

CITY OF HIALEAH
EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2015

CONTRIBUTIONS APPLICABLE TO
THE FISCAL YEAR ENDED SEPTEMBER 30, 2017



May 24, 2016

Board of Trustees
City of Hialeah
Employees' Retirement System
501 Palm Ave.
Hialeah, FL 33010

Re: City of Hialeah Employees' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Hialeah Employees' 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, and asset information supplied by the Board of Trustees and the City of Hialeah, 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.

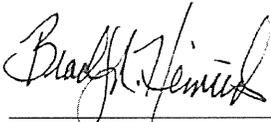
The undersigned is familiar with the immediate and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the 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 Hialeah, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Hialeah Employees' 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. Heinrich
Enrolled Actuary #14-6901

BRH/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Hialeah Employees' Retirement System, performed as of October 1, 2015, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the fiscal year ending September 30, 2017. The contributions have been developed assuming that the City will make their contribution on December 31, 2016.

The contribution requirements, compared with those developed in the October 1, 2014 valuation report, are as follows:

Valuation Date	10/1/2015	10/1/2014
Applicable Fiscal Year End	<u>9/30/2017</u>	<u>9/30/2016</u>
Total Required Contribution	\$31,891,639	\$28,666,866
% of Projected Annual Payroll	52.84%	46.42%
Less Member Contributions ²	2,232,230	2,189,403
% of Projected Annual Payroll	3.70%	3.55%
Equals Required City & State	29,659,409	26,477,463
% of Projected Annual Payroll	49.14%	42.87%
State Contribution ¹	461,877	461,877
% of Projected Annual Payroll	0.77%	0.77%
Balance from City ²	29,197,532	26,015,586
% of Projected Annual Payroll	48.37%	42.10%

¹ Represents the amount transferred from the Share Plan each year.

² The Member Contributions displayed above represent the expected Member Contributions to the Pension portion of the Retirement System during the respective plan years based upon the varying effective dates for each group. The City will be able to deduct the actual Member Contributions made to the Pension portion of the Retirement System (excluding buy backs) when determining their bottom line requirement.

Summary

As can be seen, the Total Required Contribution has increased when expressed as a percentage of Projected Annual Payroll. There are four primary reasons for this increase. First of all, each year there is an assumed improvement in the mortality rates. This assumption change increased the funding requirements by 0.11% of payroll. The second reason for the increase in the funding requirements when expressed as a percentage of payroll is that the amortization of the Unfunded Actuarial Accrued Liability was set to increase at 3.5% per year (the Payroll Growth assumption). Pensionable payroll actually decreased by 2.3% this year, so this amortization payment now represents a larger percentage of projected payroll. The third reason for the increase was a change to the previously mentioned payroll growth

assumption from 3.5% to 2.0% in conjunction with this report. This change increased the funding requirements by 4.0% of payroll. Lastly, there was net unfavorable actuarial experience during past year, as compared to the assumptions. The primary components of unfavorable experience included losses related to retirements being earlier than anticipated, lower than expected mortality and the fact that Members' Annuity Savings accounts were credited with 10.65% and the assumed rate is 8.0%. Partially offsetting these losses was the impact of an 8.7% return on the Actuarial Value of Assets exceeding the assumed rate and average increases in Pensionable Compensation being less than expected. Additionally, the City made a contribution of \$1,634,713 more than was actuarially required under the October 1, 2014 valuation assumptions. The reason for this is that the Division of Retirement had requested that the payroll growth assumption in the October 1, 2014 valuation be amended to 2.8% instead of 3.5%. The City agreed to contribute based upon the 2.8% assumption instead of the 3.5% assumption, even though the October 1, 2014 report was not amended. For more detail on the actuarial gains and losses over the past year, please see page 20. These actuarial losses increased the funding requirements by 0.55% of payroll.

Contributions as a % of Projected Payroll including DROP Members

As requested by the Board, we have calculated the required contribution from the City as a percentage of payroll including projected pay for members in the Deferred Retirement Option Program ("DROP"). While DROP members are employed by the City, they are considered retired members for purposes of the actuarial valuation since they are no longer contributing to the Retirement System and their benefits (which are no longer accruing) are being paid into DROP accounts for distribution after their employment ceases with the City. The required contributions from the City as a percent of payrolls inclusive of compensation to DROP members are 41.09% and 46.76% for fiscal years 2016 and 2017, respectively. Please note that these amounts are for informational purposes only.

Accumulated Annuity Savings Member Contributions

A portion of the Member contributions received by the Retirement System are used to fund the annuity portion of each Member's retirement allowance. Each such annuity may be taken as a lump sum at retirement and equals the actuarial equivalent of the member's accumulated contributions made to the Annuity Saving Fund (ASF). The actuarial accrued liability for this benefit for active members is set equal to their accumulated member contributions to the ASF. As of October 1, 2015, accumulated contributions to the ASF for all Members totaled \$112,961,669. Of this amount, accumulated active member contributions totaled \$69,489,725 and accumulated retiree contributions (including accumulated contributions for non-active, non-retired members) totaled \$43,471,943. The arithmetic average of the annual yields on the market value of assets for the period October 1, 2010 through September 30, 2015 is

8.63%. Therefore, accumulated member contribution and DROP accounts should be credited with interest at the rate of 8.63% for the 2015/2016 plan year.

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



By: _____
Patrick T. Donlan, ASA, EA, MAAA

PLAN CHANGES SINCE PRIOR VALUATION

There have been no plan changes since the prior valuation.

ACTUARIAL ASSUMPTION/METHOD CHANGES SINCE PRIOR VALUATION

The mortality assumption was amended because each year it is assumed that mortality improves. The impact of this change can be seen on Page 20. Because this assumption change is automatic each year, it is reflected in the middle column of pages 9, 10 and 11 of this report.

Additionally, as negotiated between the Board and the Division of Retirement, the payroll growth assumption utilized in amortizing the Unfunded Actuarial Accrued Liability was changed from 3.5% to 2.0% in this report. It will change to 1.0% in the October 1, 2016 report and 0.0% for the October 1, 2017 report and beyond. The left hand column of pages 9, 10 and 11 of this report reflect the new payroll growth assumption and the middle column reflects the prior payroll growth assumption.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS
Total Plan

	<u>New Assum</u> <u>10/1/2015</u>	<u>Prior Assum</u> <u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data			
Number Included			
Actives	1,030	1,030	1,091
Service Retirees	1,181	1,181	1,118
DROP Retirees	16	16	42
Beneficiaries	48	48	48
Terminated Vested	124	124	103
Disability Retirees	191	191	193
	<hr/>	<hr/>	<hr/>
Total	2,590	2,590	2,595
Total Annual Payroll	\$60,868,497	\$60,868,497	\$62,282,474
Payroll Under Assumed Ret. Age	60,354,627	60,354,627	61,751,067
Annual Rate of Payments to:			
Service Retirees	46,302,513	46,302,513	42,505,067
DROP Retirees	1,149,939	1,149,939	2,913,962
Beneficiaries	1,003,639	1,003,639	920,329
Terminated Vested	1,282,656	1,282,656	1,125,662
Disability Retirees	5,455,706	5,455,706	5,463,944
B. Assets			
Actuarial Value ¹	578,960,969	578,960,969	563,602,386
Market Value ¹	569,997,557	569,997,557	598,399,504
C. Liabilities			
Present Value of Benefits			
Active Members			
Retirement Benefits	239,462,148	239,462,148	238,990,639
Disability Benefits	13,246,978	13,246,978	13,520,600
Death Benefits	2,498,874	2,498,874	2,546,338
Vested Benefits	16,685,051	16,685,051	17,115,152
Refund of Contributions	166,672	166,672	140,129
Service Retirees	474,711,383	474,711,383	434,960,608
DROP Retirees ¹	16,597,604	16,597,604	40,489,868
Beneficiaries	5,871,727	5,871,727	5,742,077
Terminated Vested	7,662,397	7,662,397	6,724,949
Disability Retirees	41,040,579	41,040,579	42,011,501
Annuity Savings	69,489,725	69,489,725	65,975,171
	<hr/>	<hr/>	<hr/>
Total	887,433,138	887,433,138	868,217,032

C. Liabilities - (Continued)	Total Plan		<u>10/1/2014</u>
	<u>New Assum</u> <u>10/1/2015</u>	<u>Prior Assum</u> <u>10/1/2015</u>	
Present Value of Future Salaries	436,369,220	436,369,220	455,464,730
Normal Cost (Entry Age Normal)			
Retirement Benefits	7,041,036	7,041,036	7,224,262
Disability Benefits	802,468	802,468	821,217
Death Benefits	97,215	97,215	100,452
Vested Benefits	937,203	937,203	950,196
Refund of Contributions	9,719	9,719	8,037
Total Normal Cost	<u>8,887,641</u>	<u>8,887,641</u>	<u>9,104,164</u>
Present Value of Future Normal Costs	68,341,562	68,341,562	71,169,522
Actuarial Accrued Liability			
Retirement Benefits	185,549,818	185,549,818	182,738,761
Disability Benefits	7,217,078	7,217,078	7,211,144
Death Benefits	1,766,074	1,766,074	1,769,836
Vested Benefits	9,095,699	9,095,699	9,347,500
Refund of Contributions	89,492	89,492	76,095
Inactives ¹	545,883,690	545,883,690	529,929,003
Annuity Savings	69,489,725	69,489,725	65,975,171
Total Actuarial Accrued Liability	<u>819,091,576</u>	<u>819,091,576</u>	<u>797,047,510</u>
Unfunded Actuarial Accrued Liability	240,130,607	240,130,607	233,445,124
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives ¹	545,883,690	545,883,690	529,929,003
Actives	105,711,618	105,711,618	101,052,156
Member Contributions	69,489,725	69,489,725	65,975,171
Total	<u>721,085,033</u>	<u>721,085,033</u>	<u>696,956,330</u>
Non-vested Accrued Benefits	<u>42,434,272</u>	<u>42,434,272</u>	<u>45,025,346</u>
Total Present Value Accrued Benefits	763,519,305	763,519,305	741,981,676
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	0	969,505	
New Accrued Benefits	0	29,899,352	
Benefits Paid	0	(66,047,848)	
Interest	0	56,716,620	
Other	0	0	
Total:	<u>0</u>	<u>21,537,629</u>	

Valuation Date Applicable to Fiscal Year Ending	Total Plan		10/1/2014 <u>9/30/2016</u>
	New Assum 10/1/2015 <u>9/30/2017</u>	Prior Assum 10/1/2015 <u>9/30/2017</u>	
E. Pension Cost			
Normal Cost ²	\$9,785,121	\$9,785,121	\$10,023,509
% of Total Annual Payroll	16.21	16.21	16.23
Administrative Expense ²	-	-	-
% of Total Annual Payroll	0.00	0.00	0.00
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years ² (as of 10/1/2015)	22,106,518	19,696,550	18,643,357
% of Total Annual Payroll	36.63	32.63	30.19
Total Required Contribution	31,891,639	29,481,671	28,666,866
% of Total Annual Payroll	52.84	48.84	46.42
Expected Member Contributions	2,232,230	2,232,230	2,189,403
% of Total Annual Payroll	3.70	3.70	3.55
Expected City & Share Contribution	29,659,409	27,249,441	26,477,463
% of Total Annual Payroll	49.14	45.14	42.87

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
Total Required Contribution City and Share Requirement	28,342,329 26,210,070
Actual Contributions Made:	
Members	6,994,989
City	27,382,906
Share Plan	461,877
Total	<u>34,839,772</u>

G. Net Actuarial Gain (Loss) (5,251,366)

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances.

² Contributions developed as of 10/1/2014 and 10/1/2015 are adjusted for 15 months of interest.

Total Plan

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	240,130,607
2016	237,655,805
2017	234,549,310
2020	220,822,660
2030	158,981,068
2035	91,124,748
2045	0

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS
General Employees

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	538	578
Service Retirees	729	699
DROP Retirees	0	7
Beneficiaries	35	34
Terminated Vested	76	67
Disability Retirees	67	69
Total	<u>1,445</u>	<u>1,454</u>
Total Annual Payroll	\$24,014,383	\$24,744,960
Payroll Under Assumed Ret. Age	23,736,981	24,452,639
Annual Rate of Payments to:		
Service Retirees	23,082,136	21,889,489
DROP Retirees	0	377,885
Beneficiaries	581,048	594,756
Terminated Vested	630,783	632,604
Disability Retirees	1,148,961	1,169,886
B. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	77,496,460	76,438,680
Disability Benefits	3,266,325	3,318,330
Death Benefits	727,449	739,897
Vested Benefits	6,686,670	6,847,956
Refund of Contributions	0	0
Service Retirees	228,534,722	217,774,969
DROP Retirees ¹	0	5,197,549
Beneficiaries	3,350,009	3,568,465
Terminated Vested	4,250,918	4,253,935
Disability Retirees	8,465,984	8,810,596
Annuity Savings	24,427,542	23,192,080
Total	<u>357,206,079</u>	<u>350,142,457</u>

¹ Includes accumulated DROP balances.

