

CITY OF HAINES CITY  
MUNICIPAL FIREFIGHTERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2016

CONTRIBUTIONS APPLICABLE TO THE CITY'S  
PLAN/FISCAL YEAR ENDED SEPTEMBER 30, 2018

March 14, 2017

Board of Trustees  
City of Haines City  
Municipal Firefighters' Pension Board  
Post Office Box 1507  
Haines City, FL 33845-1507

Re: City of Haines City  
Municipal Firefighters' Retirement Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Haines City Municipal Firefighters' Retirement 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 175, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees and the City of Haines City, 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.

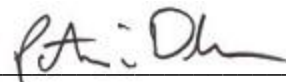
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Haines City, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Haines City Municipal Firefighters' Retirement 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:



Patrick T. Donlan, ASA, EA, MAAA

Enrolled Actuary #14-6595

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Enclosures

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## INTRODUCTORY DISCUSSION

The annual actuarial valuation of the City of Haines City Municipal Firefighters' Retirement Trust Fund, performed as of October 1, 2016, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the City's fiscal year ended September 30, 2018.

The contribution requirements developed in this valuation, compared with amounts set forth in the October 1, 2015 actuarial valuation are as follows:

Valuation Date	10/1/2016	10/1/2015
Applicable Plan/Fiscal Year End	<u>9/30/2018</u>	<u>9/30/2017</u>
Total Required Contribution % of Total Annual Payroll	40.1%	42.3%
Member Contributions (Est.) % of Total Annual Payroll	9.0%	9.0%
City and State Required Contribution % of Total Annual Payroll	<b>31.1%</b>	<b>33.3%</b>
State Contribution <sup>1</sup> % of Total Annual Payroll	40,031 3.3%	40,031 3.3%
Balance from City % of Total Annual Payroll	27.8%	30.0%

<sup>1</sup> Reflects traditional interpretation of Chapter 99-1, Florida Statutes. As you are probably aware, Governor Scott signed into law Chapter 2015-39, which amends Chapter 175 and illustrates a default methodology for allocating future State Monies. Since the Members of the Plan are represented by a collective bargaining agreement, this default methodology is required to be implemented and effective upon entering into a collective bargaining agreement on or after July 1, 2015, unless mutual consent between the City and membership is established to use the State Monies in another manner. Our understanding is that mutual consent will be established to utilize future State Monies received according to the default methodology, except that any amounts that would be allocated to a share plan would be allocated to the Excess State Monies Reserve instead.

The total required contribution from the combination of City, State and Member sources for the fiscal year ending September 30, 2017, is 42.3% of the actual pensionable payroll realized in that year. As a budgeting tool, the City may contribute 30.0% of each Member's salary and then make a one-time adjustment to account for the actual State Monies received. Similarly, the total requirement for fiscal

2018 will be 40.1% of actual payroll in that year. Please note that the City has a prepaid contribution of \$25,074.37 (see Page 28) that may be used to help offset their fiscal 2017 requirement.

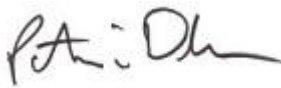
As can be seen, the Total Required Contribution has decreased as a percentage of payroll since the prior valuation. The decrease is due to favorable actuarial experience realized by the plan during the year, as well as an increase in Total Annual Payroll of approximately 16%. The reduction as a percentage of payroll was partially offset by an increase due to a change in actuarial assumptions required by Florida law.

The primary sources of favorable experience included average increases in pensionable earnings that were below the assumed rate, favorable turnover experience, and a 9.15% investment return (Actuarial Asset Basis) that exceeded the 7.50% assumption. These gains were partially offset by the effect of no mortality. For a detailed analysis that displays the actuarial gain/loss by component, please refer to page 16 of the report.

