

CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2015

March 8, 2016

Board of Trustees
City of Fort Lauderdale
Police and Firefighters' Retirement System
888 South Andrews Ave., Suite 202
Fort Lauderdale, FL 33316

Re: City of Fort Lauderdale
Police and Firefighters' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Fort Lauderdale Police and Firefighters' Retirement System. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, 175, and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, financial reports, and asset information supplied by the Board of Trustees, in addition to 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.

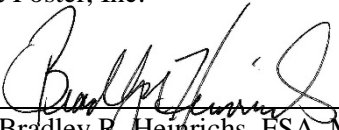
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinion.

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 Fort Lauderdale, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Fort Lauderdale Police and Firefighters' Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

By: 
Bradley R. Heinrichs, FSA, MAAA
Enrolled Actuary #14-6901

BRH/lke

Enclosures

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SUMMARY OF REPORT

The annual actuarial valuation of the City of Fort Lauderdale Police and Firefighters' Retirement System, performed as of October 1, 2015, has been completed, and the results are presented in this Report. The contribution amounts developed in this valuation are applicable to the pension fund plan year and City fiscal year ending September 30, 2017.

The contribution requirements, compared with amounts developed in the September 10, 2015 Actuarial Impact Statement (determined as of October 1, 2014), are as follows:

Valuation Date	10/1/2015	10/1/2014
Applicable Pension Fund Plan Year Ended	9/30/2017	9/30/2016
Applicable City Fiscal Year Ended	<u>9/30/2017</u>	<u>9/30/2016</u>
Assumed City Contribution Date	October 1, 2016	October 1, 2015
Total Required Contribution	\$27,333,630	\$23,754,006
Less Expected Member Contributions	6,068,423	6,088,064
Equals Expected City and State Required Contribution	21,265,207	17,665,942
Less Expected State Contribution ¹	3,939,814	3,939,814
Equals Expected Balance from City ²	\$17,325,393	\$13,726,128
As % of Covered Payroll ³	24.7%	19.5%
As % of Total Payroll (incl.DROP) ³	21.7%	17.2%

¹ Reflects updated per capita amounts based on recent premium tax distributions.

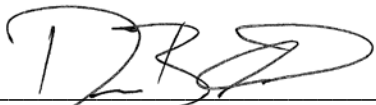
² The required Sponsor (City and State) contribution will be \$21,265,207 for the pension fund's plan year ended September 30, 2017. The precise City requirement will be this amount, less actual allowable State contributions. Similarly, the required Sponsor contribution will be \$17,665,942 for the pension fund's plan year ended September 30, 2016. It is important to keep in mind that a slight adjustment to the City's bottom line funding requirement may be necessary, based on actual allowable State Monies received.

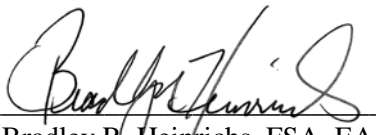
³ Please note the percentage-of-payroll rates included in the table shown above are for illustration purposes only. The City should budget based on the actual dollar contribution requirements.

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 to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Drew D. Ballard, EA, MAAA

By: 
Bradley R. Heinrichs, FSA, EA, MAAA

CHANGES SINCE PRIOR REPORT

1. Benefit Provisions

There have been numerous changes since the prior valuation, as follows:

- 1) For Firefighters hired on or after October 1, 2014:
 - a. The Average Monthly Earnings period will be increased from 2 to 5 years.
 - b. The benefit accrual rate will be decreased from 3.38% to 3.0% for each year of Credited Service.
 - c. The maximum accrual rate will be decreased from 81.0% to 75.0% of Average Monthly Earnings.
 - d. For each month a Firefighter delays entry into DROP following completion of 25 years of Credited Service, the 96 month maximum DROP participation period shall be correspondingly reduced by one month.
 - e. The Normal Form of Benefit will be changed from 60% joint and contingent survivor to 10-Year Certain and Life.
- 2) Eliminating the interest component on refunds of Member Contributions for all Firefighters who separate employment with the City on or after October 1, 2014.
- 3) Amending the definition of Salary to provide that pensionable earnings for Firefighters will be increased from 144 hours to 159 hours for each 21-day period.
- 4) Implementing a special formula to determine the amount of Chapter 175 premium tax revenues that the City will be able to utilize to offset its funding requirements, effective for the plan year beginning on October 1, 2014.

For the impact these changes had on the valuation results, please refer to our September 10, 2015 Revised Actuarial Impact Statement.

2. Actuarial Assumptions/Methods

As the result of an actuarial experience study dated July 10, 2015 the Board approved numerous changes to the actuarial assumptions and methods in conjunction with this report. The below assumptions/methods have been changed, and the specifics of the approved assumptions are displayed in the actuarial assumptions and methods section of this report.

- 1) Asset Valuation Method (with a “Fresh Start”)
- 2) Retirement Rates
- 3) Withdrawal Rates
- 4) Disability Rates (Police only)

The impact of these changes are displayed in the comparative summary section of this report.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Asmp/Mthd <u>10/1/2015</u>	Old Asmp/Mthd <u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data			
Number Included			
Actives	776	776	798
Service Retirees	756	756	745
DROP Retirees	95	95	89
Beneficiaries	152	152	144
Disability Retirees	27	27	25
Terminated Vested	<u>15</u>	<u>15</u>	<u>19</u>
Total	1,821	1,821	1,820
Total Annual Payroll	\$70,305,739	\$70,305,739	\$70,953,933
Payroll Under Assumed Ret. Age	70,003,853	69,855,804	70,270,174
Annual Rate of Payments to:			
Service Retirees	35,264,033	35,264,033	34,306,597
DROP Retirees	6,861,909	6,861,909	6,426,802
Beneficiaries	3,820,430	3,820,430	3,190,954
Disability Retirees	1,136,439	1,136,439	1,005,654
Terminated Vested	429,670	429,670	592,348
B. Assets			
Actuarial Value	745,838,688	781,994,453	754,116,298
Market Value	745,838,688	745,838,688	760,851,264
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	407,357,095	393,552,584	389,756,028
Disability Benefits	7,970,653	11,022,601	11,488,333
Death Benefits	4,729,500	4,593,812	4,665,302
Vested Benefits	12,153,652	9,638,883	9,831,929
Refund of Contributions	755,846	1,487,225	1,691,117
Service Retirees	376,698,851	376,698,851	368,561,011
DROP Retirees	108,943,907	108,943,907	101,510,426
Beneficiaries	30,414,884	30,414,884	26,038,792
Disability Retirees	12,578,976	12,578,976	11,159,699
Terminated Vested	<u>4,006,400</u>	<u>4,006,400</u>	<u>5,772,670</u>
Total	965,609,764	952,938,123	930,475,307

C. Liabilities - (Continued)	New Asmp/Mthd <u>10/1/2015</u>	Old Asmp/Mthd <u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	606,922,313	572,935,863	592,961,395
Normal Cost (Retirement)	16,885,459	15,586,555	15,777,817
Normal Cost (Disability)	867,294	1,200,160	1,209,565
Normal Cost (Death)	389,795	380,163	380,738
Normal Cost (Vesting)	818,623	696,932	699,253
Normal Cost (Refunds)	<u>163,122</u>	<u>329,190</u>	<u>351,166</u>
Total Normal Cost	19,124,293	18,193,000	18,418,539
Present Value of Future Normal Costs	160,637,204	144,026,765	150,390,742
Accrued Liability (Retirement)	262,444,950	266,722,005	257,505,318
Accrued Liability (Disability)	2,070,146	2,982,652	3,049,415
Accrued Liability (Death)	1,351,805	1,377,134	1,340,654
Accrued Liability (Vesting)	6,345,605	4,937,779	4,857,212
Accrued Liability (Refunds)	117,036	248,770	289,368
Accrued Liability (Inactives)	<u>532,643,018</u>	<u>532,643,018</u>	<u>513,042,598</u>
Total Actuarial Accrued Liability	804,972,560	808,911,358	780,084,565
Unfunded Actuarial Accrued Liability (UAAL)	59,133,872	26,916,905	25,968,267
Funded Ratio (AVA / AL)	92.7%	96.7%	96.7%