General Employees

	<u>10/1/2015</u>	<u>10/1/2014</u>
B. Liabilities - (Continued)		
Present Value of Future Salaries	168,669,859	177,406,852
Normal Cost (Entry Age Normal)		
Retirement Benefits	2,295,966	2,384,433
Disability Benefits	171,010	179,339
Death Benefits	26,212	27,516
Vested Benefits	354,183	361,296
Refund of Contributions	0	0
Total Normal Cost	<u>2,847,371</u>	<u>2,952,584</u>
Present Value of Future Normal Costs	21,694,261	22,876,114
Actuarial Accrued Liability		
Retirement Benefits	60,174,037	58,144,698
Disability Benefits	2,047,980	2,019,541
Death Benefits	533,384	532,454
Vested Benefits	3,727,242	3,772,056
Refund of Contributions	0	0
Inactives	244,601,633	239,605,514
ASF Member Contributions	24,427,542	23,192,080
Total Actuarial Accrued Liability	<u>335,511,818</u>	<u>327,266,343</u>

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS
Police Officers & Firefighters

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	492	513
Service Retirees	452	419
DROP Retirees	16	35
Beneficiaries	13	14
Terminated Vested	48	36
Disability Retirees	124	124
Total	<u>1,145</u>	<u>1,141</u>
Total Annual Payroll	\$36,854,114	37,537,514
Payroll Under Assumed Ret. Age	36,617,646	37,298,428
Annual Rate of Payments to:		
Service Retirees	23,220,377	20,615,578
DROP Retirees	1,149,939	2,536,077
Beneficiaries	422,591	325,573
Terminated Vested	651,873	493,058
Disability Retirees	4,306,745	4,294,058
B. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	161,965,688	162,551,959
Disability Benefits	9,980,653	10,202,270
Death Benefits	1,771,425	1,806,441
Vested Benefits	9,998,381	10,267,196
Refund of Contributions	166,672	140,129
Service Retirees	246,176,661	217,185,639
DROP Retirees ¹	16,597,604	35,292,319
Beneficiaries	2,521,718	2,173,612
Terminated Vested	3,411,479	2,471,014
Disability Retirees	32,574,595	33,200,905
Annuity Savings	45,062,183	42,783,092
Total	<u>530,227,059</u>	<u>518,074,576</u>

¹ Includes accumulated DROP balances.

Police Officers & Firefighters

	<u>10/1/2015</u>	<u>10/1/2014</u>
B. Liabilities - (Continued)		
Present Value of Future Salaries	267,699,361	278,057,878
Normal Cost (Entry Age Normal)		
Retirement Benefits	4,745,070	4,839,829
Disability Benefits	631,458	641,878
Death Benefits	71,003	72,936
Vested Benefits	583,020	588,900
Refund of Contributions	9,719	8,037
Total Normal Cost	<u>6,040,270</u>	<u>6,151,580</u>
Present Value of Future Normal Costs	46,647,301	48,293,408
Actuarial Accrued Liability		
Retirement Benefits	125,375,781	124,594,063
Disability Benefits	5,169,098	5,191,603
Death Benefits	1,232,690	1,237,382
Vested Benefits	5,368,457	5,575,444
Refund of Contributions	89,492	76,095
Inactives	301,282,057	290,323,489
ASF Member Contributions	45,062,183	42,783,092
Total Actuarial Accrued Liability	<u>483,579,758</u>	<u>469,781,168</u>

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
(New Payroll Growth Assumption)

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$233,445,124
(2) Expected UAAL as of October 1, 2015	233,832,649
(3) New UAAL Due to Assumption Change	1,046,592
(4) New UAAL Due to Actuarial (Gain)/Loss	5,251,366
(5) Total UAAL as of October 1, 2015	240,130,607

	Date Established	Years Remaining	10/1/2015 Amount	Amortization Amount
Experience Loss	10/1/1993	8	628,961	95,213
Experience Gain	10/1/1994	9	(325,513)	(44,968)
Experience Loss	10/1/1995	10	1,389,673	177,330
Experience Gain	10/1/1996	11	(1,858,528)	(221,219)
Experience Gain	10/1/1997	12	(8,311,078)	(930,218)
Experience Gain	10/1/1998	13	(16,210,003)	(1,717,492)
Experience Gain	10/1/1999	14	(4,290,422)	(432,771)
Experience Gain	10/1/2000	15	(14,461,278)	(1,395,463)
Experience Loss	10/1/2001	16	25,139,073	2,330,423
Experience Loss	10/1/2002	17	24,659,382	2,204,083
Experience Loss	10/1/2003	18	33,773,049	2,919,905
Experience Loss	10/1/2004	19	7,951,442	666,849
Experience Gain	10/1/2005	20	(2,940,900)	(239,849)
Experience Loss	10/1/2006	21	38,240,304	3,039,703
Experience Loss	10/1/2007	22	16,025,417	1,244,077
Experience Loss	10/1/2008	23	33,078,864	2,512,496
Experience Loss	10/1/2009	24	30,340,767	2,258,454
Experience Loss	10/1/2010	25	35,193,451	2,571,125
Experience Loss	10/1/2011	26	24,951,715	1,791,541
Experience Loss	10/1/2012	27	30,328,521	2,142,788
Assumption Change	10/1/1994	9	5,009,251	691,999
Assumption Change	10/1/2003	18	(8,963,298)	(774,937)
Assumption Change	10/1/2006	21	(8,238,661)	(654,887)
Assumption Change	10/1/2007	22	3,939,614	305,838
Assumption Change	10/1/2008	23	709,922	53,922
Assumption Change	10/1/2011	26	8,824,815	633,624
Assumption Change	10/1/2012	27	970,155	68,544
Plan Amendment	10/1/1990	5	6,319,716	1,412,397
Plan Amendment	10/1/1991	6	786,552	150,511
Plan Amendment	10/1/1992	7	12,996,496	2,189,602
Plan Amendment	10/1/2004	19	2,880,163	241,545
Method Change	10/1/2005	20	(27,986,444)	(2,282,471)
Method Change	10/1/2006	21	(20,496,804)	(1,629,281)
Plan Amendment	10/1/2012	27	3,650,823	257,940
Assumption Change	10/1/2013	28	1,002,393	69,768
Experience Loss	10/1/2013	28	6,268,132	436,273
Plan Amendment	10/1/2013	28	133,680	9,304
Assumption Change	10/1/2014	29	1,027,504	70,526
Experience Gain	10/1/2014	29	(8,304,257)	(569,985)
Assumption Change	10/1/2015	30	1,046,592	70,908
Experience Loss	10/1/2015	30	5,251,366	355,787
			240,130,607	20,078,934

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES
(Old Payroll Growth Assumption)

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$233,445,124
(2) Expected UAAL as of October 1, 2015	233,832,649
(3) New UAAL Due to Assumption Change	1,046,592
(4) New UAAL Due to Actuarial (Gain)/Loss	5,251,366
(5) Total UAAL as of October 1, 2015	240,130,607

	Date Established	Years Remaining	10/1/2015 Amount	Amortization Amount
Experience Loss	10/1/1993	8	628,961	90,816
Experience Gain	10/1/1994	9	(325,513)	(42,623)
Experience Loss	10/1/1995	10	1,389,673	167,051
Experience Gain	10/1/1996	11	(1,858,528)	(207,142)
Experience Gain	10/1/1997	12	(8,311,078)	(865,880)
Experience Gain	10/1/1998	13	(16,210,003)	(1,589,453)
Experience Gain	10/1/1999	14	(4,290,422)	(398,237)
Experience Gain	10/1/2000	15	(14,461,278)	(1,276,974)
Experience Loss	10/1/2001	16	25,139,073	2,120,942
Experience Loss	10/1/2002	17	24,659,382	1,995,270
Experience Loss	10/1/2003	18	33,773,049	2,629,488
Experience Loss	10/1/2004	19	7,951,442	597,458
Experience Gain	10/1/2005	20	(2,940,900)	(213,817)
Experience Loss	10/1/2006	21	38,240,304	2,696,555
Experience Loss	10/1/2007	22	16,025,417	1,098,362
Experience Loss	10/1/2008	23	33,078,864	2,207,854
Experience Loss	10/1/2009	24	30,340,767	1,975,555
Experience Loss	10/1/2010	25	35,193,451	2,239,029
Experience Loss	10/1/2011	26	24,951,715	1,553,342
Experience Loss	10/1/2012	27	30,328,521	1,849,983
Assumption Change	10/1/1994	9	5,009,251	655,911
Assumption Change	10/1/2003	18	(8,963,298)	(697,861)
Assumption Change	10/1/2006	21	(8,238,661)	(580,958)
Assumption Change	10/1/2007	22	3,939,614	270,016
Assumption Change	10/1/2008	23	709,922	47,384
Assumption Change	10/1/2011	26	8,824,815	549,379
Assumption Change	10/1/2012	27	970,155	59,178
Plan Amendment	10/1/1990	5	6,319,716	1,373,751
Plan Amendment	10/1/1991	6	786,552	145,425
Plan Amendment	10/1/1992	7	12,996,496	2,101,872
Plan Amendment	10/1/2004	19	2,880,163	216,410
Method Change	10/1/2005	20	(27,986,444)	(2,034,747)
Method Change	10/1/2006	21	(20,496,804)	(1,445,353)
Plan Amendment	10/1/2012	27	3,650,823	222,693
Assumption Change	10/1/2013	28	1,002,393	59,985
Experience Loss	10/1/2013	28	6,268,132	375,093
Plan Amendment	10/1/2013	28	133,680	8,000
Assumption Change	10/1/2014	29	1,027,504	60,390
Experience Gain	10/1/2014	29	(8,304,257)	(488,067)
Assumption Change	10/1/2015	30	1,046,592	60,477
Experience Loss	10/1/2015	30	5,251,366	303,448
			240,130,607	17,890,005

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	233,445,124	
(2)	Expected UAAL as of October 1, 2015	233,832,649	
(3)	Summary of Actuarial (Gain)/Loss, by component:		Approximate Impact On Funding Requirements (Prior to Payroll Growth Change) (% of Payroll)
	Investment Return (Actuarial Asset Basis) ¹	(2,808,178)	-0.30%
	Active Decrements (excluding mortality) ²	5,927,103	0.62%
	New Retirees (data correction)	64,434	0.01%
	Mortality (active and inactive)	1,449,922	0.15%
	Salary Increases	(973,144)	-0.10%
	(Gain)/Loss on Member Contribution Accounts ³	2,894,861	0.31%
	Excess City Contribution (Required by Division of Retirement)	(1,634,713)	-0.17%
	Other	331,081	0.03%
	Change in UAAL due to (Gain)/Loss	5,251,366	0.55%
	Mortality Assumption Change	1,046,592	0.11%
(4)	Actual UAAL as of October 1, 2014	240,130,607	

¹ The actual return on the Market Value of Assets was 0.5% versus an expected 8.0%. This loss will be recognized over a 5 year period. The return on the Actuarial Value of Assets considers the gains and losses realized over the last 5 years. This return on the Actuarial Value of Assets was 8.5% and exceeded the 8.0% assumed rate.

² This loss is partially attributable to Members buying time to reach Normal Retirement as well as the fact that more Members retired earlier than expected during the past year.

³ Actual interest credited to employee contributions versus an assumed return of 8.0%.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Cash and Short Term Investments	46,725,292	46,725,292
Total Cash and Equivalents	46,725,292	46,725,292
Receivables:		
Contributions	17,044,471	17,044,471
Other Receivables	58,557	58,557
From Broker for Investments Sold	422,236	422,236
Investment Income	1,418,390	1,418,390
Total Receivable	18,943,654	18,943,654
Investments:		
U. S. Bonds and Bills	51,326,858	51,326,858
Federal Agency Guaranteed Securities	86,048,302	86,048,302
Corporate Bonds	11,338,769	11,338,769
Municipal Obligations	12,083,412	12,083,412
Stocks	283,608,020	283,608,020
Limited Partnership	1,001,915	1,001,915
Mutual Funds	7,559,208	7,559,208
Real Estate Investment Trust	84,683,542	84,683,542
Total Investments	537,650,026	537,650,026
Loans to Members	10,606,075	10,606,075
Total Assets	613,925,047	613,925,047
<u>LIABILITIES</u>		
Payables:		
Accounts Payable and Accrued Expenses	13,835	13,835
To Broker for Investments Purchased	441,712	441,712
Annuity Reserve Fund for Retired Members	43,471,943	43,471,943
Total Liabilities	43,927,490	43,927,490
NET POSITION RESTRICTED FOR PENSIONS	569,997,557	569,997,557

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

ADDITIONS

Contributions:		
Member to Pension Reserve	2,132,259	
Buy-Back	975,579	
City	27,382,906	
Member to Annuity Savings	3,887,151	
State	461,877	
 Total Contributions		 34,839,772
Investment Income:		
Net Increase in Fair Value of Investments	(9,421,223)	
Interest & Dividends	13,637,019	
Less Investment Expense ¹	(1,334,309)	
 Net Investment Income		 2,881,487
 Total Additions		 37,721,259
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments	51,621,289	
Lump Sum DROP Distributions	3,703,292	
Refunds of Member Contributions	10,723,267	
 Total Distributions		 66,047,848
 Administrative Expense		 0
 Total Deductions		 66,047,848
 Net Increase in Net Position		 (28,326,589)
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		598,324,146
 End of the Year		 569,997,557

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

ACTUARIAL ASSET VALUATION
September 30, 2015

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/(Loss)	<u>Gains/(Losses) Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2015	2016	2017	2018	2019
09/30/2011	(34,032,158)	0	0	0	0	0
09/30/2012	42,564,174	8,512,835	0	0	0	0
09/30/2013	25,240,867	10,096,347	5,048,173	0	0	0
09/30/2014	11,791,700	7,075,020	4,716,680	2,358,340	0	0
09/30/2015	(43,309,518)	(34,647,614)	(25,985,711)	(17,323,807)	(8,661,904)	0
Total		(8,963,412)	(16,220,858)	(14,965,467)	(8,661,904)	0

<u>Development of Investment Gain/(Loss)</u>	
Market Value of Assets, including DROP and ARF, 09/30/2014	598,324,146
Contributions	34,839,772
Benefit Payments & Admin Expenses	(66,047,848)
Expected Investment Earnings*	46,191,005
Actual Net Investment Earnings	2,881,487
2015 Actuarial Investment Gain/(Loss)	<u>(43,309,518)</u>

*Expected Investment Earnings = $0.08 * 598,324,146 + (27,324,349 + 461,877) * ((1.08)^{.75} - 1) + (2,132,259 + 975,579 + 3,887,151) * ((1.08)^{.5} - 1) - 66,047,848 * ((1.08)^{.5} - 1)$

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, 09/30/2015	569,997,557
(2) Gains/(Losses) Not Yet Recognized	(8,963,412)
(3) Actuarial Value of Assets, 09/30/2015, (1) - (2)	<u>578,960,969</u>
(A) 09/30/2014 Actuarial Assets, including DROP:	563,527,028
(I) Net Investment Income:	
1. Interest and Dividends	13,637,019
2. Change in Actuarial Value	34,339,307
3. Investment Expenses	(1,334,309)
Total	<u>46,642,017</u>
(B) 09/30/2015 Actuarial Assets, including DROP:	578,960,969
Actuarial Asset Rate of Return = $2I/(A+B-I)$:	8.51%
Market Value of Assets Rate of Return:	0.46%
10/01/2015 Limited Actuarial Assets:	578,960,969
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	2,808,178

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

REVENUES

Contributions:		
Member to Pension Reserve	2,132,259	
Buy-Back	975,579	
City	27,382,906	
Member to Annuity Savings	3,887,151	
State	461,877	
 Total Contributions		 34,839,772
Earnings from Investments:		
Interest & Dividends	13,637,019	
Change in Actuarial Value	34,339,307	
 Total Earnings and Investment Gains		 47,976,326

EXPENDITURES

Distributions to Members:		
Benefit Payments	51,621,289	
Lump Sum DROP Distributions	3,703,292	
Refunds of Member Contributions	10,723,267	
 Total Distributions		 66,047,848
Expenses:		
Investment related ¹	1,334,309	
Administrative	0	
 Total Expenses		 1,334,309
 Change in Net Assets for the Year		 15,433,941
 Net Assets Beginning of the Year		 563,527,028
 Net Assets End of the Year ²		 578,960,969

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

²Net Assets may be limited for actuarial consideration.