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:   
Patrick T. Donlan, EA, ASA, MAAA

By:   
Tyler A. Koftan

## CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2015	29.4%
(2) Summary of Contribution Impact by component:	
Investment Return (Actuarial Asset Basis)	-0.9%
Salary Increases	-0.6%
Payroll Change	-3.7%
Active Decrements	-0.4%
Inactive Mortality	0.2%
Assumption Change	2.5%
Change in Normal Cost Rate	1.8%
Change in Administrative Expenses	0.2%
Other	<u>-0.7%</u>
Total Change in Contribution	-1.6%
(3) Contribution Determined as of October 1, 2016	27.8%

## CHANGES SINCE PRIOR VALUATION

### Plan Changes

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

### Actuarial Assumption/Method Changes

As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables used by the Florida Retirement System for special risk employees for 2015.

Additionally, the payroll growth rate used to amortize the UAAL was decreased from 3.00% to 2.13%. This assumption was limited to the actual average annual payroll growth over the past 10 years, in compliance with Part VII of Chapter 112, Florida Statutes.

There were no other changes in assumptions or methods since the prior valuation.



COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
A. Participant Data			
Actives	26	26	22
Service Retirees	14	14	14
Beneficiaries	0	0	0
Disability Retirees	2	2	2
Terminated Vested	<u>6</u>	<u>6</u>	<u>4</u>
Total	48	48	42
Total Annual Payroll	\$1,205,075	\$1,205,075	\$1,037,307
Payroll Under Assumed Ret. Age	1,205,075	1,205,075	1,037,307
Annual Rate of Payments to:			
Service Retirees	475,393	475,393	475,393
Beneficiaries	0	0	0
Disability Retirees	34,747	34,747	34,747
Terminated Vested	78,143	78,143	34,626
B. Assets			
Actuarial Value (AVA)	5,601,647	5,601,647	5,163,847
Market Value (MVA)	5,493,039	5,493,039	5,054,095
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	1,104,270	1,095,044	911,691
Disability Benefits	50,808	54,961	39,626
Death Benefits	22,384	9,756	8,436
Vested Benefits	510,948	512,604	602,617
Refund of Contributions	188,042	188,946	158,377
Service Retirees	5,638,906	5,418,287	5,486,052
Beneficiaries	0	0	0
Disability Retirees	306,351	291,786	299,929
Terminated Vested	364,648	363,826	187,364
Excess State Monies Reserve	<u>387,591</u>	<u>387,591</u>	<u>322,240</u>
Total	8,573,948	8,322,801	8,016,332

C. Liabilities - (Continued)	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
Present Value of Future Salaries	7,023,640	7,076,155	5,916,063
Present Value of Future Member Contributions	632,128	636,854	532,446
Normal Cost (Retirement)	75,165	74,347	44,631
Normal Cost (Disability)	6,035	6,512	4,050
Normal Cost (Death)	1,763	771	479
Normal Cost (Vesting)	29,804	29,893	30,237
Normal Cost (Refunds)	<u>37,520</u>	<u>37,608</u>	<u>30,238</u>
Total Normal Cost	150,287	149,131	109,635
Present Value of Future Normal Costs	787,934	786,788	514,874
Accrued Liability (Retirement)	673,022	664,981	689,172
Accrued Liability (Disability)	15,994	17,075	18,253
Accrued Liability (Death)	12,826	5,474	5,900
Accrued Liability (Vesting)	344,675	344,972	433,373
Accrued Liability (Refunds)	42,001	42,021	59,175
Accrued Liability (Inactives)	6,309,905	6,073,899	5,973,345
Excess State Monies Reserve	<u>387,591</u>	<u>387,591</u>	<u>322,240</u>
Total Actuarial Accrued Liability (AL)	7,786,014	7,536,013	7,501,458
Unfunded Actuarial Accrued Liability (UAAL)	2,184,367	1,934,366	2,337,611
Funded Ratio (AVA / AL)	71.9%	74.3%	68.8%