D. Actuarial Present Value of Accrued Benefits

Vested Accrued Benefits			
Inactives	532,643,018	532,643,018	513,042,598
Actives	125,643,845	127,465,093	125,215,863
Member Contributions	<u>49,892,313</u>	<u>49,892,313</u>	<u>47,959,743</u>
Total	708,179,176	710,000,424	686,218,204
Non-vested Accrued Benefits	<u>41,724,028</u>	<u>41,762,832</u>	<u>38,206,952</u>
Total Present Value Accrued Benefits	749,903,204	751,763,256	724,425,156
Funded Ratio (MVA / PVAB)	99.5%	99.2%	105.0%

Increase (Decrease) in Present Value of
Accrued Benefits Attributable to:

Plan Amendments	0	0	
Assumption Changes	(1,860,052)	0	
New Accrued Benefits	0	21,416,409	
Benefits Paid	0	(46,660,430)	
Interest	0	52,582,121	
Other	<u>0</u>	<u>0</u>	
Total	(1,860,052)	27,338,100	

	New Asmp/Mthd	Old Asmp/Mthd	
Valuation Date	10/1/2015	10/1/2015	10/1/2014
Applicable Pension Fund Plan Year Ending	9/30/2017	9/30/2017	9/30/2016
Applicable City Fiscal Year Ending	<u>9/30/2017</u>	<u>9/30/2017</u>	<u>9/30/2016</u>

Assumed City Contribution Date	October 1, 2016	October 1, 2016	October 1, 2015
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E. Pension Cost

Normal Cost ¹	\$20,004,010	\$19,029,878	\$19,265,792
Administrative Expenses ¹	681,992	681,992	647,474
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years ¹	6,647,628	3,995,886	3,840,740
Applicable Interest ¹	0	0	0
Total Required Contribution	27,333,630	23,707,756	23,754,006
Expected Member Contributions ¹	6,068,423	6,055,648	6,088,064
Expected City and State Contribution	21,265,207	17,652,108	17,665,942
Less Expected State Contributions ²	3,939,814	3,939,814	3,939,814
Equals Expected City Required Contribution	\$17,325,393	\$13,712,294	\$13,726,128

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
City and State Requirement	18,913,469
Actual Contributions Made:	
Members (excluding buyback)	5,584,263
City	15,599,916
State	<u>3,973,032</u>
Total	25,157,211

G. Net Actuarial (Gain)/Loss	4,973,675
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¹ Contribution requirements developed above have been adjusted to account for an applicable assumed salary increase component. Additionally, the above stated requirements reflect no interest as a result of the assumed beginning of year City contribution date. If the required contributions are deposited at a later date, additional interest at the assumed 7.5% annual rate must be added.

² Reflects updated per capita amounts based on recent premium tax distributions.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	59,133,872
2016	56,736,982
2017	54,023,686
2022	34,710,235
2026	22,774,204
2031	10,582,756
2035	0

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

		<u>Actual</u> ¹	<u>Assumed</u> ¹
Year Ended	9/30/2015	3.00%	4.65%
Year Ended	9/30/2014	2.40%	4.60%
Year Ended	9/30/2013	2.01%	4.70%

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

		<u>Actual</u> ¹	<u>Assumed</u> ¹
Year Ended	9/30/2015	6.33%	7.50%
Year Ended	9/30/2014	7.82%	7.50%
Year Ended	9/30/2013	7.58%	7.50%

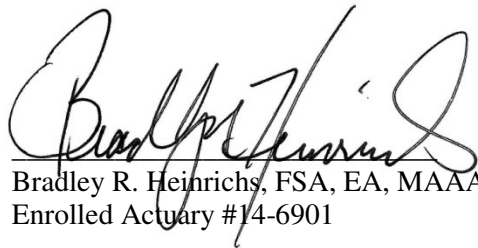
(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$70,305,739
	10/1/2005	N/A
(b) Total Increase		N/A
(c) Number of Years		10.00
(d) Average Annual Rate		N/A

¹ For the short plan year ended September 30, 2013, annualized rates are displayed for illustrative purposes.

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.



Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #14-6901

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	\$25,968,267
(2)	Sponsor Normal Cost developed as of October 1, 2014	12,598,210
(3)	Expected administrative expenses for the year ended September 30, 2015	619,000
(4)	Expected interest on (1), (2) and (3)	2,915,698
(5)	Sponsor contributions to the System during the year ended September 30, 2015	19,572,948
(6)	Expected interest on (5)	584,997
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	21,943,230
(8)	Change to UAAL due to Assumption/Method Changes	32,216,967
(9)	Change to UAAL due to Actuarial (Gain)/Loss	4,973,675
(10)	Unfunded Accrued Liability as of October 1, 2015	59,133,872

Type of Base	Date Established	Years Remaining	10/1/2015 Amount	Amortization Amount
Re-italized Base	1/1/2003	7.25	\$10,509,121	\$1,697,985
Actuarial Loss	1/1/2004	8.25	4,241,194	617,124
Software Change	1/1/2005	9.25	(482,103)	(64,102)
Actuarial Loss	1/1/2005	9.25	3,805,664	506,012
Share Plan Gain	1/1/2006	10.25	(54,471)	(6,695)
Actuarial Loss	1/1/2006	10.25	1,540,437	189,333
Actuarial Loss	1/1/2007	11.25	570,673	65,445
Actuarial Gain	1/1/2008	12.25	(32,738)	(3,530)
Assum Change	1/1/2008	12.25	563,254	60,737
Asset Smooth Change	1/1/2008	12.25	(4,253,417)	(458,653)
Actuarial Loss	1/1/2009	13.25	13,297,293	1,356,972
Plan Amendment	1/1/2010	14.25	831,072	80,703
Actuarial Loss	1/1/2010	14.25	5,614,013	545,162
Actuarial Gain	1/1/2011	15.25	(179,936)	(16,706)
Actuarial Loss	1/1/2012	16.25	3,020,065	269,169
Assum Change	1/1/2012	16.25	3,846,393	342,818
Actuarial Gain	1/1/2013	17.25	(11,094,129)	(952,621)
Assum Change	1/1/2013	17.25	(407,232)	(34,968)
Actuarial Gain	10/1/2013	18	(1,597,057)	(133,634)
Plan Amendment	10/1/2013	18	(26,245)	(2,196)
Actuarial Gain	10/1/2014	19	(8,946,874)	(725,056)
Plan Amendment	10/1/2014	19	1,178,253	95,486
Actuarial Loss	10/1/2015	20	4,973,675	391,374
Assum/Method Changes	10/1/2015	20	<u>32,216,967</u>	<u>2,535,126</u>
			59,133,872	6,355,285

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$25,968,267
(2) Expected UAAL as of October 1, 2015	21,943,230
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	9,038,941
Salary Increases	(4,966,643)
Active Decrements	(111,771)
Inactive Mortality	1,435,840
Other	<u>(422,692)</u>
Increase in UAAL due to (Gain)/Loss	4,973,675
Assumption/Method Changes	<u>32,216,967</u>
(4) Actual UAAL as of October 1, 2015	\$59,133,872

DETERMINATION OF CUMULATIVE GAIN/(LOSS) EXPERIENCE POSITION

<u>Valuation Date</u>	<u>Year Ended</u>	<u>Gain/(Loss)</u>	<u>Balance</u>
1/1/1995	12/31/1994	(7,367,475)	(7,367,475)
1/1/1996	12/31/1995	5,757,825	(1,609,650)
1/1/1997	12/31/1996	8,249,398	6,639,748
1/1/1998	12/31/1997	14,303,191	20,942,939
1/1/1999	12/31/1998	26,177,594	47,120,533
1/1/2000	12/31/1999	26,361,263	73,481,796
1/1/2001	12/31/2000	18,708,226	92,190,022
1/1/2002	12/31/2001	(15,137,682)	77,052,340
1/1/2003	12/31/2002	(51,423,738)	25,628,602
1/1/2004	12/31/2003	(28,715,070)	(3,086,468)
1/1/2005	12/31/2004	(23,810,048)	(26,896,516)
1/1/2006	12/31/2005	(8,656,358)	(35,552,874)
1/1/2007	12/31/2006	(3,123,728)	(38,676,602)
1/1/2008	12/31/2007	169,648	(38,506,954)
1/1/2009	12/31/2008	(66,572,825)	(105,079,779)
1/1/2010	12/31/2009	(27,303,032)	(132,382,811)
1/1/2011	12/31/2010	854,077	(131,528,734)
1/1/2012	12/31/2011	(14,047,611)	(145,576,345)
1/1/2013	12/31/2012	12,807,830	(132,768,515)
10/1/2013	9/30/2013	1,811,169	(130,957,346)
10/1/2014	9/30/2014	9,867,338	(121,090,008)
10/1/2015	9/30/2015	(4,973,675)	(126,063,683)

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rates

RP-2000 Table projected by Scale AA to 2012.