HISTORICAL ASSET INFORMATION

Plan Year Beg.	Market Value as of <u>October 1</u>	Actuarial Value as of <u>October 1</u>	Benefit Payments Including Refunds	Admin. Expenses	City and Member Contributions	Market Value Return	Actuarial Value Return	5-Yr Avg Market Value Return ¹
2002	402,138,764	452,978,637	34,633,468	0	13,166,091	14.92%	1.87%	5.88%
2003	439,086,771	439,793,566	38,269,509	0	15,762,562	10.26%	5.84%	5.44%
2004	460,467,837	442,293,992	37,862,782	0	20,143,384	9.54%	8.66%	4.70%
2005	485,852,494	462,096,761	39,774,335	0	21,394,652	7.39%	12.54%	7.39%
2006	502,694,862	500,501,443	42,212,123	0	20,361,974	11.97%	9.02%	10.82%
2007	539,707,290	522,796,029	46,565,110	0	24,238,313	-11.29%	5.01%	5.57%
2008	457,700,275	526,091,435	42,228,083	0	26,212,878	4.12%	4.22%	4.35%
2009	460,192,910	531,939,481	58,831,319	0	26,378,462	10.55%	4.14%	4.55%
2010	474,586,014	520,812,767	52,358,388	0	28,774,094	1.55%	2.85%	3.38%
2011	458,164,049	511,757,155	53,688,160	0	30,692,390	18.60%	3.69%	4.71%
2012	518,259,961	507,232,353	55,971,498	0	30,615,200	12.64%	8.80%	9.49%
2013 ²	608,462,135	575,310,893	63,299,504	0	32,602,743	9.89%	10.94%	10.65%
2014 ³	598,324,146	563,527,028	66,047,848	0	34,377,895	0.46%	8.66%	8.63%
2015 ³	569,997,557	578,960,969						

¹ Credited rate of return on accumulated member contributions and DROP accounts for ensuing plan year.

² 10/1/13 assets include DROP and ARF Reserves.

³ 10/1/14 & 10/1/15 assets include DROP, but not ARF Reserve.

**Age - Service - Salary Table
(All Active Members)**

Age	Credited Service									Total
	<1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35+	
< 25	5	14	1							20
Avg. Pay	\$32,521	\$40,874	\$36,740							\$38,579
25 - 29	15	48	27	1						91
Avg. Pay	\$39,390	\$40,187	\$50,287	\$73,272						\$43,416
30 - 34	3	27	65	48						143
Avg. Pay	\$44,332	\$37,670	\$49,298	\$57,303						\$49,685
35 - 39	1	10	28	69	31	1				140
Avg. Pay	\$34,476	\$36,181	\$52,793	\$66,583	\$66,327	\$47,776				\$61,233
40 - 44	1	7	36	55	65	29				193
Avg. Pay	\$23,946	\$39,048	\$47,887	\$64,894	\$66,934	\$73,657				\$62,576
45 - 49	2	1	23	48	40	36	1			151
Avg. Pay	\$23,946	\$24,178	\$46,263	\$58,136	\$71,583	\$84,369	\$81,880			\$65,623
50 - 54		15	28	47	33	33	4	1		161
Avg. Pay		\$25,688	\$39,694	\$48,183	\$62,454	\$82,412	\$104,645	\$85,647		\$56,187
55 - 59		5	8	17	24	11	3			68
Avg. Pay		\$40,385	\$32,271	\$52,890	\$53,812	\$77,590	\$83,501			\$55,216
60 - 64		4	11	12	10	2	1	1		41
Avg. Pay		\$22,585	\$37,996	\$34,732	\$51,140	\$74,887	\$72,388	\$75,463		\$42,295
65 - 69			6	4	3	1			1	15
Avg. Pay			\$35,864	\$41,624	\$95,092	\$54,566			\$67,811	\$52,622
70+			1	2	3	1				7
Avg. Pay			\$11,681	\$33,357	\$36,876	\$48,540				\$33,937
Total	27	131	234	303	209	114	9	2	1	1030
	\$36,769	\$37,063	\$46,494	\$58,058	\$64,737	\$79,360	\$91,483	\$80,555	\$67,811	\$56,260

**ACTIVE DATA
(General Employees)**

Historical Average Age & Service

Valuation Date	Average Service Earned	Average Attained Age	Valuation Date	Average Service Earned	Average Attained Age
10/1/2004	8.6	43.2	10/1/2010	10.6	45.0
10/1/2005	9.0	43.9	10/1/2011	10.9	44.9
10/1/2006	9.9	44.6	10/1/2012	11.3	45.0
10/1/2007	10.1	45.0	10/1/2013	9.8	45.5
10/1/2008	10.3	45.6	10/1/2014	10.4	45.8
10/1/2009	10.8	45.6	10/1/2015	11.1	46.2

Historical Individual Salary Increases

Valuation Date	Average Salary	Actual Salary Increase	Valuation Date	Average Salary	Actual Salary Increase	Assumed Salary Increase
10/1/2004	33,331	4.05%	10/1/2010	42,405	3.43%	6.39%
10/1/2005	36,144	12.91%	10/1/2011	37,130	-8.53%	6.42%
10/1/2006	34,069	6.19%	10/1/2012	36,908	6.29%	6.39%
10/1/2007	37,639	10.52%	10/1/2013	40,260	11.74%	9.50%
10/1/2008	40,044	8.37%	10/1/2014	40,731	1.81%	0.00%
10/1/2009	42,393	8.58%	10/1/2015	42,488	5.51%	5.11%

**Age - Service - Salary Table
(General Employees)**

Credited Service										
Age	<1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35+	Total
< 25	2	4	1							7
Avg. Pay	\$24,960	\$28,779	\$36,740							\$28,825
25 - 29	1	22	10							33
Avg. Pay	\$23,946	\$30,331	\$37,852							\$32,417
30 - 34		15	32	19						66
Avg. Pay		\$29,529	\$35,367	\$39,561						\$35,247
35 - 39		7	11	23	15	1				57
Avg. Pay		\$29,881	\$36,300	\$50,374	\$51,507	\$47,776				\$45,394
40 - 44	1	6	21	16	29	13				86
Avg. Pay	\$23,946	\$36,315	\$36,694	\$46,032	\$51,423	\$56,382				\$46,199
45 - 49	2	1	16	23	18	11				71
Avg. Pay	\$23,946	\$24,178	\$39,651	\$42,667	\$55,038	\$58,721				\$46,823
50 - 54		15	25	39	20	8				107
Avg. Pay		\$25,688	\$36,504	\$42,934	\$51,446	\$60,890				\$41,948
55 - 59		5	8	14	21	3	1			52
Avg. Pay		\$40,385	\$32,271	\$49,528	\$47,444	\$67,681	\$65,221			\$46,501
60 - 64		4	11	12	10	1				38
Avg. Pay		\$22,585	\$37,996	\$34,732	\$51,140	\$73,456				\$39,735
65 - 69			6	4	3	1				14
Avg. Pay			\$35,864	\$41,624	\$95,092	\$54,566				\$51,537
70+			1	2	3	1				7
Avg. Pay			\$11,681	\$33,357	\$36,876	\$48,540				\$33,937
Total	6	79	142	152	119	39	1			538
	\$24,284	\$29,799	\$36,386	\$43,723	\$51,993	\$58,805	\$65,221			\$42,488

ACTIVE DATA
(Police Officers & Firefighters)

Historical Average Age & Service

<u>Valuation Date</u>	<u>Average Service Earned</u>	<u>Average Attained Age</u>	<u>Valuation Date</u>	<u>Average Service Earned</u>	<u>Average Attained Age</u>
10/1/2004	10.2	37.0	10/1/2010	11.2	39.1
10/1/2005	10.0	36.7	10/1/2011	11.2	39.2
10/1/2006	10.3	37.7	10/1/2012	12.0	39.5
10/1/2007	9.8	37.3	10/1/2013	11.9	39.9
10/1/2008	10.6	38.3	10/1/2014	12.0	39.9
10/1/2009	11.0	38.8	10/1/2015	12.3	40.3

Historical Individual Salary Increases

<u>Valuation Date</u>	<u>Average Salary</u>	<u>Actual Salary Increase</u>	<u>Valuation Date</u>	<u>Average Salary</u>	<u>Actual Salary Increase</u>	<u>Assumed Salary Increase</u>
10/1/2004	50,526	3.47%	10/1/2010	64,725	5.32%	7.60%
10/1/2005	52,680	11.42%	10/1/2011	63,757	1.38%	7.64%
10/1/2006	52,203	9.33%	10/1/2012	69,104	2.36%	7.61%
10/1/2007	54,530	11.26%	10/1/2013	69,666	1.98%	0.00%
10/1/2008	60,048	8.50%	10/1/2014	69,589	2.25%	4.95%
10/1/2009	62,564	7.09%	10/1/2015	71,321	4.79%	5.15%

**Age - Service - Salary Table
(Police Officers and Firefighters)**

Credited Service										
Age	<1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35+	Total
< 25	3	10								13
Avg. Pay	\$37,561	\$45,712								\$43,831
25 - 29	14	26	17	1						58
Avg. Pay	\$40,493	\$48,526	\$57,602	\$73,272						\$49,674
30 - 34	3	12	33	29						77
Avg. Pay	\$44,332	\$47,847	\$62,807	\$68,927						\$62,061
35 - 39	1	3	17	46	16					83
Avg. Pay	\$34,476	\$50,880	\$63,466	\$74,687	\$80,222					\$72,111
40 - 44		1	15	39	36	16				107
Avg. Pay		\$55,450	\$63,558	\$72,633	\$79,429	\$87,692				\$75,739
45 - 49			7	25	22	25	1			80
Avg. Pay			\$61,376	\$72,367	\$85,120	\$95,653	\$81,880			\$82,308
50 - 54			3	8	13	25	4	1		54
Avg. Pay			\$66,275	\$73,772	\$79,388	\$89,299	\$104,645	\$85,647		\$84,403
55 - 59				3	3	8	2			16
Avg. Pay				\$68,583	\$98,390	\$81,306	\$92,641			\$83,541
60 - 64						1	1	1		3
Avg. Pay						\$76,318	\$72,388	\$75,463		\$74,723
65 - 69									1	1
Avg. Pay									\$67,811	\$67,811
70+										
Avg. Pay										
Total	21	52	92	151	90	75	8	2	1	492
	\$40,336	\$48,097	\$62,094	\$72,487	\$81,587	\$90,049	\$94,766	\$80,555	\$67,811	\$71,321

**DATA RECONCILIATION
(Total Plan)**

	<u>Active</u>	<u>Retired</u>	<u>DROP</u>	<u>Beneficiary</u>	<u>Vested</u>	<u>Disabled</u>	<u>Totals</u>
Prior Year	1,091	1,118	42	48	103	193	2,595
Active							0
To Retiree	(41)	41					0
To DROP Retiree	(7)		7				0
To Vested	(16)				16		0
To Waiting for Refund	(8)				8		0
To Disabled Retiree	(1)					1	0
To Beneficiary	(3)			3			0
To NonVested Term	(19)						(19)
Retiree							0
To Death (No Benefits)		(17)					(17)
To Beneficiary		(1)		1			0
DROP Retiree							0
To Retiree		33	(33)				0
Beneficiary							0
To Death (No Benefits)				(4)			(4)
Vested							0
To Retiree		6			(6)		0
Disabled Retiree							0
To Death (No Benefits)						(4)	(4)
To Beneficiary				1			1
NonVested Term							0
To Active							0
To Vested							0
Additions	34	1			3		38
Reclassified as Disability				(1)		1	0
Current Year	1,030	1,181	16	48	124	191	2,590

**DATA RECONCILIATION
(General Employees)**

	<u>Active</u>	<u>Retiree</u>	<u>DROP</u>	<u>Beneficiary</u>	<u>Vested</u>	<u>Disabled</u>	<u>Totals</u>
Prior Year	578	699	7	34	67	69	1,454
Active							0
To Retiree	(28)	28					0
To TV	(7)				7		0
To Waiting for Refund	(5)				5		0
To Beneficiary	(3)			3			0
To NonVested Term	(3)						(3)
Retiree							0
To Death (No Benefits)		(10)					(10)
To Beneficiary		(1)		1			0
DROP Retiree							0
To Retiree		7	(7)				0
Beneficiary							0
To Death				(3)			(3)
TV							0
To Retiree		5			(5)		0
Disabled Retiree							0
To Death (No Benefits)						(2)	(2)
To Beneficiary							0
Additions	8	1			2		11
Departures to Police & Fire	(2)						(2)
Current Year	538	729	0	35	76	67	1,445

**DATA RECONCILIATION
(Police Officers & Firefighters)**

	<u>Active</u>	<u>Retired</u>	<u>DROP</u>	<u>Beneficiary</u>	<u>Vested</u>	<u>Disabled</u>	<u>Totals</u>
Prior Year	513	419	35	14	36	124	1,141
Active							0
To Retiree	(13)	13					0
To DROP Retiree	(7)		7				0
To Vested	(9)				9		0
To Waiting for Refund	(3)				3		0
To Disabled Retiree	(1)					1	0
To NonVested Term	(16)						(16)
Retiree							0
To Death (No Benefits)		(7)					(7)
To Beneficiary							0
DROP Retiree							0
To Retiree		26	(26)				0
Beneficiary							0
To Death (No Benefits)				(1)			(1)
Vested							0
To Retiree		1			(1)		0
Disabled Retiree							0
To Death (No Benefits)						(2)	(2)
To Beneficiary				1			1
NonVested Term							0
To Active							0
To Vested							0
Additions	30				1		31
Reclassified as Disability				(1)		1	0
Departures To General	(2)						(2)
Current Year	492	452	16	13	48	124	1,145

ACTUARIAL ASSUMPTIONS AND METHODS

1. Actuarial Cost Method

The entry age normal cost method was used to determine all liabilities, except that the liability associated with member contributions has been assumed to be equal to those contributions.

