6,709,407

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2015 Amount</u>	<u>Amortization Amount</u>
assum	10/1/2010	15	280,323	28,764
loss	10/1/2011	6	798,740	156,610
assums	10/1/2011	16	(518,021)	(51,249)
gain	10/1/2012	7	(167,683)	(29,079)
benefit	10/1/2012	27	(54,829)	(4,275)
gain	10/1/2013	8	(529,420)	(82,861)
benefit	10/1/2013	28	(1,374,560)	(105,844)
gain	10/1/2014	9	(1,151,495)	(165,177)
benefit	10/1/2014	29	80,214	6,106
assum	10/1/2014	19	3,318,750	300,093
gain	10/1/2015	10	<u>(2,034,940)</u>	<u>(270,775)</u>
			6,709,407	1,193,584

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$9,453,756
(2) Expected UAAL as of October 1, 2015	8,744,347
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(250,682)
Salary Increases	(110,878)
Active Decrements	(1,632,500)
Inactive Mortality	(170,786)
Other	<u>129,906</u>
Increase in UAAL due to (Gain)/Loss	(2,034,940)
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2015	\$6,709,407

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	RP2000 Combined Healthy without projection, sex distinct. Disabled lives are set forward five years. We feel this assumption sufficiently accommodates expected future mortality improvements.
<u>Termination Rates</u>	See Table below (1304). These rates were adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.
<u>Disability Rates</u>	See Table below (1205). It is assumed that 75% of disablements and active deaths that occur are service-related. These assumptions are consistent with those utilized by other Florida municipal special risk retirement programs.
<u>Retirement Age</u>	Earlier of age 52 and 10 years of service or 25 years of service regardless of age. Also, any member who has reached Normal Retirement Age is assumed to retire at a rate of 25% for the first three years upon attaining first eligibility, and a rate of 100% thereafter. These rates were adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.
<u>Early Retirement</u>	Commencing at the member's eligibility for Early Retirement (20 years of Credited Service), members are assumed to retire with an immediate, subsidized benefit at the rate of 10% per year. This assumption was adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.
<u>Interest Rate</u>	7.0%, compounded annually, net of investment related expenses. This assumption is consistent with the Plan's investment policy and long-term expected returns by asset class. Additionally, the 7.0% assumption was mandated by the Florida Division of Retirement's Reviewing Actuary in conjunction with the Plan's closure to new entrants beginning October 1, 2014.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	15.0%	0.14%
30	11.0	0.18
40	7.0	0.30

Payroll Growth

None.

Administrative Expenses

\$73,554 annually, based on Administrative Expenses incurred during the prior fiscal year.

Asset Smoothing Methodology

The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minimis bias that is above or below the Market Value of Assets.

Salary Increases

10.0% for Members with less than 10 years of service, and 5.5% with 10 or more years of service. These rates were adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.

Additionally, projected salary at retirement is increased according to the below table for lump sum payments in the year of termination. These rates are averages, based on census data provided by the City.

<u>Service as of 10/1/2012</u>	<u>Final Salary Load</u>
10 or more years	20.0%
More than 1, less than 10 years	10.0%
Less than 1 year	0.0%

Funding Method

Entry Age Normal Actuarial Cost Method. The following loads are applied for determination of the Sponsor dollar funding requirement:

Interest – A half year, based on the current 7.00% assumption.

Salary – A full year, based on the current 5.94% assumption.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of base pay for the valuation year of all covered Members.

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

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

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

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

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

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1993	111,749.00	_____%
1994	117,626.00	5.3%
1995	126,466.00	7.5%
1996	133,634.61	5.7%
1997	153,288.85	14.7%
1998	149,125.30	-2.7%
1999	150,211.03	0.7%
2000	145,710.81	-3.0%
2001	152,605.61	4.7%
2002	169,449.57	11.0%
2003	195,076.84	15.1%
2004	199,191.27	2.1%
2005	205,363.65	3.1%
2006	219,537.20	6.9%
2007	220,584.55	0.5%
2008	205,363.65	-6.9%
2009	208,681.06	1.6%
2010	186,897.62	-10.4%
2011	185,320.86	-0.8%
2012	175,757.64	-5.2%
2013	175,165.97	-0.3%
2014	178,616.68	2.0%
2015	189,276.27	6.0%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	405,732.69	405,732.69
Total Cash and Equivalents	405,732.69	405,732.69
Receivables:		
Member Contributions in Transit	1,472.13	1,472.13
City Contributions in Transit	13,253.29	13,253.29
City Contributions	1,377,397.80	1,377,397.80
Retirement Benefit	280.47	280.47
Investment Income	50,631.70	50,631.70
Total Receivable	1,443,035.39	1,443,035.39
Investments:		
U. S. Bonds and Bills	1,034,791.81	1,069,782.07
Federal Agency Guaranteed Securities	536,278.29	545,922.11
Corporate Bonds	6,160,715.46	6,319,516.25
Stocks	17,808,915.35	20,254,915.10
Total Investments	25,540,700.91	28,190,135.53
Total Assets	27,389,468.99	30,038,903.61
<u>LIABILITIES</u>		
Prepaid City Contribution	18,705.81	18,705.81
Total Liabilities	18,705.81	18,705.81
NET POSITION RESTRICTED FOR PENSIONS	27,370,763.18	30,020,197.80