Disabled Mortality Rates

RP-2000 Disabled Table projected by Scale AA to 2012

We feel the assumed rates of mortality sufficiently accommodates expected mortality improvements.

Interest Rate

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

Retirement Rates

Service	Probability of Retirement (Police)	Probability of Retirement (Fire)
10 – 19	5%	5%
20	30	25
21	30	35
22	30	45
23	50	50
24	80	50
25 – 34	10	20
35+	100	100

No Members are expected to take reduced Early Retirement. The assumed rates of retirement were approved in conjunction with an actuarial experience study dated July 10, 2015.

Salary Increases

Service	Annual % Increase*
1 – 6	3.0%
7 – 10	2.5
11 – 25	1.0
26+	0.5

Expected increase in annual salary in addition to 2.75% inflationary component. The assumed rates of salary received approval from the Division of Retirement based on historical data and long-term expectations.

Cost of Living Adjustments

None.

Funding Method

Entry Age Normal Actuarial Cost Method. Beginning with the pension fund's plan year ended September 30, 2015, a full year salary load based on the current 4.6% assumption is utilized under the projection funding method, as mandated by the Division of Retirement.

Payroll Increases

2.0% per year. We feel this is reasonable based on long-term expectations and historical increases in inflation.

Administrative Expenses

Equal to prior year's expense amount.

Termination Rates

Age	Years of Service	% Separating from Employment Within the Next Year	
		<u>Police</u>	<u>Fire</u>
All Ages	0	15.0%	15.0%
	1	5.0	5.0
	2	3.0	1.0
	3	3.0	1.0
	4	3.0	1.0
<50	5+	1.5	1.0
50+	5+	0.0	0.0

The assumed rates of termination were approved in conjunction with an actuarial experience study dated July 10, 2015.

Disability Rates

Age	% Become Disabled within Next Year	
	<u>Police</u>	<u>Fire</u>
20	0.07%	0.14%
25	0.08	0.15
30	0.09	0.18
35	0.12	0.23
40	0.15	0.30
45	0.26	0.51
50	0.50	1.00
55	0.78	1.55

It is assumed that 75% of disablements and active Member deaths are service related. The assumed rates of disablement were approved in conjunction with an actuarial experience study dated July 10, 2015.

Marital Status

All employed Members and all retired Members are assumed to be married. Females are assumed to be 3 years younger than males. This assumption was approved in conjunction with an actuarial experience study dated July 10, 2015.

Actuarial Value of Assets

All assets are valued at market value with an adjustment to uniformly spread investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay as of the valuation date of all covered Members.

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

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.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Prepaid Assets	1,310.00	1,310.00
Cash and Short Term Investments	23,384,653.00	23,384,653.00
Total Cash and Equivalents	23,385,963.00	23,385,963.00
Receivables:		
Member Contributions in Transit	210,161.08	210,161.08
Member Buy-Back Contributions in Transit	31,638.25	31,638.25
State Contributions	297,468.03	297,468.03
From Broker for Investments Sold	1,106,085.00	1,106,085.00
Investment Income	2,404,785.00	2,404,785.00
Total Receivable	4,050,137.36	4,050,137.36
Investments:		
U. S. Bonds and Bills	67,374,398.00	67,374,398.00
Federal Agency Guaranteed Securities	750,865.00	750,865.00
Corporate Bonds and Other Fixed Income	134,275,993.00	134,275,993.00
Real Estate	95,021,582.00	95,021,582.00
Fund of Funds	43,826,015.00	43,826,015.00
Stocks	112,151,050.00	112,151,050.00
Mutual Funds	148,509,587.00	148,509,587.00
Pooled/Common/Commingled Funds	147,692,176.00	147,692,176.00
Total Investments	749,601,666.00	749,601,666.00
Total Assets	777,037,766.36	777,037,766.36
<u>LIABILITIES</u>		
Payables:		
To Broker for Investments Purchased	1,575,643.00	1,575,643.00
Accounts Payable and Accrued Liabilities	381,834.00	381,834.00
To City of Fort Lauderdale	530,821.00	530,821.00
Total Liabilities	2,488,298.00	2,488,298.00
Net Assets:		
Active and Retired Members' Equity	745,838,687.67	745,838,687.67
Share Plan Benefits	28,710,780.69	28,710,780.69
NET POSITION RESTRICTED FOR PENSIONS	774,549,468.36	774,549,468.36

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

ADDITIONS

Contributions:

Member	5,584,263.18
Buy-Back	43,864.35
Transfer from General Plan	26,692.25
City	15,599,916.00
State for Share Plan	1,826,196.29
State for Contribution	3,973,032.25

Total Contributions	27,053,964.32
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Investment Income:

Miscellaneous Income	4,697,073.00
Net Realized and Unrealized Gain (Loss)	(11,463,996.70)
Net Increase in Fair Value of Investments	(6,766,923.70)
Interest & Dividends	14,779,618.00
Less Investment Expense ¹	(2,042,814.00)

Net Investment Income	5,969,880.30
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Total Additions	33,023,844.62
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DEDUCTIONS

Distributions to Members:

Benefit Payments	39,331,251.56
Lump Sum DROP Distributions	5,882,746.07
Lump Sum Share Distributions	1,326,381.37
Refunds of Member Contributions	120,051.00

Total Distributions	46,660,430.00
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Administrative Expense	651,542.61
Administrative Expense for Share	40,805.39

Share Account Net Change	683,642.56
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Total Deductions	48,036,420.56
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Net Increase in Net Position	(15,012,575.94)
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	760,851,263.61
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End of the Year	745,838,687.67
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¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
September 30, 2015

It is calculated by first projecting the beginning of the year value to the end of the year with the assumed 7.5% interest rate and with the actual contributions less benefit payments that accumulated during the year. The resulting figure represents the "Expected Value" assuming a return on assets equal to the actuarial assumption. In order to reflect actual investment results, an adjustment is then made equal to 20% of the difference between the "Expected Value" and the actual market value of the fund. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

<u>Development of Investment Gain/Loss</u>	
Market Value of Assets, including Share, 09/30/2014	788,878,402
Actuarial Value of Assets, including Share, 09/30/2014	782,143,436
Contributions and Transfers	27,053,964
Benefit Payments & Admin Expenses	(47,352,778)
Expected Investment Earnings*	57,899,552
Expected Actuarial Value of Assets, 09/30/2015	<u>819,744,175</u>
Market Value of Assets, including Share, 09/30/2015	774,549,468
Actuarial Investment Gain/(Loss)	(45,194,706)

*Expected Investment Earnings =
 $0.075 * (782,143,436 + 0.5 * [27,053,964 - 47,352,778])$

<u>Development of Actuarial Value of Assets</u>	
Expected Net Actuarial Value, net of Share, 09/30/2015	791,033,394
Adjustment to Recognize Actual Return (20% of gain/loss)	<u>(9,038,941)</u>
Net Actuarial Value of Assets, 09/30/2015	781,994,453
(A) 09/30/2014 Actuarial Assets, including Share:	782,143,436
(I) Net Investment Income:	
1. Interest, Dividends, & Other Income	19,476,691
2. Change in Actuarial Value	31,426,734
3. Investment Expenses	<u>(2,042,814)</u>
Total	48,860,611
(B) 09/30/2015 Actuarial Assets, including Share:	810,705,234
Actuarial Asset Rate of Return = $2I/(A+B-I)$:	6.33%
Market Value of Assets Rate of Return:	0.77%
10/01/2015 Limited Net Actuarial Assets:	781,994,453
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(9,038,941)