Prior to October 1, 1998, fiscal year City contributions made in excess of required valuation year contributions were credited to the temporary funding credit.

Beginning October 1, 1998, fiscal year contributions made in excess of required valuation year contributions are included in the experience gain or loss for the year. Experience gains and losses are amortized over a 15-year period.

Beginning October 1, 2007, the method of amortizing experience gains and losses of the System was changed from a 15-year to a 30-year level dollar method. The amortization amounts for outstanding gain and loss bases as of October 1, 2007 were recalculated to extend the amortization period an additional 15 years (for a total of 30 years).

Beginning October 1, 2008, the method of amortizing all outstanding unfunded liability bases was changed from a level dollar method to an increasing amortization based on a level percent of payroll. The aggregate payroll is assumed to increase at 4.0% per year, limited to average payroll growth for the previous 10 years.

Beginning October 1, 2011, the method of amortizing all outstanding unfunded liability bases was changed to an increasing amortization based on a level percent of payroll where the aggregate payroll is assumed to increase at 3.5% per year.

2. Decrements

- **Pre-Retirement Mortality**
RP-2000 Combined Mortality Table with a blue collar adjustment projected 15 years from valuation date.
- **Post-Retirement Healthy Mortality**
RP-2000 Combined Mortality Table with a blue collar adjustment projected 7 years from valuation date.
- **Post-Retirement Disabled Mortality**
RP-2000 Disabled Mortality Table
- **Disability (General Employees)**
Representative values of the assumed annual rates of disability among General employee members in active service are set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.024%	35	0.104%	50	0.360%	65	0.784%
25	0.040%	40	0.152%	55	0.608%	70	0.688%
30	0.056%	45	0.224%	60	0.880%	75	0.592%

- **Disability (Police Officers and Firefighters)**

85% of all disabilities are assumed to be in the line of duty and 15% are assumed not to be in the line of duty. Representative values of the assumed annual rates of disability among Police Officer and Firefighter members in active service are set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.096%	35	0.248%	50	0.896%	65	2.192%
25	0.120%	40	0.384%	55	1.328%	70	2.624%
30	0.152%	45	0.584%	60	1.760%	75	3.056%

- **Permanent Withdrawal from Active Status (used for members with less than six years of service)**

Representative values of the assumed annual rates of withdrawal among members in active service who have less than six years of service are set forth in the following tables:

General Employees

Years of Service	Rate
0	12.5%
1	12.5%
2	7.5%
3	7.5%
4	7.5%
5	7.5%

Police Officers

Years of Service	Rate
0	12.0%
1	12.0%
2	9.0%
3	7.5%
4	6.0%
5	5.0%

Firefighters

Years of Service	Rate
0	12.5%
1	9.5%
2	5.0%
3	4.0%
4	3.0%
5	2.5%

- **Permanent Withdrawal from Active Status (used for members with at least six years of service)**

Representative values of the assumed annual rates of withdrawal among members in active service who have at least six years of service are set forth in the following tables:

General Employees

Age	Rate
25	5.0%
30	5.0%
35	5.0%
40	5.0%
45	5.0%
50	5.0%
55	3.0%
60	2.0%

Police Officers

Age	Rate
25	5.0%
30	4.5%
35	4.0%
40	4.0%
45	4.0%
50	1.0%
55	1.0%
60	1.0%

Firefighters

Age	Rate
25	2.0%
30	2.0%
35	2.0%
40	2.0%
45	2.0%
50	1.0%
55	1.0%
60	1.0%

- **Retirement (General Employees)**

Representative values of the assumed annual rates of retirement among eligible General Employee members are shown in the tables below:

a) General Employees with less than 25 years of eligible service:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
45	0%	52	5%	59	15%	66	25%
46	0%	53	5%	60	15%	67	35%
47	0%	54	5%	61	5%	68	45%
48	0%	55	15%	62	15%	69	85%
49	0%	56	15%	63	5%	70	100%
50	10%	57	15%	64	5%		
51	5%	58	15%	65	75%		

b) General Employees with 25 years of eligible service:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
45	0%	52	30%	59	40%	66	50%
46	0%	53	30%	60	40%	67	60%
47	0%	54	30%	61	40%	68	70%
48	0%	55	40%	62	50%	69	80%
49	0%	56	40%	63	30%	70	100%
50	50%	57	40%	64	30%		
51	30%	58	40%	65	80%		

c) General Employees with more than 25 years of eligible service:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
45	0%	52	10%	59	20%	66	30%
46	0%	53	10%	60	20%	67	40%
47	0%	54	10%	61	10%	68	50%
48	0%	55	20%	62	20%	69	90%
49	0%	56	20%	63	10%	70	100%
50	15%	57	20%	64	10%		
51	10%	58	20%	65	80%		

- **Retirement (Police Officers and Firefighters)**

Representative values of the assumed annual rates of retirement among eligible Police Officer and Firefighter members are shown in the table below:

Service	Age < 65		Age ≥ 65
	Police Officers	Firefighters	
<15	0%	0%	100%
15-19	5%	2.5%	100%
20	25%	20%	100%
21-24	10%	10%	100%
25	50%	40%	100%
26	30%	30%	100%
27	40%	40%	100%
28	50%	45%	100%
29	60%	50%	100%
30+	100%	100%	100%

3. Interest Rates

8.00% per annum net of investment related expenses.

4a. Salary Increases (General Employees)

Representative values of the assumed annual rates of increase in salaries for General employees are shown in the table below:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	9.0%	35	6.0%	50	4.0%	65	4.0%
25	8.0%	40	5.0%	55	4.0%	70	4.0%
30	7.0%	45	4.5%	60	4.0%	75	4.0%

A 5.0% and 9.5% salary increase is assumed as of October 1, 2011 and October 1, 2012 respectively. These increases reflect the restoration of a 17% pay concession that occurred on March 21, 2011 (with pay being restored to pre-concession levels on April 1, 2012) as well as the cessation of mandatory furlough days (1 in every 10 days ending on March 20, 2011). Other than the restoration of the above concessions, no salary increases for fiscal 2012 through 2014 are assumed. Beginning with fiscal 2015, pay is assumed to increase at the rates provided in the table above.

4b. Salary Increases (Police Officers and Firefighters)

Representative values of the assumed annual rates of increase in salaries for Police Officers and Firefighters are shown in the table below:

Service	Police Officers	Firefighters
0	9.0%	9.0%
1	8.5%	8.5%
2	8.0%	8.0%
3	7.5%	7.5%
4	7.0%	7.0%
5	6.5%	6.5%
6 – 9	6.0%	6.0%
10	6.0%	5.0%
11	5.0%	4.5%
12 – 22	4.0%	4.0%
23+	4.0%	3.0%

The pay scale for the Police Officer and Firefighters also reflects short term salary freezes through the end of fiscal 2013.

5. Expenses

Annual administrative expenses, exclusive of investment expenses and commissions, are assumed to be payable by the City outside of the pension trust. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

6. Assets

The actuarial value of assets (AVA) is equal to the market value of assets adjusted to reflect a five year phase-in of the difference between the expected versus actual return on the AVA. The AVA is limited to an 80%-120% corridor of the market value of assets.

7. Funding Period (Pursuant to Chapter 112, Florida Statutes)

The annual payment towards the unfunded actuarial accrued liability has been determined as a level percent of pay. The aggregate payroll is assumed to increase at 2.0% per year (previously 3.5%) as approved by the Division of Retirement.

8. Refund of Member Contributions

It is assumed that all members take a refund of their accumulated employee contributions upon retiring from the System.

9. Changes From Previous Valuation

See Changes Page.

*** Please note that we (Foster & Foster, Inc.) are using the assumptions adopted by the Board as guided by the prior actuary and don't have the necessary data to assess the reasonableness of the assumptions.**

SUMMARY OF PLAN PROVISIONS

For Police Officers hired on or after March 14, 2014, the Basic Pension is eliminated and the Service Pension minimum Age plus Service is changed from 70 points to 76 points to receive the Normal (full) Retirement Benefit and DROP eligibility. Additionally, the Vested or Deferred Benefits payable for these Members is payable at age 59 ½. Lastly, the automatic Cost of Living Adjustments for these Members is reduced from 2.0% per year to 1.0% per year.

For Firefighters hired on or after November 15, 2013, the Basic Pension is eliminated and the Service Pension minimum Age plus Service is changed from 70 points to 76 points to receive the Normal (full) Retirement Benefit and DROP eligibility. Additionally, the Vested or Deferred Benefits payable for these Members is payable at age 59 ½. Lastly, the automatic Cost of Living Adjustments for these Members is reduced from 2.0% per year to 1.0% per year.

1. Retirement Allowance

The Member's Retirement Allowance is equal to the sum of the following:

- (1) An Annuity, which is the actuarial equivalent of his Accumulated Member Contributions;
- (2) A Basic Pension, which is equal to \$1,800 (for those Members who have attained their Normal Retirement Age) or \$2,800 (for all other Members); and
- (3) A Service Pension, which is equal to 3% of Final Average Compensation multiplied by service up to 25 years (for those Members who have at least 20 years of service and whose age plus service equals at least 70) or 2% of Final Average Compensation multiplied by service up to 30 years (for all other Members).
- (4) An additional benefit equal to 1.5% of Average Final Compensation for each year of Credited Service that exceeds 25 years, up to a maximum additional benefit of 4.5% of Average Final Compensation. It is assumed that this benefit applies only to Normal Retirees (full benefits) and not to Vested or Deferred Retirees who get the 2.0% benefit accrual rate up to 30 years of service.

2. Normal Retirement Age and Allowance

- **Age**
 - Age 50 upon attainment of 10 years of service or any age upon attainment of 20 years of service (for those Members hired prior to January 27, 1970);
 - Age 55 upon attainment of 15 years of service or any age upon attainment of 20 years of service (for those Members hired after January 26, 1970 but prior to January 1, 1974); or
 - Any age with age plus service equal to at least 70 and with at least 20 years of service (for all other Members)
- **Amount**
 - Retirement Allowance
- **Form of Payment (applicable to the Annuity only)**
 - Life annuity (normal form of payment); or
 - Lump sum payment equal to Accumulated Member Contributions (optional).
- **Form of Payment (applicable to the Basic and Service Pensions only)**
 - Five-year certain and life annuity for General employees, and ten-year certain and life annuity for Firefighters and Police Officers (normal form of payment);
 - Normal form of payment actuarially adjusted to benefit payable during lifetime of member only (optional) (does not apply to General employees);

Normal form of payment actuarially reduced to 50% joint and survivor annuity with the reduced benefit payable upon the death of either the Member or his beneficiary (optional); Normal form of payment actuarially reduced to 66 2/3% joint and survivor annuity (optional);

Normal form of payment actuarially reduced to 75% joint and survivor annuity (optional) (does not apply to General employees); Normal form of payment actuarially reduced 100% joint and survivor annuity (optional);

Normal form of payment actuarially reduced 100% joint and survivor annuity with spouse as beneficiary and with a “pop-up” feature. A “pop-up” benefit increases to the amount of the unreduced pension upon the death of the beneficiary. (optional).

3. Early Retirement Eligibility and Allowance

- **Age**

Age 55 with at least 10 years of service for General employees, and age 50 with at least 10 years of service for Firefighters and Police Officers.

- **Amount**

100% of the Member’s Annuity. In addition, for General employees, the member’s Basic and Service Pensions multiplied by his Vested Interest, payable at age 55. Firefighters and Police Officers can commence their early retirement benefit at age 50 with a 3% per year reduction from normal retirement.

- **Form of Payment**

Same as for Normal Retirement

4. Disability Retirement Eligibility and Allowance

- **Condition**

The Member must be totally and permanently incapacitated for duty in his classified position as an employee of the City, as determined by both the Board of Trustees and by a medical committee consisting of one doctor appointed by the Board of Trustees and one doctor selected by the Member.

- **Amount**

The Member’s accrued Retirement Allowance and, for Firefighters and Police Officers, subject to a minimum of:

25% of Average Final Compensation, for non-duty disability, after 10 years of service, and

42% of Average Final Compensation, for duty related disability, with no service requirement.

- **Form of Payment**

Same as for Normal Retirement

5. Deferred Retirement (Vested) Eligibility and Allowance

- **Age**

Any age with at least 10 years of service.

- **Amount**

100% of the Member’s Annuity. In addition, for General employees, the member’s Basic and Service Pensions multiplied by his Vested Interest, payable at age 55. Firefighters and Police Officers can commence their vested benefit at age 50 with a 3% per year reduction from normal retirement.