D. Actuarial Present Value of Accrued Benefits	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
Vested Accrued Benefits			
Inactives	6,309,905	6,073,899	5,973,345
Actives	207,942	201,927	220,800
Member Contributions	<u>401,039</u>	<u>401,039</u>	<u>417,221</u>
Total	6,918,886	6,676,865	6,611,366
Non-vested Accrued Benefits	<u>144,993</u>	<u>143,585</u>	<u>126,395</u>
Total Present Value Accrued Benefits (PVAB)	7,063,879	6,820,450	6,737,761
Funded Ratio (MVA / PVAB)	77.8%	80.5%	75.0%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	243,429	0	
New Accrued Benefits	0	155,674	
Benefits Paid	0	(557,414)	
Interest	0	484,429	
Other	<u>0</u>	<u>0</u>	
Total	243,429	82,689	

	New Assump	Old Assump	
Valuation Date	10/1/2016	10/1/2016	10/1/2015
Applicable to Fiscal Year Ending	<u>9/30/2018</u>	<u>9/30/2018</u>	<u>9/30/2017</u>

#### E. Pension Cost

Normal Cost (with interest)			
% of Total Annual Payroll <sup>1</sup>	12.9	12.8	11.0
Administrative Expenses (with interest)			
% of Total Annual Payroll <sup>1</sup>	3.4	3.4	3.8
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 27 years (as of 10/1/2016, with interest)			
% of Total Annual Payroll <sup>1</sup>	23.8	21.4	27.5
Total Required Contribution			
% of Total Annual Payroll <sup>1</sup>	40.1	37.6	42.3
Expected Member Contributions			
% of Total Annual Payroll <sup>1</sup>	9.0	9.0	9.0
Expected City and State Contribution			
% of Total Annual Payroll <sup>1</sup>	31.1	28.6	33.3

#### F. Past Contributions

Plan Years Ending:	<u>9/30/2016</u>
Total Required Contribution	497,988
City and State Requirement	389,204
Actual Contributions Made:	
Members (excluding buyback)	108,784
City	349,173
State	<u>40,031</u> <sup>2</sup>
Total	497,988

G. Net Actuarial (Gain)/Loss (221,287)

<sup>1</sup> Contributions developed as of 10/1/2016 are expressed as a percentage of total annual payroll at 10/1/2016 of \$1,205,075.

<sup>2</sup> Reflects traditional interpretation of Chapter 99-1, Florida Statutes.

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2016	2,184,367
2017	2,050,518
2018	1,900,291
2024	1,323,988
2031	417,113
2037	15,447
2043	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	2.37%	5.29%
Year Ended	9/30/2015	2.93%	5.28%
Year Ended	9/30/2014	1.11%	5.40%

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

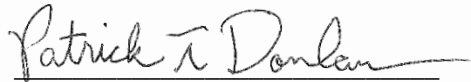
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	9.15%	7.50%
Year Ended	9/30/2015	7.67%	7.50%
Year Ended	9/30/2014	8.98%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	\$1,205,075
	10/1/2006	976,270
(b) Total Increase		23.44%
(c) Number of Years		10.00
(d) Average Annual Rate		2.13%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



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

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

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

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

## RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2015	\$2,337,611
(2) Sponsor Normal Cost developed as of October 1, 2015	16,277
(3) Expected administrative expenses for the year ended September 30, 2016	37,500
(4) Expected interest on (1), (2) and (3)	177,948
(5) Sponsor contributions to the System during the year ended September 30, 2016	399,342
(6) Expected interest on (5)	14,341
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	2,155,653
(8) Change to UAAL due to Assumption Change	250,001
(9) Change to UAAL due to Actuarial (Gain)/Loss	(221,287)
(10) Unfunded Actuarial Accrued Liability as of October 1, 2016	2,184,367