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

REVENUES

Contributions:		
Member	5,584,263.18	
Buy-Back	43,864.35	
Transfer from General Plan	26,692.25	
City	15,599,916.00	
State for Share Plan	1,826,196.29	
State for Contribution	3,973,032.25	
Total Contributions		27,053,964.32
Earnings from Investments:		
Interest & Dividends	14,779,618.00	
Miscellaneous Income	4,697,073.00	
Change in Actuarial Value	31,426,734.21	
Total Earnings and Investment Gains		50,903,425.21

EXPENDITURES

Distributions to Members:		
Benefit Payments	39,331,251.56	
Lump Sum DROP Distributions	5,882,746.07	
Lump Sum Share Distributions	1,326,381.37	
Refunds of Member Contributions	120,051.00	
Total Distributions		46,660,430.00
Expenses:		
Investment related ¹	2,042,814.00	
Administrative	651,542.61	
Administrative for Share	40,805.39	
Total Expenses		2,735,162.00
Share Account Net Change		683,642.56
Change in Net Assets for the Year		27,878,154.97
Net Assets Beginning of the Year		754,116,298.18
Net Assets End of the Year ²		781,994,453.15

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

²Net Assets may be limited for actuarial consideration.

STATISTICAL DATA

	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>
<u>Actives - Hired before 10/1/2014</u>				
Number				760
Average Current Age				39.5
Average Age at Employment				28.2
Average Past Service				11.3
Average Annual Salary				\$91,388
<u>Actives - Hired on or after 10/1/2014</u>				
Number				16
Average Current Age				26.9
Average Age at Employment				26.4
Average Past Service				0.5
Average Annual Salary				\$53,159
<u>Service Retirees</u>				
Number				756
Average Current Age				65.5
Average Annual Benefit				\$46,646
<u>DROP Retirees</u>				
Number				95
Average Current Age				51.9
Average Annual Benefit				\$72,231
<u>Beneficiaries</u>				
Number				152
Average Current Age				74.4
Average Annual Benefit				\$25,134
<u>Disability Retirees</u>				
Number				27
Average Current Age				52.6
Average Annual Benefit				\$42,090
<u>Terminated Vested</u>				
Number				15
Average Current Age ¹				42.8
Average Annual Benefit ¹				\$35,806

¹ Excludes non-vested members awaiting a refund of 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	5	4	0	0	0	0	0	0	0	0	0	9
25 - 29	7	26	8	11	8	30	1	0	0	0	0	91
30 - 34	3	11	7	8	8	87	20	0	0	0	0	144
35 - 39	1	4	1	4	4	64	50	23	0	0	0	151
40 - 44	0	1	2	4	3	38	35	76	6	0	0	165
45 - 49	0	1	2	0	1	15	25	58	34	0	0	136
50 - 54	0	0	0	0	1	12	9	19	12	0	0	53
55 - 59	0	0	0	0	0	2	4	13	1	0	0	20
60 - 64	0	0	0	0	0	1	0	2	1	0	1	5
65+	0	0	0	0	0	0	0	0	0	0	2	2
Total	16	47	20	27	25	249	144	191	54	0	3	776

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	798
b. Terminations	
i. Vested (partial or full) with deferred benefits	(2)
ii. Non-vested or full lump sum distribution received	(10)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	(2)
e. Retired	(5)
f. DROP	<u>(20)</u>
g. Continuing participants	759
h. New entrants	<u>17</u>
i. Total active life participants in valuation	776

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

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested Deferred	<u>Total</u>
a. Number prior valuation	745	89	144	25	19	1,022
Retired	5	(14)	0	0	(5)	(14)
DROP	14	20	0	0	0	34
Vested Deferred	5	0	0	0	2	7
Death, With Survivor	(11)	0	11	0	0	0
Death, No Survivor	(2)	0	(3)	0	0	(5)
Disabled	0	0	0	2	0	2
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	(1)	(1)
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	756	95	152	27	15	1,045

SUMMARY OF PLAN PROVISIONS

<u>Membership</u>	Police officers and firefighters.
<u>Credited Service</u>	Total years and fractional parts of years of years of service of any Member, from the date he first entered employment as a Police Officer or Firefighter until either the date of his DROP Retirement or the date his employment shall be terminated by death, retirement, or discharge.
<u>Compensation</u>	Base pay, assignment pay, and longevity bonuses, including pick-up contributions, and up to forty (40) hours of overtime for police officers.
<u>Average Final Compensation</u>	<p><i>Firefighters hired prior October 1, 2014: Average Compensation during the highest 2 years of Credited Service.</i></p> <p><i>Firefighters hired after September 30, 2014: Average Compensation during the highest 5 years of Credited Service.</i></p> <p><i>Police Officers hired prior to April 1, 2014: Average Compensation during the highest 2 years of Credited Service.</i></p> <p><i>Police Officers hired after March 31, 2014: Average Compensation during the highest 5 years of Credited Service.</i></p>
<u>Member Contributions</u>	8.25% of Compensation. 8.50% for Members hired after April 18, 2010.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of: 1) Age 55 with 10 years of Credited Service, or 2) attainment of 20 years of Credited Service, regardless of Age.
Plan 1 Benefit	
Firefighters	<i>Hired prior to October 1, 2014: 3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Firefighters with 25 or more years of Credited Service</i>

on October 1, 2002 are subject to a maximum of 91.26% of Average Final Compensation. Firefighters employed before December 11, 1993 receive an additional 2.0% of Average Final Compensation (excluded from the 81% maximum percentage).

Hired after September 30, 2014: 3.00% of Average Final Compensation times Credited Service, with a maximum of 75% of Average Final Compensation.

Police Officers

Hired prior to April 1, 2014: 3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Police Officers with 25 or more years of Credited Service on January 1, 2002 are subject to a maximum of 91.26%.

Hired after March 31, 2014: 3.00% of Average Final Compensation times Credited Service, with a maximum of 75% of Average Final Compensation.

Plan 2 Benefit

3.0% of Average Final Compensation for the first 20 years of Credited Service, plus 2.0% of Average Final Compensation for each year in excess of 20. Firefighters employed before December 11, 1993 receive an additional 2.0% of Average Final Compensation.

Form of Benefit

Firefighters hired prior to October 1, 2014: 60% Joint and Survivor, with an additional 40% death benefit during the first year of retirement (Optional forms available).

Firefighters hired after September 30, 2014: 10-Year Certain and Life (Optional forms available).

Police Officers hired prior to April 1, 2014: 60% Joint and Survivor, with an additional 40% death benefit during the first year of retirement (Optional forms available).

Police Officers hired after March 31, 2014: 10-Year Certain and Life (Optional forms available).

Early Retirement (Firefighters Only)

Eligibility

Age 50 with 10 years of Credited Service.

Benefit

Accrued benefit, reduced 3.0% per year that the benefit commencement date precedes the Normal Retirement date.

Vesting

Less than 10 Years of
Credited Service

Refund of Member contributions. For Police Officers who separate employment with the City on or after December 3, 2013 and Firefighters who separate employment with the City on or after October 1, 2014, no interest will be credited when determining the refund amount.

10 years of Credited Service

Accrued benefit deferred to Normal Retirement date.

Disability

Eligibility

Covered from Date of Employment.

Exclusions

Disability resulting from use of drugs, illegal participation in riots, service in military, etc.

Benefit

Non-Service Connected

50% of Average Final Compensation offset by 100% of Social Security Disability benefits, Workers' Compensation benefits, and earned income.

Service Connected

65% of Average Final Compensation offset by Workers' Compensation benefits and earned income.

Duration

Payable for life or until recovery.

Death Benefits

Eligibility

Covered from Date of Employment.

Benefit

Non-Service Connected

50% of the Member's monthly Compensation for eight (8) years. For a Member with at least 10 years of Credited Service, not less than the benefits otherwise payable at early or normal retirement age. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.