- **Form of Payment**

Same as for Normal Retirement

6. Pre-Retirement Death Benefit

In the case of the death of a General employee Member prior to retirement, his beneficiary will receive a five-year certain annuity determined as if the Member had retired on the day before his death and elected a five-year certain and life annuity. In lieu of this five-year certain annuity, the beneficiary of the General employee may elect to receive ½ of the same amount payable over a ten-year period. For Firefighters and Police Officers, the Member's vested accrued benefit deferred to early (reduced) or normal retirement and payable for a minimum of 10 years. Alternatively, if the Member had attained his Normal or Early Retirement Age and had elected an optional form of payment, then his spouse will receive benefits as dictated by the option elected.

7. Vested Interest

A General employee member earns a Vested Interest in his Basic and Service Pensions in accordance with the following schedule. Firefighters and Police Officer Members earn a 100% Vested Interest with 10 years of service.

Years of Service	Vested Interest
Less than 10	0%
10	70%
11	73%
12	76%
13	79%
14	82%
15	85%
16	88%
17	91%
18	94%
19	97%
20 or more	100%

8. Average Final Compensation

Average compensation for the highest three years of service (not necessarily consecutive), where compensation includes base salary plus any longevity or special assignment pay and any pay received in connection with Florida's law enforcement special incentive program or Firefighters supplemental compensation program.

9. Membership Requirements

All classified employees of the City of Hialeah, Florida participate in the plan, including: (1) all full-time employees (except as provided by law), and (2) those part-time employees working 22½ hours or more per week who elect to participate after one year of continuous employment. Membership does not include any person whose services are compensated on a fee or contractual basis, the Board of Trustees' medical committee, elected or appointed officials who are not in classified service, and persons employed on a temporary or provisional basis for less than nine months.

Effective April 1, 2012, the Plan is closed to new general employee members hired on or after April 1, 2012. New general employees will instead participate in a defined contribution plan.

10. Accumulated Member Contributions

The Accumulated Member Contributions are the Member's Contributions accumulated with interest at the annual rates established by the Board of Trustees. Prior to the 1995/1996 plan year, interest was credited at the annual yield on the actuarial value of assets. Beginning with the 1995/1996 plan year, interest will be credited at the arithmetic average of the annual yields on the market value of assets for the preceding five years. Interest is credited each September 30 on the balance of the Accumulated Member Contributions as of the preceding October 1 as well as on additional Member Contributions made during the plan year. Members may borrow against their Accumulated Member Contributions as of the preceding October 1, subject to the restrictions set forth in the law.

11. Member Contributions

1.) All members must contribute 7% of compensation per year into the Annuity Savings Fund (with the exception that they may redirect some of these contributions to satisfy the additional requirements that follow).

2.) All members who were not eligible for Normal Retirement on the date the ordinance took effect will also be required to make the following additional contribution towards the pension portion of the Plan (to help offset the City's funding requirements)

a. Non-Police Officers and Firefighters:

5.0% of pensionable compensation from May 15, 2014 to September 30, 2014.

4.0% of pensionable compensation from October 1, 2014 forward, except that:

This will drop to 3.0% of pensionable compensation if the Funded Ratio is between 80% and 100%.

This will drop to 0.0% of pensionable compensation if the Funded Ratio exceeds 100%.

b. Firefighters:

5.0% of pensionable compensation from October 1, 2013 to September 30, 2014

(4.0% of pensionable compensation if hired on or after November 15, 2013).

4.0% of pensionable compensation from October 1, 2014 forward, except that:

This will drop to 3.0% of pensionable compensation if the Funded Ratio is between 80% and 100%.

This will drop to 0.0% of pensionable compensation if the Funded Ratio exceeds 100%.

c. Police Officers:

5.0% of pensionable compensation from March 2, 2014 to September 30, 2014

(4.0% of pensionable compensation if hired on or after March 2, 2014).

4.0% of pensionable compensation from October 1, 2014 forward, except that:

This will drop to 3.0% of pensionable compensation if the Funded Ratio is between 80% and 100%.

This will drop to 0.0% of pensionable compensation if the Funded Ratio exceeds 100%.

If a Police Officer or Firefighter terminates employment before they are vested, then they will receive a refund of these additional contributions. Non-Police Officers and Firefighters will not receive a refund of these contributions.

12. Share Plans Contributions

Effective with the year beginning October 1, 2005, the Firefighters' and Police Officers' share plans will make contributions to fund the cost of the minimum benefits under Chapter 99-1, Florida Statutes.

13. Cost-of-Living Adjustment

Members (including participants in the DROP and excluding beneficiaries and those Members who are receiving a Deferred Retirement Allowance) receive an automatic level 2% cost-of-living adjustment in their Basic and Service Pensions as of each anniversary of retirement or the first of the month following their 52nd birthday and limited to 10 such increases (for a total increase of 20%).

14. Deferred Retirement Option Program

Effective March 1, 2007 for Police Officers and Firefighters and February 19, 2008 for General employees, members are eligible to participate in a Deferred Retirement Option Program (DROP) upon the completion of 25 years of membership service credit provided that the sum of the member's age and service is equal to at least 70. The member's monthly retirement benefit (basic plus service pension), based on final average earnings and service upon entering the DROP, will be paid to the member's DROP account. At the end of each fiscal year, interest will be credited to the DROP account at the same rate credited to the annuity savings account.

Member contributions cease upon entering the DROP and the member shall be ineligible for disability benefits provided by the System. Upon termination of employment or death, the DROP account balance will be paid in a cash lump sum. The maximum period of participation in the DROP is 36 months and members cannot buy service in order to be eligible for the DROP.

General employees who are members of the retirement system are prohibited from entering the DROP on or after April 2, 2012.

15. Plan Effective Date

The Plan was initially effective on January 1, 1956.

16. Actuarial Equivalence

For purposes of computing optional forms of benefit payments and for purposes of computing any adjustments called for under the terms of the Plan, when such interest rate and mortality assumptions are not otherwise provided:

Interest Rate Assumption: The interest Rate assumption currently adopted by the Board is 7.0%.

Mortality Assumption: The mortality factors or table currently adopted by the Board is the male rates from 1971 Group Annuity Mortality Table for participants and the female rates from the 1971 Group Annuity Mortality Table for beneficiaries

17. City Contribution Policy

The City contributes to the Retirement System in accordance with the requirements of Part VII, Chapter 112 of the Florida Statutes. Effective August 25, 2009, the City implemented a contribution floor such that the City's contribution to the Retirement System will be at least 22% of the member payroll. The City may increase or decrease the floor by up to 2% of member payroll once every five years, if supported by an actuarial study. The floor shall not be less than 16% or more than 28% of member payroll.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Cash and Short Term Investments	46,725,292
Total Cash and Equivalents	46,725,292
Receivables:	
Contributions	17,044,471
Other Receivables	58,557
From Broker for Investments Sold	422,236
Investment Income	1,418,390
Total Receivable	18,943,654
Investments:	
U. S. Bonds and Bills	51,326,858
Federal Agency Guaranteed Securities	86,048,302
Corporate Bonds	11,338,769
Municipal Obligations	12,083,412
Stocks	283,608,020
Limited Partnership	1,001,915
Mutual Funds	7,559,208
Real Estate Investment Trust	84,683,542
Total Investments	537,650,026
Loans to Members	10,606,075
Total Assets	613,925,047
<u>LIABILITIES</u>	
Payables:	
Accounts Payable and Accrued Expenses	13,835
To Broker for Investments Purchased	441,712
Annuity Reserve Fund for Retired Members	43,471,943
Total Liabilities	43,927,490
NET POSITION RESTRICTED FOR PENSIONS	569,997,557

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

ADDITIONS

Contributions:

Member to Pension Reserve	2,132,259	
Buy-Back	975,579	
City	27,382,906	
Member to Annuity Savings	3,887,151	
State	461,877	
 Total Contributions		 34,839,772
 Investment Income:		
Net Increase in Fair Value of Investments	(9,421,223)	
Interest & Dividends	13,637,019	
Less Investment Expense ¹	(1,334,309)	
 Net Investment Income		 2,881,487
 Total Additions		 37,721,259

DEDUCTIONS

Distributions to Members:

Benefit Payments	51,621,289	
Lump Sum DROP Distributions	3,703,292	
Refunds of Member Contributions	10,723,267	
 Total Distributions		 66,047,848
 Administrative Expense		 0
 Total Deductions		 66,047,848
 Net Increase in Net Position		 (28,326,589)
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		598,324,146
 End of the Year		 569,997,557

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

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2015)

Plan Description

Plan Administration

There is created a Board of Trustees in whom is vested the general administration, management and responsibility for the proper operation of the retirement system. The Board of Trustees shall consist of seven trustees appointed and elected in the following manner:

- (1) One trustee shall be appointed by the mayor. This trustee shall be an elector of the city.
- (2) One trustee shall be appointed by the city council. This trustee shall be an elector of the city.
- (3) Four trustees shall be appointed, one from each group; management, AFSCME Local, IAFF Local, and PBA. The appointee must be an active member of the retirement system or of the deferred retirement option program (DROP). Term of office for each trustee so elected shall be for a two-year period, and the trustee shall be voted into office and elected as determined by each group.
- (4) The seventh trustee shall be elected from the membership by majority vote by the trustees appointed pursuant to subsections (a)(1) through (3) of this section as soon as practicable after their appointment. This appointee shall be an elector of the city. The trustee so appointed shall serve for two years.

All classified employees of the City of Hialeah, Florida participate in the plan, including: (1) all full-time employees (except as provided by law), and (2) those part-time employees working 22½ hours or more per week who elect to participate after one year of continuous employment.

Membership does not include any person whose services are compensated on a fee or contractual basis, the Board of Trustees' medical committee, elected or appointed officials who are not in classified service, and persons employed on a temporary or provisional basis for less than nine months.

Effective April 1, 2012, the Plan is closed to new general employee members hired on or after April 1, 2012. New general employees will instead participate in a defined contribution plan.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,401
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	103
Active Plan Members	1,091
	2,595

Benefits Provided

For Police Officers hired on or after March 14, 2014, the Basic Pension is eliminated and the Service Pension minimum Age plus Service is changed from 70 points to 76 points to receive the Normal (full) Retirement Benefit and DROP eligibility. Additionally, the Vested or Deferred Benefits payable for these Members is payable at age 59½. Lastly, the automatic Cost of Living Adjustments for these Members is reduced from 2.0% per year to 1.0% per year.

For Firefighters hired on or after November 15, 2013, the Basic Pension is eliminated and the Service Pension minimum Age plus Service is changed from 70 points to 76 points to receive the Normal (full) Retirement Benefit and DROP eligibility. Additionally, the Vested or Deferred Benefits payable for these Members is payable at age 59½. Lastly, the automatic Cost of Living Adjustments for these Members is reduced from 2.0% per year to 1.0% per year.

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

Retirement Allowance

The Member's Retirement Allowance is equal to the sum of the following:

- (1) An Annuity, which is the actuarial equivalent of his Accumulated Member Contributions;
- (2) A Basic Pension, which is equal to \$1,800 (for those Members who have attained their Normal Retirement Age) or \$2,800 (for all other Members); and
- (3) A Service Pension, which is equal to 3% of Final Average Compensation multiplied by service up to 25 years (for those Members who have at least 20 years of service and whose age plus service equals at least 70) or 2% of Final Average Compensation multiplied by service up to 30 years (for all other Members).
- (4) An additional benefit equal to 1.5% of Average Final Compensation for each year of Credited Service that exceeds 25 years, up to a maximum additional benefit of 4.5% of Average Final Compensation. It is assumed that this benefit applies only to Normal Retirees (full benefits) and not to Vested or Deferred Retirees who get the 2.0% benefit accrual rate up to 30 years of service.

Normal Retirement Age and Allowance:

Age: Age 50 upon attainment of 10 years of service or any age upon attainment of 20 years of service (for those Members hired prior to January 27, 1970);

Age 55 upon attainment of 15 years of service or any age upon attainment of 20 years of service (for those Members hired after January 26, 1970 but prior to January 1, 1974); or

Any age with age plus service equal to at least 70 and with at least 20 years of service (for all other Members).

Amount: Retirement Allowance.

Form of Payment (applicable to Annuity only): Life annuity (normal form of payment); or Lump sum payment equal to Accumulated Member Contributions (optional).

Form of Payment (applicable to the Basic and Service Pensions only): Five-year certain and life annuity for General employees, and ten-year certain and life annuity for Firefighters and Police Officers (normal form of payment);

Normal form of payment actuarially adjusted to benefit payable during lifetime of member only (optional) (does not apply to General employees);

Normal form of payment actuarially reduced to 50% joint and survivor annuity with the reduced benefit payable upon the death of either the Member or his beneficiary (optional); Normal form of payment actuarially reduced to 66 2/3% joint and survivor annuity (optional);

Normal form of payment actuarially reduced to 75% joint and survivor annuity (optional) (does not apply to General employees); Normal form of payment actuarially reduced 100% joint and survivor annuity (optional);

Normal form of payment actuarially reduced 100% joint and survivor annuity with spouse as beneficiary and with a "pop-up" feature. A "pop-up" benefit increases to the amount of the unreduced pension upon the death of the beneficiary (optional).

Early Retirement Eligibility and Allowance:

Age: Age 55 with at least 10 years of service for General employees, and age 50 with at least 10 years of service for Firefighters and Police Officers.

Amount: 100% of the Member's Annuity. In addition, for General employees, the member's Basic and Service Pensions multiplied by his Vested Interest, payable at age 55. Firefighters and Police Officers can commence their early retirement benefit at age 50 with a 3% per year reduction from normal retirement.

Form of Payment: Same as for Normal Retirement.

Disability Retirement Eligibility and Allowance:

Condition: The Member must be totally and permanently incapacitated for duty in his classified position as an employee of the City, as determined by both the Board of Trustees and by a medical committee consisting of one doctor appointed by the Board of Trustees and one doctor selected by the Member.

Amount: The Member's accrued Retirement Allowance and, for Firefighters and Police Officers, subject to a minimum of: 25% of Average Final Compensation, for non-duty disability, after 10 years of service, and 42% of Average Final Compensation, for duty related disability, with no service requirement.

Form of Payment: Same as for Normal Retirement.

Deferred Retirement (Vested) Eligibility and Allowance:

Age: Any age with at least 10 years of service.