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2016 Amount</u>	<u>Amortization Amount</u>
Method Change	10/1/1993	6	\$32,443	\$6,123
Assumption Change	10/1/1994	7	11,410	1,891
Method Change	10/1/1995	8	(56,005)	(8,318)
Benefit Change	10/1/1997	10	71,662	8,928
Prior Losses	10/1/2004	12	556,003	60,468
Method Change	10/1/2004	17	626,430	53,810
Actuarial Loss	10/1/2005	12	454,937	49,477
Actuarial Loss	10/1/2006	12	127,557	13,872
Actuarial Gain	10/1/2007	12	(78,204)	(8,505)
Assumption Change	10/1/2007	21	458,987	34,787
Method Change	10/1/2008	12	41,721	4,537
Actuarial Loss	10/1/2008	2	68,589	35,173
Benefit Change	10/1/2008	22	(179,660)	(13,274)
Actuarial Loss	10/1/2009	3	66,751	23,400
Benefit Change	10/1/2009	23	(17,621)	(1,271)
Actuarial Loss	10/1/2010	4	81,518	21,972
Actuarial Loss	10/1/2011	5	174,005	38,456
Actuarial Loss	10/1/2012	6	62,529	11,801
Benefit Change	10/1/2012	26	(13,325)	(904)

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2016 <u>Amount</u>	Amortization <u>Amount</u>
Actuarial Gain	10/1/2013	7	(129,833)	(21,517)
Benefit Change	10/1/2013	27	84,159	5,610
Assumption Change	10/1/2013	17	(169,985)	(14,602)
Actuarial Gain	10/1/2014	8	(67,951)	(10,093)
Actuarial Gain	10/1/2015	9	(50,464)	(6,823)
Assumption Change	10/1/2016	20	250,001	19,478
Actuarial Gain	10/1/2016	10	<u>(221,287)</u>	<u>(27,568)</u>
			2,184,367	276,908



## DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2015	\$2,337,611
(2) Expected UAAL as of October 1, 2016	2,155,653
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(84,945)
Salary Increases	(57,568)
Active Decrements	(36,120)
Inactive Mortality	21,277
Other	<u>(63,931)</u>
Increase in UAAL due to (Gain)/Loss	(221,287)
Assumption Changes	<u>250,001</u>
(4) Actual UAAL as of October 1, 2016	\$2,184,367

## ACTUARIAL ASSUMPTIONS AND METHODS

### Mortality Rates

#### *Healthy Lives:*

**Female:** RP2000 Generational, 100% Annuitant White Collar, Scale BB

**Male:** RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB

#### *Disabled Lives:*

**Female:** 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale

**Male:** 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2015 FRS actuarial valuation report. We feel this assumption sufficiently accommodates future mortality improvements.

Previously, the RP 2000 Combined Healthy – Sex Distinct with disabled lives set forward 5 years was utilized.

75% of active deaths are assumed to happen in the line of duty.

### Interest Rate

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

### Retirement Age

Earlier of Age 55 and 10 years of Service, Age 52 and 25 years of Service, and Age 60. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. This is based on the results of an actuarial experience study issued September 9, 2014.

### Early Retirement

Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 10% per year. This is based on the results of an actuarial experience study issued September 9, 2014.

### Disability Rate

Members are assumed to become disabled at varying rates based on age. This assumption was developed

from those used by other plans containing Florida municipal Firefighters. Sample rates are as follows:

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

Additionally, it is assumed that 75% of disablements and active Member deaths are service related.

Termination Rate

Members are assumed to terminate employment prior to retirement as follows:

<u>Age</u>	<u>Probability</u>
Before Age 45	15.00%
Age 45 and Above	5.00%

This is based on the results of an actuarial experience study issued September 9, 2014.

Salary Increases

<u>Service</u>	<u>Increase</u>
First 10 Years	5.50%
Greater than 10 Years	4.00%

Additionally, projected salary at retirement is increased individually to account for non-regular compensation. This is based on the results of an actuarial experience study issued September 9, 2014.

Administrative Expenses

\$39,200 annually. This is equal to the actual non-investment related expenses paid out of the trust during the year, rounded to the nearest \$100.

Payroll Increase

2.13% per year (prior year 3.00%). This assumption is limited to the actual average annual payroll growth over the past 10 years, in compliance with Part VII of Chapter 112, Florida Statutes.