Service Connected

50% of Member's monthly Compensation to spouse until death or remarriage. Children's benefits of 10% of Member's monthly benefits per child (50% maximum) until age 18, and a maximum of 80% to spouse and children. For Members who are not married and have no children, a 10-year benefit will be paid to the

designated beneficiary. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.

COLA

Adjustment Date

July 1st

Eligibility

Receipt of retirement benefits for one year. Additionally, must have entered Retirement status prior to July 1, 2008.

Amount

Lesser of 1) percentage not greater than CPI (all Urban Consumers) for preceding calendar year, or 2) percentage increase limited to present value of which can be funded by excess gains for preceding calendar year. Maximum cost-of-living adjustment is 5.0%.

The COLA increase may be granted only if the System remains in a net positive experience position, determined on a cumulative basis from January 1, 1987 (in State Statute – not in Ordinance)

DROP

Members eligible for Normal Retirement may elect either a Deferred Retirement Option Plan for up to 96 months or a Benefit Actuarially Calculated Deferred Retirement Option Program for up to 36 months, but not both. For Police Officers hired after March 31, 2014 and Firefighters hired after September 30, 2014, each month a Member delays entry into DROP following completion of 25 years of Credited Service, the 96 month maximum DROP participation period shall be correspondingly reduced by one month.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Prepaid Assets	1,310
Cash and Short Term Investments	23,384,653
Total Cash and Equivalents	23,385,963
Receivables:	
Member Contributions in Transit	210,161
Member Buy-Back Contributions in Transit	31,638
State Contributions	297,468
From Broker for Investments Sold	1,106,085
Investment Income	2,404,785
Total Receivable	4,050,137
Investments:	
U. S. Bonds and Bills	67,374,398
Federal Agency Guaranteed Securities	750,865
Corporate Bonds and Other Fixed Income	134,275,993
Real Estate	95,021,582
Fund of Funds	43,826,015
Stocks	112,151,050
Mutual Funds	148,509,587
Pooled/Common/Commingled Funds	147,692,176
Total Investments	749,601,666
Total Assets	777,037,766
<u>LIABILITIES</u>	
Payables:	
To Broker for Investments Purchased	1,575,643
Accounts Payable and Accrued Liabilities	381,834
To City of Fort Lauderdale	530,821
Total Liabilities	2,488,298
NET POSITION RESTRICTED FOR PENSIONS	774,549,468

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

ADDITIONS

Contributions:

Member	5,584,263	
Buy-Back	43,865	
Transfer from General Plan	26,692	
City	15,599,916	
State for Share Plan	1,826,196	
State for Contribution	3,973,032	
 Total Contributions		27,053,964
 Investment Income:		
Other Income	4,697,073	
Net Increase in Fair Value of Investments	(11,463,997)	
Interest & Dividends	14,779,618	
Less Investment Expense ¹	(2,042,814)	
 Net Investment Income		5,969,880
 Total Additions		33,023,844

DEDUCTIONS

DEDUCTIONS

Distributions to Members:

Benefit Payments	39,331,252	
Lump Sum DROP Distributions	5,882,746	
Lump Sum Share Distributions	1,326,381	
Lump Sum PLOP Distributions	0	
Refunds of Member Contributions	120,051	
 Total Distributions		46,660,430
 Administrative Expense		692,348
 Total Deductions		47,352,778
 Net Increase in Net Position		(14,328,934)
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		788,878,402
 End of the Year		774,549,468

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2015)

Plan Description

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of: Two of the three appointive Members shall be appointed by the City Commission, each of whom must be a legal resident of the City. The two above appointive Members appointed after September 18, 2012 shall serve as trustee for a period of 4 years, unless sooner replaced by the City Commission at whose pleasure they shall serve. The third appointive Member shall be chosen by a majority of the previous six Members and such person's name shall be submitted to the City Commission. Upon receipt of the seventh person's name, the City Commission shall, as a ministerial duty, appoint such person to the Board of Trustees as its seventh Member. The seventh Member shall have the same rights as each of the other six Members appointed or elected as herein provided, shall serve on the Board for a period of four years, and may succeed himself or herself in office. The term of office of the seventh Member appointed after September 18, 2012 shall be four years.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,003
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	19
Active Plan Members	798
	1,820

Benefits Provided

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

Normal Retirement:

Earlier of: 1) Age 55 with 10 years of Credited Service, or 2) attainment of 20 years of Credited Service, regardless of Age.

Plan 1 Benefit Firefighters:

Hired prior to October 1, 2014:

3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation.

Firefighters with 25 or more years of Credited Service on October 1, 2002 are subject to a maximum of 91.26% of Average Final Compensation. Firefighters employed before December 11, 1993 receive an additional 2.00% of Average Final Compensation (excluded from the 81% maximum percentage).

Hired after September 30, 2014:

3.00% of Average Final Compensation times Credited Service, with a maximum of 75% of Average Final Compensation.

Plan 1 Benefit Police Officers:

Hired prior to April 1, 2014:

3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Police Officers with 25 or more years of Credited Service on January 1, 2002 are subject to a maximum of 91.26%.

Hired after March 31, 2014:

3.00% of Average Final Compensation times Credited Service, with a maximum of 75% of Average Final Compensation.

Plan 2 Benefit: 3.00% of Average Final Compensation for the first 20 years of Credited Service, plus 2.00% of Average Final Compensation for each year in excess of 20. Firefighters employed before December 11, 1993 receive an additional 2.00% of Average Final Compensation.

Early Retirement (Firefighters Only):

Age 50 and 10 Years of Credited Service.

Accrued benefit, reduced 3.00% per year that the benefit commencement date precedes the Normal Retirement date.

Vesting:

Less than 10 Years of Credited Service: Refund of Member contributions. For Police Officers who separate employment with the City on or after December 3, 2013, no interest will be credited when determining the refund amount.

10 Years of Credited Service: Accrued benefit deferred to Normal Retirement date.

Disability:

Covered from Date of Employment.

Non-Service Connected: 50% of Average Final Compensation offset by 100% of Social Security Disability benefits and Workers' Compensation benefits, and earned income.

Service Connected: 65% of Average Final Compensation offset by Workers' Compensation benefits and earned income.

Death Benefits:

Covered from Date of Employment.

Non-Service Connected: 50% of the Member's monthly Compensation for eight years. For a Member with at least 10 years of Credited Service, not less than the benefits otherwise payable at early or normal retirement age. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.

Service Connected: 50% of Member's monthly Compensation to spouse until death or remarriage. Children's benefits of 10% of Member's monthly benefits per child (50% maximum) until age 18, and a maximum of 80% to spouse and children. For Members who are not married and have no children, a 10-year benefit will be paid to the designated beneficiary. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.

COLA

Adjustment Date: July 1st.

Eligibility: Receipt of retirement benefits for one year. Additionally, must have entered Retirement status prior to July 1, 2008.

Amount: Lesser of 1) percentage not greater than CPI (all Urban Consumers) for preceding calendar year, or 2) percentage increase limited to present value of which can be funded by excess gains for preceding calendar year. Maximum cost-of-living adjustment is 5.0%. The COLA increase may be granted only if the System remains in a net positive experience position, determined on a cumulative basis from January 1, 1987 (in State Statute – not in Ordinance).

Contributions

Member Contributions: 8.25% of Compensation. 8.50% for Members hired after April 18, 2010.

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

Investments

Investment Policy:

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

Asset Class	Target Allocation
Domestic Equity	30.00%
International Equity	15.00%
Domestic Bonds	30.00%
Real Estate	12.50%
Other	12.50%
Total	100.00%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was .77 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Members eligible for Normal Retirement may elect either a Deferred Retirement Option Plan for up to 96 months or a Benefit Actuarially Calculated Deferred Retirement Option Program for up to 36 months, but not both. For Police Officers hired after March 31, 2014 and Firefighters hired after September 30, 2014, each month a Member delays entry into DROP following completion of 25 years of Credited Service, the 96 month maximum DROP participation period shall be correspondingly reduced by one month.

The DROP balance as September 30, 2015 is \$23,996,281.