Amount: 100% of the Member's Annuity. In addition, for General employees, the member's Basic and Service Pensions multiplied by his Vested Interest, payable at age 55. Firefighters and Police Officers can commence their vested benefit at age 50 with a 3% per year reduction from normal retirement.

Form of Payment: Same as for Normal Retirement.

Pre-Retirement Death Benefit:

In the case of the death of a General employee Member prior to retirement, his beneficiary will receive a five-year certain annuity determined as if the Member had retired on the day before his death and elected a five-year certain and life annuity. In lieu of this five-year certain annuity, the beneficiary of the General employee may elect to receive ½ of the same amount payable over a ten-year period. For Firefighters and Police Officers, the Member’s vested accrued benefit deferred to early (reduced) or normal retirement and payable for a minimum of 10 years. Alternatively, if the Member had attained his Normal or Early Retirement Age and had elected an optional form of payment, then his spouse will receive benefits as dictated by the option elected.

Vested Interest:

A General employee member earns a Vested Interest in his Basic and Service Pensions in accordance with the following schedule. Firefighters and Police Officer Members earn a 100% Vested Interest with 10 years of service.

Years of Service	Vested Interest
Less than 10	0%
10	70%
11	73%
12	76%
13	79%
14	82%
15	85%
16	88%
17	91%
18	94%
19	97%
20 or more	100%

Share Plans Contributions:

Effective with the year beginning October 1, 2005, the Firefighters' and Police Officers' share plans will make contributions to fund the cost of the minimum benefits under Chapter 99-1, Florida Statutes.

Cost-of-Living Adjustment:

Members (including participants in the DROP and excluding beneficiaries and those Members who are receiving a Deferred Retirement Allowance) receive an automatic level 2% cost-of-living adjustment in their Basic and Service Pensions as of each anniversary of retirement or the first of the month following their 52nd birthday and limited to 10 such increases (for a total increase of 20%).

Contributions

Accumulated Member Contributions

The Accumulated Member Contributions are the Member's Contributions accumulated with interest at the annual rates established by the Board of Trustees. Prior to the 1995/1996 plan year, interest was credited at the annual yield on the actuarial value of assets. Beginning with the 1995/1996 plan year, interest will be credited at the arithmetic average of the annual yields on the market value of assets for the preceding five years. Interest is credited each September 30 on the balance of the Accumulated Member Contributions as of the preceding October 1 as well as on additional Member Contributions made during the plan year. Members may borrow against their Accumulated Member Contributions as of the preceding October 1, subject to the restrictions set forth in the law.

Member Contributions

1.) All members must contribute 7% of compensation per year into the Annuity Savings Fund (with the exception that they may redirect some of these contributions to satisfy the additional requirements that follow).

2.) All members who were not eligible for Normal Retirement on the date the ordinance took effect will also be required to make the following additional contribution towards the pension portion of the Plan (to help offset the City's funding requirements)

a. Non-Police Officers and Firefighters:

5.0% of pensionable compensation from May 15, 2014 to September 30, 2014.

4.0% of pensionable compensation from October 1, 2014 forward, except that:

This will drop to 3.0% of pensionable compensation if the Funded Ratio is between 80% and 100%.

This will drop to 0.0% of pensionable compensation if the Funded Ratio exceeds 100%.

b. Firefighters:

5.0% of pensionable compensation from October 1, 2013 to September 30, 2014 (4.0% of pensionable compensation if hired on or after November 15, 2013).

4.0% of pensionable compensation from October 1, 2014 forward, except that:

This will drop to 3.0% of pensionable compensation if the Funded Ratio is between 80% and 100%.

This will drop to 0.0% of pensionable compensation if the Funded Ratio exceeds 100%.

c. Police Officers:

5.0% of pensionable compensation from March 2, 2014 to September 30, 2014 (4.0% of pensionable compensation if hired on or after March 2, 2014).

4.0% of pensionable compensation from October 1, 2014 forward, except that:

This will drop to 3.0% of pensionable compensation if the Funded Ratio is between 80% and 100%.

This will drop to 0.0% of pensionable compensation if the Funded Ratio exceeds 100%.

If a Police Officer or Firefighter terminates employment before they are vested, then they will receive a refund of these additional contributions. Non-Police Officers and Firefighters will not receive a refund of these contributions.

City Contribution Policy:

The City contributes to the Retirement System in accordance with the requirements of Part VII, Chapter 112 of the Florida Statutes. Effective August 25, 2009, the City implemented a contribution floor such that the City's contribution to the Retirement System will be at least 22% of the member payroll. The City may increase or decrease the floor by up to 2% of member payroll once every five years, if supported by an actuarial study. The floor shall not be less than 16% or more than 28% of member payroll.

Investments

Investment Policy:

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
International Equity	5%
Domestic Bonds	40%
Other	5%
<u>Total</u>	<u>100%</u>

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 0.46 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

Effective March 1, 2007 for Police Officers and Firefighters and February 19, 2008 for General employees, members are eligible to participate in a Deferred Retirement Option Program (DROP) upon the completion of 25 years of membership service credit provided that the sum of the member's age and service is equal to at least 70. The member's monthly retirement benefit (basic plus service pension), based on final average earnings and service upon entering the DROP, will be paid to the member's DROP account. At the end of each fiscal year, interest will be credited to the DROP account at the same rate credited to the annuity savings account.

Member contributions cease upon entering the DROP and the member shall be ineligible for disability benefits provided by the System. Upon termination of employment or death, the DROP account balance will be paid in a cash lump sum. The maximum period of participation in the DROP is 36 months and members cannot buy service in order to be eligible for the DROP.

General employees who are members of the retirement system are prohibited from entering the DROP on or after April 2, 2012.

The DROP balance as September 30, 2015 is \$299,383.

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	\$ 806,816,777
Plan Fiduciary Net Position	<u>\$ (569,997,557)</u>
Sponsor's Net Pension Liability	<u>\$ 236,819,220</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	70.65%

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	3.00%
Salary Increases	3.00% - 9.00%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Pre-Retirement Mortality: RP-2000 Combined Mortality Table with a blue collar adjustment projected 15 years from valuation date.
 Post-Retirement Healthy Mortality: RP-2000 Combined Mortality Table with a blue collar adjustment projected 7 years from valuation date.
 Post-Retirement Disabled Mortality: RP-2000 Disabled Mortality Table.

The date of the most recent experience study for which significant assumptions are based upon is not available.

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	7.31%
International Equity	7.40%
Domestic Bonds	2.10%
Other	6.40%

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 8.00 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 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Sponsor's Net Pension Liability	\$ 312,988,806	\$ 236,819,220	\$ 172,156,670

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	9,104,164	8,982,779
Interest	61,082,848	60,285,831
Change in Annuity Savings Fund	3,887,151	4,064,028
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	10,359,527	-
Changes of assumptions	-	-
Contributions - Buy Back	975,579	1,182,367
Benefit Payments, including Refunds of Employee Contributions	<u>(66,047,848)</u>	<u>(63,299,504)</u>
Net Change in Total Pension Liability	19,361,421	11,215,501
Total Pension Liability - Beginning	<u>787,455,356</u>	<u>776,239,855</u>
Total Pension Liability - Ending (a)	<u>\$806,816,777</u>	<u>\$787,455,356</u>
Plan Fiduciary Net Position		
Contributions - Employer	27,382,906	25,769,253
Contributions - State	461,877	461,877
Contributions - Employee	2,132,259	1,587,095
Contributions - Buy Back	975,579	1,182,367
Contributions - Annuity Savings Fund	3,887,151	4,064,028
Net Investment Income	2,881,487	58,702,102
Benefit Payments, including Refunds of Employee Contributions	<u>(66,047,848)</u>	<u>(63,299,504)</u>
Net Change in Plan Fiduciary Net Position	(28,326,589)	28,467,218
Plan Fiduciary Net Position - Beginning	<u>598,324,146</u>	<u>569,856,928</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$569,997,557</u>	<u>\$598,324,146</u>
Net Pension Liability - Ending (a) - (b)	<u>\$236,819,220</u>	<u>\$189,131,210</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	70.65%	75.98%
Covered Employee Payroll*	\$ 67,967,862	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	348.43%	N/A

Notes to Schedule:

*The 2014 Covered Employee Payroll figure was not available.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2015	09/30/2014
Actuarially Determined Contribution	26,210,070	26,231,130
Contributions in relation to the Actuarially Determined Contributions	27,844,783	26,231,130
Contribution Deficiency (Excess)	\$ (1,634,713)	\$ -
Covered Employee Payroll*	\$ 67,967,862	N/A
Contributions as a percentage of Covered Employee Payroll	40.97%	N/A

*The 2014 Covered Employee Payroll figure was not available.

Notes to Schedule

Valuation Date: 10/01/2013 (AIS 02/23/2015)
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: The entry age normal cost method was used to determine all liabilities, except that the liability associated with member contributions has been assumed to be equal to those contributions.
Prior to October 1, 1998, fiscal year City contributions made in excess of required valuation year contributions were credited to the temporary funding credit.
Beginning October 1, 1998, fiscal year contributions made in excess of required valuation year contributions are included in the experience gain or loss for the year. Experience gains and losses are amortized over a 15-year period.
Beginning October 1, 2007, the method of amortizing experience gains and losses of the System was changed from a 15-year to a 30-year level dollar method. The amortization amounts for outstanding gain and loss bases as of October 1, 2007 were recalculated to extend the amortization period an additional 15 years (for a total of 30 years).
Beginning October 1, 2008, the method of amortizing all outstanding unfunded liability bases was changed from a level dollar method to an increasing amortization based on a level percent of payroll. The aggregate payroll is assumed to increase at 4.0% per year, limited to average payroll growth for the previous 10 years.

Beginning October 1, 2011, the method of amortizing all outstanding unfunded liability bases was changed to an increasing amortization based on a level percent of payroll where the aggregate payroll is assumed to increase at 3.5% per year.
30 Years (as of 10/01/2013).

Remaining Amortization Period: 30 Years (as of 10/01/2013).

Decrements: **Pre-Retirement Mortality:**
RP-2000 Combined Mortality Table with a blue collar adjustment projected 15 years from valuation date.
Post-Retirement Healthy Mortality:
RP-2000 Combined Mortality Table with a blue collar adjustment projected 7 years from valuation date.
Post-Retirement Disabled Mortality:
RP-2000 Disabled Mortality Table.

Decrements:

Disability (General Employees)

Representative values of the assumed annual rates of disability among General employee members in active service are set forth in the following table:

Age	Rate	Age	Rate
20	0.024%	50	0.360%
25	0.040%	55	0.608%
30	0.056%	60	0.880%
35	0.104%	65	0.784%
40	0.152%	70	0.688%
45	0.224%	75	0.592%

Disability (Police Officers and Firefighters)

85% of all disabilities are assumed to be in the line of duty and 15% are assumed not to be in the line of duty. Representative values of the assumed annual rates of disability among Police Officer and Firefighter members in active service are set forth in the following table:

Age	Rate	Age	Rate
20	0.096%	50	0.896%
25	0.120%	55	1.328%
30	0.152%	60	1.760%
35	0.248%	65	2.192%
40	0.384%	70	2.624%
45	0.584%	75	3.056%

Permanent Withdrawal from Active Status (used for members with less than six years of service)

Representative values of the assumed annual rates of withdrawal among members in active service who have less than six years of service are set forth in the following tables:

<i>General Employees</i>		<i>Police Officers</i>	
Years of Service	Rate	Years of Service	Rate
0	12.5%	0	12.0%
1	12.5%	1	12.0%
2	7.5%	2	9.0%
3	7.5%	3	7.5%
4	7.5%	4	6.0%
5	7.5%	5	5.0%

<i>Firefighters</i>	
Years of Service	Rate
0	12.5%
1	9.5%
2	5.0%
3	4.0%
4	3.0%
5	2.5%

Decrements:

Permanent Withdrawal from Active Status (used for members with at least six years of service)

Representative values of the assumed annual rates of withdrawal among members in active service who have at least six years of service are set forth in the following tables:

<i>General Employees</i>		<i>Police Officers</i>	
Age	Rate	Age	Rate
25	5.0%	25	5.0%
30	5.0%	30	4.5%
35	5.0%	35	4.0%
40	5.0%	40	4.0%
45	5.0%	45	4.0%
50	5.0%	50	1.0%
55	3.0%	55	1.0%
60	2.0%	60	1.0%

<i>Firefighters</i>	
Age	Rate
25	2.0%
30	2.0%
35	2.0%
40	2.0%
45	2.0%
50	1.0%
55	1.0%
60	1.0%

Retirement (General Employees)

Representative values of the assumed annual rates of retirement among eligible General Employee members are shown in the tables below:

a) General Employees with less than 25 years of eligible service:

Age	Rate	Age	Rate
45	0%	58	15%
46	0%	59	15%
47	0%	60	15%
48	0%	61	5%
49	0%	62	15%
50	10%	63	5%
51	5%	64	5%
52	5%	65	75%
53	5%	66	25%
54	5%	67	35%
55	15%	68	45%
56	15%	69	85%
57	15%	70	100%

Decrements:

b) General Employees with 25 years of eligible service:

Age	Rate	Age	Rate
45	0%	58	40%
46	0%	59	40%
47	0%	60	40%
48	0%	61	40%
49	0%	62	50%
50	50%	63	30%
51	30%	64	30%
52	30%	65	80%
53	30%	66	50%
54	30%	67	60%
55	40%	68	70%
56	40%	69	80%
57	40%	70	100%

c) General Employees with more than 25 years of eligible service:

Age	Rate	Age	Rate
45	0%	58	20%
46	0%	59	20%
47	0%	60	20%
48	0%	61	10%
49	0%	62	20%
50	15%	63	10%
51	10%	64	10%
52	10%	65	80%
53	10%	66	30%
54	10%	67	40%
55	20%	68	50%
56	20%	69	90%
57	20%	70	100%

Retirement (Police Officers and Firefighters)

Representative values of the assumed annual rates of retirement among eligible Police Officer and Firefighter members are shown in the table below:

Service	Age < 65		Age ≥ 65
	Police Officers	Firefighters	
< 15	0%	0%	100%
15-19	5%	3%	100%
20	25%	20%	100%
21-24	10%	10%	100%
25	50%	40%	100%
26	30%	30%	100%
27	40%	40%	100%
28	50%	45%	100%
29	60%	50%	100%
30+	100%	100%	100%

Interest Rate:

8.00% per annum net of investment related expenses.