Funding Method

Entry Age Normal Actuarial Cost Method

Actuarial Asset Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 5-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value.

## VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning 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.

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

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

(a) The normal cost accrual rate equals

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age .

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

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

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1994	26,739.00	_____%
1995	26,905.00	0.6%
1996	27,377.00	1.8%
1997	31,198.00	14.0%
1998	49,115.00	57.4%
1999	45,596.00	-7.2%
2000	47,271.00	3.7%
2001	44,452.00	-6.0%
2002	46,867.00	5.4%
2003	47,232.00	0.8%
2004	55,296.00	17.1%
2005	57,846.95	4.6%
2006	73,737.83	27.5%
2007	73,616.72	-0.2%
2008	125,408.68	70.4%
2009	103,011.55	-17.9%
2010	87,700.95	-14.9%
2011	87,907.83	0.2%
2012	85,969.71	-2.2%
2013	104,329.93	21.4%
2014	110,373.58	5.8%
2015	109,138.38	-1.1%
2016	105,381.71	-3.4%

EXCESS STATE MONIES RESERVE

	Regular Distribution			Special Distribution		
	<u>Actual</u> <u>State Contribution</u>	<u>Applicable</u> <u>"Frozen" Amount</u>	<u>Excess State</u> <u>Monies Reserve</u>	<u>Actual</u> <u>State Contribution</u>	<u>Applicable</u> <u>"Frozen" Amount</u>	<u>Excess State</u> <u>Monies Reserve</u>
1998	\$30,848.46	\$30,848.46	\$0.00	\$0.00	\$0.00	\$0.00
1999	35,460.00	30,848.46	1	10,137.55	10,137.55	1
2000	36,151.38	30,848.46	1	11,119.25	10,137.55	1
2001	37,314.60	30,848.46	1	7,137.71	10,137.55	1
2002	42,175.32	30,848.46	1	4,691.83	10,137.55	1
2003	42,747.66	30,848.46	1	4,484.29	10,137.55	1
2004	44,331.81	30,848.46	1	10,963.81	10,137.55	1
2005	46,988.63	40,031.46	6,957.17	10,858.32	10,137.55	720.77
2006	54,657.24	40,031.46	14,625.78	19,080.59	10,137.55	8,943.04
2007	59,746.93	40,031.46	19,715.47	13,869.79	10,137.55	3,732.24
2008	94,129.02	40,031.46	54,097.56	31,279.66	10,137.55	21,142.11
2009	91,650.97	67,213.46	24,437.51	11,360.58	10,137.55	1,223.03
2010	87,700.95	67,213.46	20,487.49	0.00	10,137.55	0.00
2011	87,907.83	67,213.46	20,694.37	0.00	10,137.55	0.00
2012	85,969.71	67,213.46	18,756.25	0.00	10,137.55	0.00
2013	104,329.93	67,213.46	37,116.47	0.00	10,137.55	0.00
2014	110,373.58	40,031.46	70,342.12	0.00	10,137.55	0.00
2015	109,138.38	40,031.46	69,106.92	0.00	10,137.55	0.00
2016	105,381.71	40,031.46	<u>65,350.25</u>	0.00	10,137.55	<u>0.00</u>
			421,687.36			35,761.19
	Accumulated Regular Excess		421,687.36			
	Accumulated Special Excess		<u>35,761.19</u>			
	Total Excess State Monies		457,448.55			
	Less amounts used to reduce Member Cont's <sup>2</sup>		<u>(69,858.00)</u>			
	Equals Current State Monies Reserve		\$387,590.55			

<sup>1</sup> \$54,897.97 in excess State monies used to fund improvement in Ordinance No. 05-1197.