NET PENSION LIABILITY OF THE SPONSOR

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

Total Pension Liability	\$ 834,313,286
Plan Fiduciary Net Position	\$ (774,549,468)
Sponsor's Net Pension Liability	<u>\$ 59,763,818</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	92.84%

Actuarial Assumptions:

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

Inflation	2.75%
Salary Increases	0.50% - 3.00% *Expected increase in annual salary in addition to 2.75% inflationary component.
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate: RP-2000 Table projected by Scale AA to 2012.

Disabled Mortality Rates: RP-2000 Disabled Table projected by Scale AA to 2012.

We feel the assumed rates of mortality sufficiently accommodates expected mortality improvements.

The significant assumptions are based upon the most recent actuarial experience study dated July 10th, 2015, for the period 2008 - 2014.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	6.90%
International Equity	7.10%
Domestic Bonds	2.00%
Real Estate	5.63%
Other	4.00%

Discount Rate:

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

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability	\$ 147,657,945	\$ 59,763,818	\$ (13,860,424)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	18,531,300	18,025,712	16,768,104
Interest	60,367,031	57,797,227	55,119,489
Change in Excess State Money	-	(1,223,158)	-
Share Plan Allocation	1,826,197	2,561,814	-
Changes of benefit terms	1,097,988	-	-
Differences between Expected and Actual Experience	(7,319,054)	-	-
Changes of assumptions	(2,194,981)	-	-
Contributions - Buy Back	43,865	-	-
Contributions - Transfer from General Plan	26,692	-	-
Benefit Payments, including Refunds of Employee Contributions	(46,660,430)	(44,137,555)	(31,351,671)
Net Change in Total Pension Liability	25,718,608	33,024,040	40,535,922
Total Pension Liability - Beginning	808,594,678	775,570,638	735,034,716
Total Pension Liability - Ending (a)	<u>\$ 834,313,286</u>	<u>\$ 808,594,678</u>	<u>\$ 775,570,638</u>
Plan Fiduciary Net Position			
Contributions - Employer	15,599,916	14,498,457	11,219,401
Contributions - State	5,799,228	5,875,363	6,053,952
Contributions - Employee	5,584,263	5,581,044	4,113,451
Contributions - Buy Back	43,865	-	-
Contributions - Transfer from General Plan	26,692	-	-
Net Investment Income	5,969,880	59,358,824	69,488,348
Benefit Payments, including Refunds of Employee Contributions	(46,660,430)	(44,137,555)	(31,351,671)
Administrative Expense	(692,348)	(647,397)	(507,376)
Other	-	4,000,034	-
Net Change in Plan Fiduciary Net Position	(14,328,934)	44,528,770	59,016,105
Plan Fiduciary Net Position - Beginning	788,878,402	744,349,632	685,333,527
Plan Fiduciary Net Position - Ending (b)	<u>\$ 774,549,468</u>	<u>\$ 788,878,402</u>	<u>\$ 744,349,632</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 59,763,818</u>	<u>\$ 19,716,276</u>	<u>\$ 31,221,006</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	92.84%	97.56%	95.97%
Covered Employee Payroll*	\$ 85,530,911	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	69.87%	N/A	N/A

Notes to Schedule:*Changes of benefit terms:*

For the 2015 Fiscal year, amounts reported as changes of benefit terms were resulted from:

- 1) For Firefighters hired on or after October 1, 2014:
 - a. The Average Monthly Earnings period will be increased from 2 to 5 years.
 - b. The benefit accrual rate will be decreased from 3.38% to 3.0% for each year of Credited Service.
 - c. The maximum accrual rate will be decreased from 81.0% to 75.0% of Average Monthly Earnings.
 - d. For each month a Firefighter delays entry into DROP following completion of 25 years of Credited Service, the 96 month maximum DROP participation period shall be correspondingly reduced by one month.
 - e. The Normal Form of Benefit will be changed from 60% joint and contingent survivor to 10-Year Certain and Life.
- 2) Eliminating the interest component on refunds of Member Contributions for all Firefighters who separate employment with the City on or after October 1, 2014.
- 3) Amending the definition of Salary to provide that pensionable earnings for Firefighters will be increased from 144 hours to 159 hours for each 21-day period.
- 4) Implementing a special formula to determine the amount of Chapter 175 premium tax revenues that the City will be able to utilize to offset its funding requirements, effective for the plan year beginning on October 1, 2014.

For the impact these changes had on the valuation results, please refer to our September 10, 2015 Revised Actuarial Impact Statement.

Since the prior valuation, a number of benefits were amended for Police Officers hired on or after April 1, 2014. Additionally, the entire balance of the Chapter 185 premium tax revenues reserve account in the Plan as of December 31, 2013 was applied to reduce the City's annual required contribution for the October 15, 2014 payment. Additionally, all future Chapter 185 premium tax revenues received shall be available to reduce the City's annual contribution requirements.

For the specific changes made to the Police Officers' benefit structure and the impact these changes had on the valuation results, please refer to our March 14, 2014 Actuarial Impact Statement.

Changes of assumptions:

For the 2015 Fiscal year, amounts reported as assumption changes were resulted from an actuarial experience study dated July 10, 2015 the Board approved numerous changes to the actuarial assumptions and methods in conjunction with the 10/01/2015 Valuation. The below assumptions/methods have been changed, and the specifics of the approved assumptions are displayed in the actuarial assumptions and methods section of the 10/01/2015 Valuation.

- 1) Asset Valuation Method (with a "Fresh Start")
- 2) Retirement Rates
- 3) Withdrawal Rates
- 4) Disability Rates (Police only)

**For the Fiscal years 2013 and 2014, the Covered Employee Payroll figures were not available.*

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	18,913,469	19,012,474	14,208,593
Contributions in relation to the Actuarially Determined Contributions	19,572,948	19,012,474	14,208,593
Contribution Deficiency (Excess)	\$ (659,479)	\$ -	\$ -
Covered Employee Payroll*	\$ 85,530,911	N/A	N/A
Contributions as a percentage of Covered Employee Payroll	22.88%	N/A	N/A

*For the Fiscal years 2013 and 2014, the Covered Employee Payroll figures were not available.

Notes to Schedule

Valuation Date: 10/01/2013 (AIS 03/14/2014)

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method. An interest load to October 15 of the applicable plan year is utilized for determination of the Total Required Contribution.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 20 Years.

Mortality Rates: RP-2000 Table projected by Scale AA to 2012.

Disabled Mortality Rates: RP-2000 Disabled Table projected by Scale AA to 2012.

Interest Rate: 7.50% per year compounded annually, net of investment related expenses.

Retirement Rates:	<u>Probability of Retirement</u>	<u>Probability of Retirement</u>
	<u>(Police)</u>	<u>(Fire)</u>
<u>Service</u>		
20 - 22	45%	40%
23 - 24	50%	30%
25 - 30	15%	15%
30+	100%	100%

No Members are expected to take reduced Early Retirement.

Salary Increases:	<u>Service</u>	<u>Annual % Increase</u>
	1 - 6	3.00%
	7 - 10	2.50%
	11 - 25	1.00%
	26+	0.50%

Expected increase in annual salary in addition to 2.75% inflationary component.

Cost of Living Adjustments: None.

Payroll Increases: 2.0% per year.

Termination Rates:	<u>Age</u>	<u>Years of Service</u>	<u>% Separating from Employment within the Next Year</u>
	All Ages	0	10.00%
		1	6.67%
		2	6.00%
		3	5.33%
		4	4.67%
	25		4.70%
	30		4.30%
	35		3.00%
	40		1.30%
	45		0.60%
	50		0.30%
	55		0.00%

Disability Rates:	<u>Age</u>	<u>% Becoming Disabled within Next Year</u>
	20	0.14%
	25	0.15%
	30	0.18%
	35	0.23%
	40	0.30%
	45	0.51%
	50	1.00%
	55	1.55%

It is assumed that 75% of disablements and active Member deaths are service related.

Marital Status: All employed Members and all retired Members are assumed to be married. Females are assumed to be 3 years younger than males.