Salary Increases (General Employees)

Representative values of the assumed annual rates of increase in salaries for General employees are shown in the table below:

Age	Rate	Age	Rate
20	9.0%	50	4.0%
25	8.0%	55	4.0%
30	7.0%	60	4.0%
35	6.0%	65	4.0%
40	5.0%	70	4.0%
45	4.5%	75	4.0%

A 5.0% and 9.5% salary increase is assumed as of October 1, 2011 and October 1, 2012 respectively. These increases reflect the restoration of a 17% pay concession that occurred on March 21, 2011 (with pay being restored to pre-concession levels on April 1, 2012) as well as the cessation of mandatory furlough days (1 in every 10 days ending on March 20, 2011). Other than the restoration of the above concessions, no salary increases for fiscal 2012 through 2014 are assumed. Beginning with fiscal 2015, pay is assumed to increase at the rates provided in the table above.

Salary Increases (Police Officers and Firefighters)

Representative values of the assumed annual rates of increase in salaries for Police Officers and Firefighters are shown in the table below:

Service	Police Officers	Firefighters
0	9.0%	9.0%
1	8.5%	8.5%
2	8.0%	8.0%
3	7.5%	7.5%
4	7.0%	7.0%
5	6.5%	6.5%
6-9	6.0%	6.0%
10	6.0%	5.0%
11	5.0%	4.5%
12-22	4.0%	4.0%
23+	4.0%	3.0%

The pay scale for the Police Officer and Firefighters also reflects short term salary freezes through the end of fiscal 2013.

Assets:

The actuarial value of assets (AV A) is equal to the market value of assets adjusted to reflect a five year phase-in of the difference between the expected versus actual return on the AV A. The AVA is limited to an 80%-120% corridor of the market value of assets.

Funding Period (Pursuant to Chapter 112, Florida Statutes):

The annual payment towards the unfunded actuarial accrued liability has been determined as a level percent of pay. The aggregate payroll is assumed to increase at 3.5% per year as approved by the Division of Retirement.

Refund of Member Contributions:

It is assumed that all members take a refund of their accumulated employee contributions upon retiring from the System.

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return		
Net of Investment Expense	0.46%	10.22%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2016)

General Information about the Pension Plan

Plan Description

There is created a Board of Trustees in whom is vested the general administration, management and responsibility for the proper operation of the retirement system. The Board of Trustees shall consist of seven trustees appointed and elected in the following manner:

- (1) One trustee shall be appointed by the mayor. This trustee shall be an elector of the city.
- (2) One trustee shall be appointed by the city council. This trustee shall be an elector of the city.
- (3) Four trustees shall be appointed, one from each group; management, AFSCME Local, IAFF Local, and PBA. The appointee must be an active member of the retirement system or of the deferred retirement option program (DROP). Term of office for each trustee so elected shall be for a two-year period, and the trustee shall be voted into office and elected as determined by each group.
- (4) The seventh trustee shall be elected from the membership by majority vote by the trustees appointed pursuant to subsections (a)(1) through (3) of this section as soon as practicable after their appointment. This appointee shall be an elector of the city. The trustee so appointed shall serve for two years.

All classified employees of the City of Hialeah, Florida participate in the plan, including: (1) all full-time employees (except as provided by law), and (2) those part-time employees working 22½ hours or more per week who elect to participate after one year of continuous employment.

Membership does not include any person whose services are compensated on a fee or contractual basis, the Board of Trustees' medical committee, elected or appointed officials who are not in classified service, and persons employed on a temporary or provisional basis for less than nine months.

Each person employed by the City Fire Department as a full-time Firefighter becomes a Member of the Plan as a condition of employment. All Firefighters are therefore eligible for plan benefits as provided for in the plan document by applicable law.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,401
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	103
Active Plan Members	1,091
	2,595

Benefits Provided

For Police Officers hired on or after March 14, 2014, the Basic Pension is eliminated and the Service Pension minimum Age plus Service is changed from 70 points to 76 points to receive the Normal (full) Retirement Benefit and DROP eligibility. Additionally, the Vested or Deferred Benefits payable for these Members is payable at age 59½. Lastly, the automatic Cost of Living Adjustments for these Members is reduced from 2.0% per year to 1.0% per year.

For Firefighters hired on or after November 15, 2013, the Basic Pension is eliminated and the Service Pension minimum Age plus Service is changed from 70 points to 76 points to receive the Normal (full) Retirement Benefit and DROP eligibility. Additionally, the Vested or Deferred Benefits payable for these Members is payable at age 59½. Lastly, the automatic Cost of Living Adjustments for these Members is reduced from 2.0% per year to 1.0% per year.

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

Retirement Allowance

The Member's Retirement Allowance is equal to the sum of the following:

- (1) An Annuity, which is the actuarial equivalent of his Accumulated Member Contributions;
- (2) A Basic Pension, which is equal to \$1,800 (for those Members who have attained their Normal Retirement Age) or \$2,800 (for all other Members); and
- (3) A Service Pension, which is equal to 3% of Final Average Compensation multiplied by service up to 25 years (for those Members who have at least 20 years of service and whose age plus service equals at least 70) or 2% of Final Average Compensation multiplied by service up to 30 years (for all other Members).
- (4) An additional benefit equal to 1.5% of Average Final Compensation for each year of Credited Service that exceeds 25 years, up to a maximum additional benefit of 4.5% of Average Final Compensation. It is assumed that this benefit applies only to Normal Retirees (full benefits) and not to Vested or Deferred Retirees who get the 2.0% benefit accrual rate up to 30 years of service.

Normal Retirement Age and Allowance:

Age: Age 50 upon attainment of 10 years of service or any age upon attainment of 20 years of service (for those Members hired prior to January 27, 1970);

Age 55 upon attainment of 15 years of service or any age upon attainment of 20 years of service (for those Members hired after January 26, 1970 but prior to January 1, 1974); or

Any age with age plus service equal to at least 70 and with at least 20 years of service (for all other Members).

Amount: Retirement Allowance.

Form of Payment (applicable to Annuity only): Life annuity (normal form of payment); or Lump sum payment equal to Accumulated Member Contributions (optional).

Form of Payment (applicable to the Basic and Service Pensions only): Five-year certain and life annuity for General employees, and ten-year certain and life annuity for Firefighters and Police Officers (normal form of payment);

Normal form of payment actuarially adjusted to benefit payable during lifetime of member only (optional) (does not apply to General employees);

Normal form of payment actuarially reduced to 50% joint and survivor annuity with the reduced benefit payable upon the death of either the Member or his beneficiary (optional); Normal form of payment actuarially reduced to 66 2/3% joint and survivor annuity (optional);

Normal form of payment actuarially reduced to 75% joint and survivor annuity (optional) (does not apply to General employees);

Normal form of payment actuarially reduced 100% joint and survivor annuity (optional);

Normal form of payment actuarially reduced 100% joint and survivor annuity with spouse as beneficiary and with a "pop-up" feature. A "pop-up" benefit increases to the amount of the unreduced pension upon the death of the beneficiary (optional).

Early Retirement Eligibility and Allowance:

Age: Age 55 with at least 10 years of service for General employees, and age 50 with at least 10 years of service for Firefighters and Police Officers.

Amount: 100% of the Member's Annuity. In addition, for General employees, the member's Basic and Service Pensions multiplied by his Vested Interest, payable at age 55. Firefighters and Police Officers can commence their early retirement benefit at age 50 with a 3% per year reduction from normal retirement.

Form of Payment: Same as for Normal Retirement.

Disability Retirement Eligibility and Allowance:

Condition: The Member must be totally and permanently incapacitated for duty in his classified position as an employee of the City, as determined by both the Board of Trustees and by a medical committee consisting of one doctor appointed by the Board of Trustees and one doctor selected by the Member.

Amount: The Member's accrued Retirement Allowance and, for Firefighters and Police Officers, subject to a minimum of: 25% of Average Final Compensation, for non-duty disability, after 10 years of service, and 42% of Average Final Compensation, for duty related disability, with no service requirement.

Form of Payment: Same as for Normal Retirement.

Deferred Retirement (Vested) Eligibility and Allowance:

Age: Any age with at least 10 years of service.

Amount: 100% of the Member's Annuity. In addition, for General employees, the member's Basic and Service Pensions multiplied by his Vested Interest, payable at age 55. Firefighters and Police Officers can commence their vested benefit at age 50 with a 3% per year reduction from normal retirement.

Form of Payment: Same as for Normal Retirement.

Pre-Retirement Death Benefit:

In the case of the death of a General employee Member prior to retirement, his beneficiary will receive a five-year certain annuity determined as if the Member had retired on the day before his death and elected a five-year certain and life annuity. In lieu of this five-year certain annuity, the beneficiary of the General employee may elect to receive ½ of the same amount payable over a ten-year period. For Firefighters and Police Officers, the Member’s vested accrued benefit deferred to early (reduced) or normal retirement and payable for a minimum of 10 years. Alternatively, if the Member had attained his Normal or Early Retirement Age and had elected an optional form of payment, then his spouse will receive benefits as dictated by the option elected.

Vested Interest:

A General employee member earns a Vested Interest in his Basic and Service Pensions in accordance with the following schedule. Firefighters and Police Officer Members earn a 100% Vested Interest with 10 years of service.

Years of Service	Vested Interest
Less than 10	0%
10	70%
11	73%
12	76%
13	79%
14	82%
15	85%
16	88%
17	91%
18	94%
19	97%
20 or more	100%

Share Plans Contributions:

Effective with the year beginning October 1, 2005, the Firefighters' and Police Officers' share plans will make contributions to fund the cost of the minimum benefits under Chapter 99-1, Florida Statutes.

Cost-of-Living Adjustment:

Members (including participants in the DROP and excluding beneficiaries and those Members who are receiving a Deferred Retirement Allowance) receive an automatic level 2% cost-of-living adjustment in their Basic and Service Pensions as of each anniversary of retirement or the first of the month following their 52nd birthday and limited to 10 such increases (for a total increase of 20%).

Contributions

Accumulated Member Contributions

The Accumulated Member Contributions are the Member's Contributions accumulated with interest at the annual rates established by the Board of Trustees. Prior to the 1995/1996 plan year, interest was credited at the annual yield on the actuarial value of assets. Beginning with the 1995/1996 plan year, interest will be credited at the arithmetic average of the annual yields on the market value of assets for the preceding five years. Interest is credited each September 30 on the balance of the Accumulated Member Contributions as of the preceding October 1 as well as on additional Member Contributions made during the plan year. Members may borrow against their Accumulated Member Contributions as of the preceding October 1, subject to the restrictions set forth in the law.

Member Contributions

- 1.) All members must contribute 7% of compensation per year into the Annuity Savings Fund (with the exception that they may redirect some of these contributions to satisfy the additional requirements that follow).
 - 2.) All members who were not eligible for Normal Retirement on the date the ordinance took effect will also be required to make the following additional contribution towards the pension portion of the Plan (to help offset the City's funding requirements)
 - a. Non-Police Officers and Firefighters:
 - 5.0% of pensionable compensation from May 15, 2014 to September 30, 2014.
 - 4.0% of pensionable compensation from October 1, 2014 forward, except that:
 - This will drop to 3.0% of pensionable compensation if the Funded Ratio is between 80% and 100%.
 - This will drop to 0.0% of pensionable compensation if the Funded Ratio exceeds 100%.
 - b. Firefighters:
 - 5.0% of pensionable compensation from October 1, 2013 to September 30, 2014 (4.0% of pensionable compensation if hired on or after November 15, 2013).
 - 4.0% of pensionable compensation from October 1, 2014 forward, except that:
 - This will drop to 3.0% of pensionable compensation if the Funded Ratio is between 80% and 100%.
 - This will drop to 0.0% of pensionable compensation if the Funded Ratio exceeds 100%.
 - c. Police Officers:
 - 5.0% of pensionable compensation from March 2, 2014 to September 30, 2014 (4.0% of pensionable compensation if hired on or after March 2, 2014).
 - 4.0% of pensionable compensation from October 1, 2014 forward, except that:
 - This will drop to 3.0% of pensionable compensation if the Funded Ratio is between 80% and 100%.
 - This will drop to 0.0% of pensionable compensation if the Funded Ratio exceeds 100%.
- If a Police Officer or Firefighter terminates employment before they are vested, then they will receive a refund of these additional contributions. Non-Police Officers and Firefighters will not receive a refund of these contributions.

City Contribution Policy:

The City contributes to the Retirement System in accordance with the requirements of Part VII, Chapter 112 of the Florida Statutes. Effective August 25, 2009, the City implemented a contribution floor such that the City's contribution to the Retirement System will be at least 22% of the member payroll. The City may increase or decrease the floor by up to 2% of member payroll once every five years, if supported by an actuarial study. The floor shall not be less than 16% or more than 28% of member payroll.

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, 2015 through September 30, 2016.

The Sponsor's Net Pension Liability

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	3.00%
Salary Increases	3.00% - 9.00%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Pre-Retirement Mortality: RP-2000 Combined Mortality Table with a blue collar adjustment projected 15 years from valuation date.

Post-Retirement Healthy Mortality: RP-2000 Combined Mortality Table with a blue collar adjustment projected 7 years from valuation date.

Post-Retirement Disabled Mortality: RP-2000 Disabled Mortality Table.

The date of the most recent experience study for which significant assumptions are based upon is not available.