<sup>2</sup> Since change was only effective for 4 years, not all prior Reserve was utilized.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	152,988.41	152,988.41
Total Cash and Equivalents	152,988.41	152,988.41
Receivables:		
Member Contributions in Transit	4,003.22	4,003.22
City Contributions in Transit	12,676.86	12,676.86
Investment Income	593.84	593.84
Total Receivable	17,273.92	17,273.92
Investments:		
Mutual Funds:		
Fixed Income	1,626,003.22	1,591,724.96
Equity	3,449,914.10	3,756,125.66
Total Investments	5,075,917.32	5,347,850.62
Total Assets	5,246,179.65	5,518,112.95
<u>LIABILITIES</u>		
Prepaid City Contribution	25,074.37	25,074.37
Total Liabilities	25,074.37	25,074.37
NET POSITION RESTRICTED FOR PENSIONS	5,221,105.28	5,493,038.58



STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2016  
Market Value Basis

ADDITIONS

Contributions:			
Member		108,783.85	
City		349,172.98	
State		105,381.71	
Total Contributions			563,338.54
Investment Income:			
Net Realized Gain (Loss)	414,801.34		
Unrealized Gain (Loss)	(149,209.21)		
Net Increase in Fair Value of Investments		265,592.13	
Interest & Dividends		239,757.09	
Less Investment Expense <sup>1</sup>		(33,149.96)	
Net Investment Income			472,199.26
Total Additions			1,035,537.80
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		510,140.04	
Refunds of Member Contributions		47,274.24	
Total Distributions			557,414.28
Administrative Expense			39,179.98
Total Deductions			596,594.26
Net Increase in Net Position			438,943.54
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			5,054,095.04
End of the Year			5,493,038.58

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION  
SEPTEMBER 30, 2016

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 five 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 <sup>1</sup>	
09/30/2012	15.09%	
09/30/2013	10.20%	
09/30/2014	12.42%	
09/30/2015	-0.70%	
09/30/2016	9.43%	
Annualized Rate of Return for prior five (5) years:		9.15%
(A) 10/01/2015 Actuarial Assets:		\$5,163,846.87
(I) Net Investment Income:		
1. Interest and Dividends	239,757.09	
2. Realized Gains (Losses)	414,801.34	
3. Change in Actuarial Value	(150,352.16)	
4. Investment Related Expenses	(33,149.96)	
Total		471,056.31
(B) 10/01/2016 Actuarial Assets:		\$5,601,647.46
Actuarial Asset Rate of Return = 2I/(A+B-I):		9.15%
10/01/2016 Limited Actuarial Assets:		\$5,601,647.46
10/01/2016 Market Value of Assets:		\$5,493,038.58
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$84,944.58

<sup>1</sup>Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 SEPTEMBER 30, 2016  
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	108,783.85	
City	349,172.98	
State	105,381.71	
Total Contributions		563,338.54
Earnings from Investments:		
Interest & Dividends	239,757.09	
Net Realized Gain (Loss)	414,801.34	
Change in Actuarial Value	(150,352.16)	
Total Earnings and Investment Gains		504,206.27
EXPENDITURES		
Distributions to Members:		
Benefit Payments	510,140.04	
Refunds of Member Contributions	47,274.24	
Total Distributions		557,414.28
Expenses:		
Investment related <sup>1</sup>	33,149.96	
Administrative	39,179.98	
Total Expenses		72,329.94
Change in Net Assets for the Year		437,800.59
Net Assets Beginning of the Year		5,163,846.87
Net Assets End of the Year <sup>2</sup>		5,601,647.46

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION  
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2016

(1) Total Required Contribution Rate	41.2%
(2) Pensionable Payroll Derived from Member Contributions	1,208,709.44
(3) Total Required Contribution (1) x (2)	497,988.29
(4) Less Actual Member Contributions	(108,783.85)
(5) Less Allowable State Contribution	<u>(40,031.46)</u>
(6) Equals Required City Contribution for Fiscal 2016	349,172.98
(7) Less 2015 Prepaid Contribution	(29,765.07)
(8) Less Actual City Contributions	<u>(344,482.28)</u>
(9) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2016	(25,074.37)