Actuarial Value of Assets: The Actuarial Value of Assets is calculated by recognizing 20% of the difference between the Market Value of Assets and the expected Actuarial Value of Assets.

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Annual Money-Weighted Rate of Return			
Net of Investment Expense	0.77%	8.60%	10.10%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2015)

General Information about the Pension Plan

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of: Two of the three appointive Members shall be appointed by the City Commission, each of whom must be a legal resident of the City. The two above appointive Members appointed after September 18, 2012 shall serve as trustee for a period of 4 years, unless sooner replaced by the City Commission at whose pleasure they shall serve. The third appointive Member shall be chosen by a majority of the previous six Members and such person's name shall be submitted to the City Commission. Upon receipt of the seventh person's name, the City Commission shall, as a ministerial duty, appoint such person to the Board of Trustees as its seventh Member. The seventh Member shall have the same rights as each of the other six Members appointed or elected as herein provided, shall serve on the Board for a period of four years, and may succeed himself or herself in office. The term of office of the seventh Member appointed after September 18, 2012 shall be four years.

The Plan provides pensions for each sworn police officer and firefighter of the City who is eligible to participate in the Plan and who fulfills the prescribed eligibility requirements is considered a Member of the Plan.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,003
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	19
Active Plan Members	798
	<u>1,820</u>

Benefits Provided

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

Normal Retirement:

Earlier of: 1) Age 55 with 10 years of Credited Service, or 2) attainment of 20 years of Credited Service, regardless of Age.

Plan 1 Benefit Firefighters:*Hired prior to October 1, 2014:*

3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Firefighters with 25 or more years of Credited Service on October 1, 2002 are subject to a maximum of 91.26% of Average Final Compensation. Firefighters employed before December 11, 1993 receive an additional 2.00% of Average Final Compensation (excluded from the 81% maximum percentage).

Hired after September 30, 2014:

3.00% of Average Final Compensation times Credited Service, with a maximum of 75% of Average Final Compensation.

Plan 1 Benefit Police Officers:*Hired prior to April 1, 2014:*

3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Police Officers with 25 or more years of Credited Service on January 1, 2002 are subject to a maximum of 91.26%.

Hired after March 31, 2014:

3.00% of Average Final Compensation times Credited Service, with a maximum of 75% of Average Final Compensation.

Plan 2 Benefit: 3.00% of Average Final Compensation for the first 20 years of Credited Service, plus 2.00% of Average Final Compensation for each year in excess of 20. Firefighters employed before December 11, 1993 receive an additional 2.00% of Average Final Compensation.

Early Retirement (Firefighters Only):

Age 50 and 10 Years of Credited Service.

Accrued benefit, reduced 3.00% per year that the benefit commencement date precedes the Normal Retirement date.

Vesting:

Less than 10 Years of Credited Service: Refund of Member contributions. For Police Officers who separate employment with the City on or after December 3, 2013, no interest will be credited when determining the refund amount.

10 Years of Credited Service: Accrued benefit deferred to Normal Retirement date.

Disability:

Covered from Date of Employment.

Non-Service Connected: 50% of Average Final Compensation offset by 100% of Social Security Disability benefits and Workers' Compensation benefits, and earned income.

Service Connected: 65% of Average Final Compensation offset by Workers' Compensation benefits and earned income.

Death Benefits:

Covered from Date of Employment.

Non-Service Connected: 50% of the Member's monthly Compensation for eight years. For a Member with at least 10 years of Credited Service, not less than the benefits otherwise payable at early or normal retirement age. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.

Service Connected: 50% of Member's monthly Compensation to spouse until death or remarriage. Children's benefits of 10% of Member's monthly benefits per child (50% maximum) until age 18, and a maximum of 80% to spouse and children. For Members who are not married and have no children, a 10-year benefit will be paid to the designated beneficiary. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.

COLA

Adjustment Date: July 1st.

Eligibility: Receipt of retirement benefits for one year. Additionally, must have entered Retirement status prior to July 1, 2008.

Amount: Lesser of 1) percentage not greater than CPI (all Urban Consumers) for preceding calendar year, or 2) percentage increase limited to present value of which can be funded by excess gains for preceding calendar year. Maximum cost-of-living adjustment is 5.0%. The COLA increase may be granted only if the System remains in a net positive experience position, determined on a cumulative basis from January 1, 1987 (in State Statute – not in Ordinance).

Contributions

Member Contributions: 8.25% of Compensation. 8.50% for Members hired after April 18, 2010.

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

Net Pension Liability

The measurement date is September 30, 2015.

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

The reporting period is October 1, 2014 through September 30, 2015.

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

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

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

Inflation	2.75%	
Salary Increases	0.50% - 3.00%	*Expected increase in annual salary in addition to 2.75% inflationary component.
Discount Rate	7.50%	
Investment Rate of Return	7.50%	

Mortality Rate: RP-2000 Table projected by Scale AA to 2012.

Disabled Mortality Rates: RP-2000 Disabled Table projected by Scale AA to 2012.

We feel the assumed rates of mortality sufficiently accommodates expected mortality improvements.

The significant assumptions are based upon the most recent actuarial experience study dated July 10th, 2015, for the period 2008 - 2014.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	30.00%	6.90%
International Equity	15.00%	7.10%
Domestic Bonds	30.00%	2.00%
Real Estate	12.50%	5.63%
Other	12.50%	4.00%
Total	100.00%	

Discount Rate:

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at September 30, 2014	\$ 808,594,678	\$ 788,878,402	\$ 19,716,276
Changes for a Year:			
Service Cost	18,531,300	-	18,531,300
Interest	60,367,031	-	60,367,031
Share Plan Allocation	1,826,197	-	1,826,197
Differences between Expected and Actual Experience	(7,319,054)	-	(7,319,054)
Changes of assumptions	(2,194,981)	-	(2,194,981)
Changes of benefit terms	1,097,988	-	1,097,988
Contributions - Employer	-	15,599,916	(15,599,916)
Contributions - State	-	5,799,228	(5,799,228)
Contributions - Employee	-	5,584,263	(5,584,263)
Contributions - Buy Back	43,865	43,865	-
Contributions - Transfer from General Plan	26,692	26,692	-
Net Investment Income	-	5,969,880	(5,969,880)
Benefit Payments, including Refunds of Employee Contributions	(46,660,430)	(46,660,430)	-
Administrative Expense	-	(692,348)	692,348
Other Changes	-	-	-
Net Changes	25,718,608	(14,328,934)	40,047,542
Balance at September 30, 2015	\$ 834,313,286	\$ 774,549,468	\$ 59,763,818

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 147,657,945	\$ 59,763,818	\$ (13,860,424)

Pension Plan Fiduciary Net Position.

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

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

For the year ended September 30, 2015, the Sponsor will recognize a Pension Expense of \$27,110,078.

On September 30, 2015, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	5,855,244
Changes of assumptions	-	1,755,984
Net difference between Projected and Actual Earnings on Pension Plan investments	41,947,836	-
Total	<u>\$ 41,947,836</u>	<u>\$ 7,611,228</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2016	\$ 8,584,152
2017	\$ 8,584,152
2018	\$ 8,584,152
2019	\$ 8,584,152
2020	\$ -
Thereafter	\$ -