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

ADDITIONS

Contributions:

Member	40,507.52
City	1,753,274.73
State	189,276.27

Total Contributions 1,983,058.52

Investment Income:

Net Realized Gain (Loss)	2,310,895.21
Unrealized Gain (Loss)	(4,172,219.98)
Net Increase in Fair Value of Investments	(1,861,324.77)
Interest & Dividends	557,915.05
Less Investment Expense ¹	(178,004.42)

Net Investment Income (1,481,414.14)

Total Additions 501,644.38

DEDUCTIONS

Distributions to Members:

Benefit Payments	2,214,665.56
Lump Sum DROP Distributions	0.00
Refunds of Member Contributions	26,180.73

Total Distributions 2,240,846.29

Administrative Expense 73,553.91

Total Deductions 2,314,400.20

Net Increase in Net Position (1,812,755.82)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 31,832,953.62

End of the Year 30,020,197.80

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

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	18.24%	
09/30/2013	11.29%	
09/30/2014	11.57%	
09/30/2015	-4.79%	
Annualized Rate of Return for prior four (4) years:		8.73%
(A) 10/01/2014 Actuarial Assets:		\$30,244,691.41
(I) Net Investment Income:		
1. Interest and Dividends	557,915.05	
2. Realized Gains (Losses)	2,310,895.21	
3. Change in Actuarial Value	(63,881.62)	
4. Investment Related Expenses	(178,004.42)	
Total		2,626,924.22
(B) 10/01/2015 Actuarial Assets:		\$32,540,273.95
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		8.73%
10/01/2015 Limited Actuarial Assets:		\$32,540,273.95
10/01/2015 Market Value of Assets:		\$30,020,197.80
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$250,681.59

*Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	40,507.52	
City	1,753,274.73	
State	189,276.27	
 Total Contributions		 1,983,058.52
Earnings from Investments:		
Interest & Dividends	557,915.05	
Net Realized Gain (Loss)	2,310,895.21	
Change in Actuarial Value	(63,881.62)	
 Total Earnings and Investment Gains		 2,804,928.64

EXPENDITURES

Distributions to Members:		
Benefit Payments	2,214,665.56	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	26,180.73	
 Total Distributions		 2,240,846.29
Expenses:		
Investment related ¹	178,004.42	
Administrative	73,553.91	
 Total Expenses		 251,558.33
 Change in Net Assets for the Year		 2,295,582.54
 Net Assets Beginning of the Year		 30,244,691.41
 Net Assets End of the Year ²		 32,540,273.95

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

²Net Assets may be limited for actuarial consideration.

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

Beginning of the Year Balance	369,947.77
Plus Additions	478,421.31
Investment Return Earned	40,516.77
Less Distributions	0.00
End of the Year Balance	888,885.85

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2015

(1) Required City and State Contributions	\$1,942,551.00
(2) Less Allowable State Contribution	<u>(189,276.27)</u>
(3) Required City Contribution for Fiscal 2015	1,753,274.73
(4) Less 2014 Prepaid Contribution	0.00
(5) Less Actual City Contributions	<u>(1,771,980.54)</u>
(6) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2015	(\$18,705.81)

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	43	38	38	8
Average Current Age	40.1	39.0	36.8	43.6
Average Age at Employment	28.4	28.5	27.8	27.9
Average Past Service	11.7	10.5	9.0	15.7
Average Annual Salary	\$76,204	\$77,426	\$67,094	\$78,555
<u>Service Retirees</u>				
Number	29	34	34	34
Average Current Age	62.3	61.5	61.9	62.4
Average Annual Benefit	\$52,273	\$52,164	\$52,681	\$51,690
<u>DROP Retirees</u>				
Number	2	3	6	7
Average Current Age	52.2	51.8	52.4	52.9
Average Annual Benefit	\$69,667	\$58,368	\$66,827	\$69,352
<u>Beneficiaries</u>				
Number	7	7	7	8
Average Current Age	69.9	70.9	71.9	72.0
Average Annual Benefit	\$29,587	\$29,587	\$29,587	\$34,385
<u>Disability Retirees</u>				
Number	7	7	7	6
Average Current Age	54.6	55.6	56.6	54.4
Average Annual Benefit	\$28,059	\$28,059	\$28,059	\$29,322
<u>Terminated Vested ²</u>				
Number	3	1	1	29
Average Current Age	48.7	48.6	49.6	35.8
Average Annual Benefit	\$31,054	\$33,742	\$33,742	\$17,337