STATISTICAL DATA <sup>1</sup>

	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>
<u>Actives</u>				
Number	27	24	22	26
Average Current Age	33.4	33.0	32.2	33.5
Average Age at Employment	26.9	27.2	25.9	28.7
Average Past Service	6.5	5.8	6.3	4.8
Average Annual Salary	\$43,011	\$45,515	\$47,150	\$46,349
<u>Service Retirees</u>				
Number	12	12	14	14
Average Current Age	N/A	N/A	62.9	63.9
Average Annual Benefit	\$34,286	\$34,286	\$33,957	\$33,957
<u>Beneficiaries</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Disability Retirees</u>				
Number	2	2	2	2
Average Current Age	N/A	N/A	66.7	67.7
Average Annual Benefit	\$17,374	\$17,374	\$17,374	\$17,374
<u>Terminated Vested</u>				
Number	2	3	4	6
Average Current Age	N/A	N/A	35.3	36.4
Average Annual Benefit <sup>2</sup>	\$10,565	\$22,365	\$17,313	\$19,536

<sup>1</sup> Prior to 10/1/2014, averages were salary weighted.

<sup>2</sup> The Average Annual Benefit excludes participants 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	3	1	0	0	0	0	0	0	0	0	0	4
25 - 29	2	0	0	0	2	2	0	0	0	0	0	6
30 - 34	1	0	0	0	0	3	1	0	0	0	0	5
35 - 39	2	2	0	0	0	2	0	0	0	0	0	6
40 - 44	1	0	0	0	0	0	0	0	0	0	0	1
45 - 49	0	0	0	0	0	1	0	1	0	0	0	2
50 - 54	1	0	0	0	0	0	0	0	0	0	0	1
55 - 59	0	0	0	0	0	0	1	0	0	0	0	1
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	10	3	0	0	2	8	2	1	0	0	0	26

## VALUATION PARTICIPANT RECONCILIATION

### 1. Active lives

a. Number in prior valuation 10/1/2015	22
b. Terminations	
i. Vested (partial or full) with deferred benefits	(2)
ii. Non-vested or full lump sum distribution received	(4)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>0</u>
f. Continuing participants	16
g. New entrants	<u>10</u>
h. Total active life participants in valuation	26

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	<u>Vested Deferred</u>	<u>Total</u>
a. Number prior valuation	14	0	2	4	20
Retired	0	0	0	0	0
Vested Deferred	0	0	0	2	2
Death, With Survivor	0	0	0	0	0
Death, No Survivor	0	0	0	0	0
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	(1)	(1)
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
Hire/Term Same Year	0	0	0	1	1
b. Number current valuation	14	0	2	6	22

SUMMARY OF PLAN PROVISIONS  
FIREFIGHTERS' RETIREMENT TRUST FUND  
(Through Ordinance No. 13-1462)

<u>Eligibility</u>	Full-time employees who are classified as full-time certified firefighters shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Firefighter.
<u>Salary</u>	Total W-2 compensation plus tax exempt, tax sheltered, and tax deferred items of income, but excluding overtime in excess of 300 hours per year and lump sum sick and annual leave time in excess of the July 1, 2011 accruals.
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	9.00% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize any unfunded past service cost as provided in Part VII of Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of:  1) age 55 and 10 years of Credited Service, 2) age 52 and 25 years of Credited Service, or 3) age 60.
Benefit	3.20% of Average Final Compensation for each year of Credited Service earned prior to October 1, 2010.  plus  3.11% of Average Final Compensation for each year of Credited Service earned on and after October 1, 2010.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3.00% for each year prior to Normal Retirement.



### Vesting

Schedule	100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

### Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability but not less than 42% of Average Final Compensation (if Service Incurred).
Duration	Payable for life and ten years certain or until recovery (as determined by the Board). Options available.

### Death Benefits

Pre-Retirement	
Vested	Monthly accrued benefit payable to designated beneficiary for 10 years.
Non-Vested	Refund of accumulated contributions without interest.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

### Board of Trustees

Two Commission appointees, two Members of the Department elected by the membership, and a fifth Member elected by other 4 and appointed by the Commission.