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	18,531,300	18,025,712	16,768,104
Interest	60,367,031	57,797,227	55,119,489
Change in Excess State Money	-	(1,223,158)	-
Share Plan Allocation	1,826,197	2,561,814	-
Changes of benefit terms	1,097,988	-	-
Differences between Expected and Actual Experience	(7,319,054)	-	-
Changes of assumptions	(2,194,981)	-	-
Contributions - Buy Back	43,865	-	-
Contributions - Transfer from General Plan	26,692	-	-
Benefit Payments, including Refunds of Employee Contributions	(46,660,430)	(44,137,555)	(31,351,671)
Net Change in Total Pension Liability	25,718,608	33,024,040	40,535,922
Total Pension Liability - Beginning	808,594,678	775,570,638	735,034,716
Total Pension Liability - Ending (a)	<u>\$834,313,286</u>	<u>\$808,594,678</u>	<u>\$775,570,638</u>
Plan Fiduciary Net Position			
Contributions - Employer	15,599,916	14,498,457	11,219,401
Contributions - State	5,799,228	5,875,363	6,053,952
Contributions - Employee	5,584,263	5,581,044	4,113,451
Contributions - Buy Back	43,865	-	-
Contributions - Transfer from General Plan	26,692	-	-
Net Investment Income	5,969,880	59,358,824	69,488,348
Benefit Payments, including Refunds of Employee Contributions	(46,660,430)	(44,137,555)	(31,351,671)
Administrative Expense	(692,348)	(647,397)	(507,376)
Other	-	4,000,034	-
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Plan Fiduciary Net Position - Beginning	788,878,402	744,349,632	685,333,527
Plan Fiduciary Net Position - Ending (b)	<u>\$774,549,468</u>	<u>\$788,878,402</u>	<u>\$744,349,632</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 59,763,818</u>	<u>\$ 19,716,276</u>	<u>\$ 31,221,006</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	92.84%	97.56%	95.97%
Covered Employee Payroll*	\$ 85,530,911	N/A	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	69.87%	N/A	N/A

Notes to Schedule:*Changes of benefit terms:*

For the 2015 Fiscal year, amounts reported as changes of benefit terms were resulted from:

1) For Firefighters hired on or after October 1, 2014:

- a. The Average Monthly Earnings period will be increased from 2 to 5 years.
 - b. The benefit accrual rate will be decreased from 3.38% to 3.0% for each year of Credited Service.
 - c. The maximum accrual rate will be decreased from 81.0% to 75.0% of Average Monthly Earnings.
 - d. For each month a Firefighter delays entry into DROP following completion of 25 years of Credited Service, the 96 month maximum DROP participation period shall be correspondingly reduced by one month.
 - e. The Normal Form of Benefit will be changed from 60% joint and contingent survivor to 10-Year Certain and Life.
- 2) Eliminating the interest component on refunds of Member Contributions for all Firefighters who separate employment with the City on or after October 1, 2014.
- 3) Amending the definition of Salary to provide that pensionable earnings for Firefighters will be increased from 144 hours to 159 hours for each 21-day period.
- 4) Implementing a special formula to determine the amount of Chapter 175 premium tax revenues that the City will be able to utilize to offset its funding requirements, effective for the plan year beginning on October 1, 2014.

For the impact these changes had on the valuation results, please refer to our September 10, 2015 Revised Actuarial Impact Statement.

Since the prior valuation, a number of benefits were amended for Police Officers hired on or after April 1, 2014. Additionally, the entire balance of the Chapter 185 premium tax revenues reserve account in the Plan as of December 31, 2013 was applied to reduce the City's annual required contribution for the October 15, 2014 payment. Additionally, all future Chapter 185 premium tax revenues received shall be available to reduce the City's annual contribution requirements.

For the specific changes made to the Police Officers' benefit structure and the impact these changes had on the valuation results, please refer to our March 14, 2014 Actuarial Impact Statement.

Changes of assumptions:

For the 2015 Fiscal year, amounts reported as assumption changes were resulted from an actuarial experience study dated July 10, 2015 the Board approved numerous changes to the actuarial assumptions and methods in conjunction with the 10/01/2015 Valuation. The below assumptions/methods have been changed, and the specifics of the approved assumptions are displayed in the actuarial assumptions and methods section of the 10/01/2015 Valuation.

- 1) Asset Valuation Method (with a "Fresh Start")
- 2) Retirement Rates
- 3) Withdrawal Rates
- 4) Disability Rates (Police only)

**For the Fiscal years 2013 and 2014, the Covered Employee Payroll figures were not available.*

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

Measurement Date	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	18,913,469	19,012,474	14,208,593
Contributions in relation to the			
Actuarially Determined Contributions	19,572,948	19,012,474	14,208,593
Contribution Deficiency (Excess)	\$ (659,479)	\$ -	\$ -
Covered Employee Payroll*	\$ 85,530,911	N/A	N/A
Contributions as a percentage of			
Covered Employee Payroll	22.88%	N/A	N/A

*For the Fiscal years 2013 and 2014, the Covered Employee Payroll figures were not available.

Notes to Schedule

Valuation Date: 10/01/2013 (AIS 03/14/2014)

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method. An interest load to October 15 of the applicable plan year is utilized for determination of the Total Required Contribution.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 20 Years.

Mortality Rates: RP-2000 Table projected by Scale AA to 2012.

Disabled Mortality Rates: RP-2000 Disabled Table projected by Scale AA to 2012.

Interest Rate: 7.50% per year compounded annually, net of investment related expenses.

Retirement Rates:	<u>Probability of</u> <u>Retirement</u>	<u>Probability of</u> <u>Retirement</u>
<u>Service</u>	<u>(Police)</u>	<u>(Fire)</u>
20 - 22	45%	40%
23 - 24	50%	30%
25 - 30	15%	15%
30+	100%	100%

No Members are expected to take reduced Early Retirement.

Salary Increases:	<u>Service</u>	<u>Annual % Increase</u>
	1 - 6	3.00%
	7 - 10	2.50%
	11 - 25	1.00%
	26+	0.50%

Expected increase in annual salary in addition to 2.75% inflationary component.

Cost of Living Adjustments: None.

Payroll Increases: 2.0% per year.

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Termination Rates:

<u>Age</u>	<u>Years of Service</u>	<u>% Separating from Employment within the Next Year</u>
All Ages	0	10.00%
	1	6.67%
	2	6.00%
	3	5.33%
	4	4.67%
25		4.70%
30		4.30%
35		3.00%
40		1.30%
45		0.60%
50		0.30%
55		0.00%

Disability Rates:

<u>Age</u>	<u>% Becoming Disabled within Next Year</u>
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%
55	1.55%

It is assumed that 75% of disablements and active Member deaths are service related.

Marital Status:

All employed Members and all retired Members are assumed to be married. Females are assumed to be 3 years younger than males.

Actuarial Value of Assets:

The Actuarial Value of Assets is calculated by recognizing 20% of the difference between the Market Value of Assets and the expected Actuarial Value of Assets.

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Balance at September 30, 2014	\$ 19,716,276	\$ -	\$ -	\$ -
Total Pension Liability Factors:				
Service Cost	18,531,300	-	-	18,531,300
Interest	60,367,031	-	-	60,367,031
Change in Excess State Money	-	-	-	-
Share Plan Allocation	1,826,197	-	-	1,826,197
Changes in benefit terms	1,097,988	-	-	1,097,988
Contributions - Buy Back	43,865	-	-	43,865
Contributions - Transfer from General Plan	26,692	-	-	26,692
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(7,319,054)	7,319,054	-	-
Current year amortization of experience difference	-	(1,463,810)	-	(1,463,810)
Change in assumptions about future economic or demographic factors or other inputs	(2,194,981)	2,194,981	-	-
Current year amortization of change in assumptions	-	(438,997)	-	(438,997)
Benefit Payments	(46,660,430)	-	-	(46,660,430)
Net change	<u>25,718,608</u>	<u>7,611,228</u>	<u>-</u>	<u>33,329,836</u>
Plan Fiduciary Net Position:				
Contributions - Employer	15,599,916	-	-	-
Contributions - State	5,799,228	-	-	-
Contributions - Employee	5,584,263	-	-	(5,584,263)
Contributions - Buy Back	43,865	-	-	(43,865)
Contributions - Transfer from General Plan	26,692	-	-	(26,692)
Net Investment Income	58,404,675	-	-	(58,404,675)
Difference between projected and actual earnings on Pension Plan investments	(52,434,795)	-	52,434,795	-
Current year amortization	-	-	(10,486,959)	10,486,959
Benefit Payments	(46,660,430)	-	-	46,660,430
Administrative Expenses	(692,348)	-	-	692,348
Net change	<u>(14,328,934)</u>	<u>-</u>	<u>41,947,836</u>	<u>(6,219,758)</u>
Balance at September 30, 2015	<u>\$ 59,763,818</u>	<u>\$ 7,611,228</u>	<u>\$ 41,947,836</u>	<u>\$ 27,110,078</u>