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

² Excludes non-vested Members awaiting only 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	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	1	0	0	0	0	0	1
35 - 39	0	0	0	0	0	0	2	0	0	0	0	2
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0
45 - 49	0	0	0	0	0	0	1	1	1	0	0	3
50 - 54	0	0	0	0	0	0	0	1	1	0	0	2
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	1	3	2	2	0	0	8

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	38
b. Terminations	
i. Vested (partial or full) with deferred benefits	(29)
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>(1)</u>
g. Continuing participants	8
h. New entrants	<u>0</u>
i. Total active life participants in valuation	8

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

	Service Retirees, Vested Receiving	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested Deferred	Total
	<u>Benefits</u>	<u>Benefits</u>	<u>Benefits</u>	<u>Benefits</u>	<u>Deferred</u>	<u>Total</u>
a. Number prior valuation	34	6	7	7	5	59
Retired	0	1	0	0	(1)	0
DROP	0	0	0	0	0	0
Vested Deferred	1	0	0	0	29	30
Death, With Survivor	(1)	0	2	(1)	0	0
Death, No Survivor	0	0	(1)	0	0	(1)
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	(1)	(1)
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	34	7	8	6	32	87

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 2015-17)

<u>Eligibility</u>	Full-time, sworn police officers shall participate in the System as a condition of employment. Officers hired after September 30, 2014 shall participate in the Florida Retirement System. Members active on September 30, 2014 have the option of participating prospectively in the Florida Retirement System.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City as a police officer.
<u>Salary</u>	Salary will include the lesser of the amount of sick or annual leave time accrued on the effective date (July 1, 2011) or the actual amount of sick or annual leave time for which the retiree receives payment at the time of retirement, regardless of whether the amount of sick or annual leave was, at some time prior to retirement, reduced below the amount on the effective date. Notwithstanding the foregoing, effective October 1, 2014 for members who are employed, have not reached normal retirement eligibility on that date and elect to continue participating in this system, salary shall mean base pay, excluding overtime and all other compensation; provided, the foregoing provisions regarding the inclusion of unused sick or annual leave time in the salary of members employed prior to the effective date shall continue to apply.
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding termination.
<u>Member Contributions</u>	7.00% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years. In no event will City contributions be less than 12% of the total Salary of the members.
<u>Normal Retirement</u>	
Date	Earlier of age 52 and 10 years of Credited Service, or 25 years of Credited Service.
Benefit	3.50% of Average Final Compensation times Credited Service through September 30, 2014, plus 2.75% of Average Final Compensation times Credited Service on and after October 1, 2014, plus a \$175 monthly supplement.

Members eligible for Normal Retirement as of October 1, 2014 will continue to accrue benefits under Plan provisions in effect prior to Ordinance No. 2014-23.

Form of Benefit

Ten Year Certain and Life Annuity (options available).

Early Retirement

Eligibility

20 years of Credited Service, regardless of age. There is no Early Retirement option for Members with less than 10 years of Credited Service as of October 1, 2014.

Benefit

Accrued benefit, reduced 2% per year preceding Normal Retirement Date.

Vesting

Members are 100% vested in benefits accrued prior to October 1, 2014.

Disability

Eligibility

Total and Permanent as determined by the Board.

Service Incurred

Covered from Date of Employment.

Non-Service Incurred

5 years of Credited Service.

Benefit

62.5% (Service Incurred), or 50% (Non-Service Incurred) of Salary (base hourly pay, plus shift differential plus incentive pay) at time of disability plus \$175 per month. Paid as a 100% Joint and Survivor Annuity.

Death Benefits

Pre-Retirement

Service Incurred

Covered from Date of Employment. 62.5% of earnings paid to spouse until death, or, if no spouse, in equal shares to dependent children.

Non-Service Incurred

Eligible after 5 years of Credited Service. 50% of earnings paid to spouse until death or remarriage, or, if no spouse, in equal shares to dependent children.

Post-Retirement

Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

- a) Two Council appointees,
- b) Two Members of the Department elected by the membership, and
- c) Fifth Member elected by other 4 and appointed by Council.

Deferred Retirement Option Plan

Eligibility

Satisfaction of Normal Retirement requirements (earlier of 1) Age 50 and 10 years of Credited Service, or 2) 25 years of Credited Service.)

Participation

Not to exceed 60 months

Rate of Return

At member's election:

- a) an effective annual rate of 6.5%, or
- b) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.

Form of Distribution

Cash lump sum (options available) at termination of employment.