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	50%	7.31%
International Equity	5%	7.40%
Domestic Bonds	40%	2.10%
Other	5%	6.40%
Total	100%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 8.00 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)
Reporting Period Ending September 30, 2015	\$ 787,455,356	\$ 598,324,146	\$ 189,131,210
Changes for a Year:			
Service Cost	9,104,164	-	9,104,164
Interest	61,082,848	-	61,082,848
Change in Annuity Savings Fund	3,887,151	-	3,887,151
Differences between Expected and Actual Experience	10,359,527	-	10,359,527
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	31,270,057	(31,270,057)
Contributions - State	-	461,877	(461,877)
Contributions - Employee	-	2,132,259	(2,132,259)
Contributions - Buy Back	975,579	975,579	-
Net Investment Income	-	2,881,487	(2,881,487)
Benefit Payments, including Refunds of Employee Contributions	(66,047,848)	(66,047,848)	-
Net Changes	19,361,421	(28,326,589)	47,688,010
Reporting Period Ending September 30, 2016	\$ 806,816,777	\$ 569,997,557	\$ 236,819,220

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	7.00%	8.00%	9.00%
Sponsor's Net Pension Liability	\$ 312,988,806	\$ 236,819,220	\$ 172,156,670

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, 2016, the Sponsor will recognize a Pension Expense of \$29,909,662.

On September 30, 2016, 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	7,769,646	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	26,395,130	-
Employer and State contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ -

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2016.

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:	
2017	\$ 8,472,518
2018	\$ 8,472,517
2019	\$ 8,472,517
2020	\$ 8,747,224
2021	\$ -
Thereafter	\$ -

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

Reporting Period Ending	09/30/2016	09/30/2015
Measurement Date	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	9,104,164	8,982,779
Interest	61,082,848	60,285,831
Change in Annuity Savings Fund	3,887,151	4,064,028
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	10,359,527	-
Changes of assumptions	-	-
Contributions - Buy Back	975,579	1,182,367
Benefit Payments, including Refunds of Employee Contributions	<u>(66,047,848)</u>	<u>(63,299,504)</u>
Net Change in Total Pension Liability	19,361,421	11,215,501
Total Pension Liability - Beginning	<u>787,455,356</u>	<u>776,239,855</u>
Total Pension Liability - Ending (a)	<u><u>\$806,816,777</u></u>	<u><u>\$787,455,356</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	27,382,906	25,769,253
Contributions - State	461,877	461,877
Contributions - Employee	2,132,259	1,587,095
Contributions - Buy Back	975,579	1,182,367
Contributions - Annuity Savings Fund	3,887,151	4,064,028
Net Investment Income	2,881,487	58,702,102
Benefit Payments, including Refunds of Employee Contributions	<u>(66,047,848)</u>	<u>(63,299,504)</u>
Net Change in Plan Fiduciary Net Position	(28,326,589)	28,467,218
Plan Fiduciary Net Position - Beginning	<u>598,324,146</u>	<u>569,856,928</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$569,997,557</u></u>	<u><u>\$598,324,146</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$236,819,220</u></u>	<u><u>\$189,131,210</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	70.65%	75.98%
Covered Employee Payroll*	\$ 67,967,862	N/A
Net Pension Liability as a percentage of Covered Employee Payroll	348.43%	N/A

Notes to Schedule:

*The 2014 Covered Employee Payroll figure was not available.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

Reporting Period Ending	09/30/2016	09/30/2015
Measurement Date	09/30/2015	09/30/2014
Actuarially Determined Contribution	26,210,070	26,231,130
Contributions in relation to the		
Actuarially Determined Contributions	27,844,783	26,231,130
Contribution Deficiency (Excess)	\$ (1,634,713)	\$ -
Covered Employee Payroll*	\$ 67,967,862	N/A
Contributions as a percentage of		
Covered Employee Payroll	40.97%	N/A

*The 2014 Covered Employee Payroll figure was not available.

Notes to Schedule

Valuation Date: 10/01/2013 (AIS 02/23/2015)
 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: The entry age normal cost method was used to determine all liabilities, except that the liability associated with member contributions has been assumed to be equal to those contributions.
 Prior to October 1, 1998, fiscal year City contributions made in excess of required valuation year contributions were credited to the temporary funding credit.
 Beginning October 1, 1998, fiscal year contributions made in excess of required valuation year contributions are included in the experience gain or loss for the year. Experience gains and losses are amortized over a 15-year period.
 Beginning October 1, 2007, the method of amortizing experience gains and losses of the System was changed from a 15-year to a 30-year level dollar method. The amortization amounts for outstanding gain and loss bases as of October 1, 2007 were recalculated to extend the amortization period an additional 15 years (for a total of 30 years).
 Beginning October 1, 2008, the method of amortizing all outstanding unfunded liability bases was changed from a level dollar method to an increasing amortization based on a level percent of payroll. The aggregate payroll is assumed to increase at 4.0% per year, limited to average payroll growth for the previous 10 years.
 Beginning October 1, 2011, the method of amortizing all outstanding unfunded liability bases was changed to an increasing amortization based on a level percent of payroll where the aggregate payroll is assumed to increase at 3.5% per year.

Remaining Amortization Period: 30 Years (as of 10/01/2013).

Decrements: **Pre-Retirement Mortality:**
 RP-2000 Combined Mortality Table with a blue collar adjustment projected 15 years from valuation date.
Post-Retirement Healthy Mortality:
 RP-2000 Combined Mortality Table with a blue collar adjustment projected 7 years from valuation date.
Post-Retirement Disabled Mortality:
 RP-2000 Disabled Mortality Table.

Decrements:

Disability (General Employees)

Representative values of the assumed annual rates of disability among General employee members in active service are set forth in the following table:

Age	Rate	Age	Rate
20	0.024%	50	0.360%
25	0.040%	55	0.608%
30	0.056%	60	0.880%
35	0.104%	65	0.784%
40	0.152%	70	0.688%
45	0.224%	75	0.592%

Disability (Police Officers and Firefighters)

85% of all disabilities are assumed to be in the line of duty and 15% are assumed not to be in the line of duty. Representative values of the assumed annual rates of disability among Police Officer and Firefighter members in active service are set forth in the following table:

Age	Rate	Age	Rate
20	0.096%	50	0.896%
25	0.120%	55	1.328%
30	0.152%	60	1.760%
35	0.248%	65	2.192%
40	0.384%	70	2.624%
45	0.584%	75	3.056%

Permanent Withdrawal from Active Status (used for members with less than six years of service)

Representative values of the assumed annual rates of withdrawal among members in active service who have less than six years of service are set forth in the following tables:

<i>General Employees</i>		<i>Police Officers</i>	
Years of Service	Rate	Years of Service	Rate
0	12.5%	0	12.0%
1	12.5%	1	12.0%
2	7.5%	2	9.0%
3	7.5%	3	7.5%
4	7.5%	4	6.0%
5	7.5%	5	5.0%

<i>Firefighters</i>	
Years of Service	Rate
0	12.5%
1	9.5%
2	5.0%
3	4.0%
4	3.0%
5	2.5%

Decrements:

Permanent Withdrawal from Active Status (used for members with at least six years of service)

Representative values of the assumed annual rates of withdrawal among members in active service who have at least six years of service are set forth in the following tables:

<i>General Employees</i>		<i>Police Officers</i>	
Age	Rate	Age	Rate
25	5.0%	25	5.0%
30	5.0%	30	4.5%
35	5.0%	35	4.0%
40	5.0%	40	4.0%
45	5.0%	45	4.0%
50	5.0%	50	1.0%
55	3.0%	55	1.0%
60	2.0%	60	1.0%

<i>Firefighters</i>	
Age	Rate
25	2.0%
30	2.0%
35	2.0%
40	2.0%
45	2.0%
50	1.0%
55	1.0%
60	1.0%

Retirement (General Employees)

Representative values of the assumed annual rates of retirement among eligible General Employee members are shown in the tables below:

a) General Employees with less than 25 years of eligible service:

Age	Rate	Age	Rate
45	0	58	0.15
46	0	59	0.15
47	0	60	0.15
48	0	61	0.05
49	0	62	0.15
50	0.1	63	0.05
51	0.05	64	0.05
52	0.05	65	0.75
53	0.05	66	0.25
54	0.05	67	0.35
55	0.15	68	0.45
56	0.15	69	0.85
57	0.15	70	1

Decrements:

b) General Employees with 25 years of eligible service:

Age	Rate	Age	Rate
45	0%	58	40%
46	0%	59	40%
47	0%	60	40%
48	0%	61	40%
49	0%	62	50%
50	50%	63	30%
51	30%	64	30%
52	30%	65	80%
53	30%	66	50%
54	30%	67	60%
55	40%	68	70%
56	40%	69	80%
57	40%	70	100%

c) General Employees with more than 25 years of eligible service:

Age	Rate	Age	Rate
45	0%	58	20%
46	0%	59	20%
47	0%	60	20%
48	0%	61	10%
49	0%	62	20%
50	15%	63	10%
51	10%	64	10%
52	10%	65	80%
53	10%	66	30%
54	10%	67	40%
55	20%	68	50%
56	20%	69	90%
57	20%	70	100%

Retirement (Police Officers and Firefighters)

Representative values of the assumed annual rates of retirement among eligible Police Officer and Firefighter members are shown in the table below:

Service	Age < 65		Age ≥ 65
	Police Officers	Firefighters	
< 15	0%	0%	100%
15-19	5%	3%	100%
20	25%	20%	100%
21-24	10%	10%	100%
25	50%	40%	100%
26	30%	30%	100%
27	40%	40%	100%
28	50%	45%	100%
29	60%	50%	100%
30+	100%	100%	100%

Interest Rate:

8.00% per annum net of investment related expenses.

Salary Increases (General Employees) Representative values of the assumed annual rates of increase in salaries for General employees are shown in the table below:

Age	Rate	Age	Rate
20	9%	50	4%
25	8%	55	4%
30	7%	60	4%
35	6%	65	4%
40	5%	70	4%
45	5%	75	4%

A 5.0% and 9.5% salary increase is assumed as of October 1, 2011 and October 1, 2012 respectively. These increases reflect the restoration of a 17% pay concession that occurred on March 21, 2011 (with pay being restored to pre-concession levels on April 1, 2012) as well as the cessation of mandatory furlough days (1 in every 10 days ending on March 20, 2011). Other than the restoration of the above concessions, no salary increases for fiscal 2012 through 2014 are assumed. Beginning with fiscal 2015, pay is assumed to increase at the rates provided in the table above.

Salary Increases (Police Officers and Firefighters) Representative values of the assumed annual rates of increase in salaries for Police Officers and Firefighters are shown in the table below:

Service	Police Officers	Firefighters
0	9.0%	9.0%
1	8.5%	8.5%
2	8.0%	8.0%
3	7.5%	7.5%
4	7.0%	7.0%
5	6.5%	6.5%
6-9	6.0%	6.0%
10	6.0%	5.0%
11	5.0%	4.5%
12-22	4.0%	4.0%
23+	4.0%	3.0%

The pay scale for the Police Officer and Firefighters also reflects short term salary freezes through the end of fiscal 2013.

Assets: The actuarial value of assets (AV A) is equal to the market value of assets adjusted to reflect a five year phase-in of the difference between the expected versus actual return on the AV A. The AVA is limited to an 80%-120% corridor of the market value of assets.

Funding Period (Pursuant to Chapter 112, Florida Statutes): The annual payment towards the unfunded actuarial accrued liability has been determined as a level percent of pay. The aggregate payroll is assumed to increase at 3.5% per year as approved by the Division of Retirement.

Refund of Member Contributions: It is assumed that all members take a refund of their accumulated employee contributions upon retiring from the System.

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ 206,382,927	\$ -	\$ 26,231,130	\$ -
Employer and State contributions made after 09/30/2014	-	-	27,844,783	-
Total Pension Liability Factors:				
Service Cost	8,982,779	-	-	8,982,779
Interest	60,285,831	-	-	60,285,831
Change in Annuity Savings Fund	4,064,028	-	-	4,064,028
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	1,182,367	-	-	1,182,367
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	-	-	-
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(63,299,504)	-	-	(63,299,504)
Net change	<u>11,215,501</u>	<u>-</u>	<u>27,844,783</u>	<u>11,215,501</u>
Plan Fiduciary Net Position:				
Contributions - Employer	25,769,253	-	(25,769,253)	-
Contributions - State	461,877	-	(461,877)	-
Contributions - Employee	1,587,095	-	-	(1,587,095)
Contributions - Buy Back	1,182,367	-	-	(1,182,367)
Contributions - Annuity Savings Fund	4,064,028	-	-	(4,064,028)
Net Investment Income	44,379,159	-	-	(44,379,159)
Difference between projected and actual earnings on Pension Plan investments	14,322,943	14,322,943	-	-
Current year amortization	-	(2,864,588)	-	(2,864,588)
Benefit Payments	(63,299,504)	-	-	63,299,504
Net change	<u>28,467,218</u>	<u>11,458,355</u>	<u>(26,231,130)</u>	<u>9,222,267</u>
Ending Balance	<u>\$ 189,131,210</u>	<u>\$ 11,458,355</u>	<u>\$ 27,844,783</u>	<u>\$ 20,437,768</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 189,131,210	\$ 11,458,355	\$ 27,844,783	\$ -
Employer and State Contributions made after 09/30/2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	9,104,164	-	-	9,104,164
Interest	61,082,848	-	-	61,082,848
Change in Annuity Savings Fund	3,887,151	-	-	3,887,151
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	975,579	-	-	975,579
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	10,359,527	-	10,359,527	-
Current year amortization of experience difference	-	-	(2,589,881)	2,589,881
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	<u>(66,047,848)</u>	-	-	<u>(66,047,848)</u>
Net change	<u>19,361,421</u>	<u>-</u>	<u>7,769,646</u>	<u>11,591,775</u>
Plan Fiduciary Net Position:				
Contributions - Employer	27,382,906	-	(27,382,906)	-
Contributions - State	461,877	-	(461,877)	-
Contributions - Employee	2,132,259	-	-	(2,132,259)
Contributions - Buy Back	975,579	-	-	(975,579)
Contributions - Annuity Savings Fund	3,887,151	-	-	(3,887,151)
Net Investment Income	46,617,609	-	-	(46,617,609)
Difference between projected and actual earnings on Pension Plan investments	(43,736,122)	-	43,736,122	-
Current year amortization	-	(2,864,588)	(8,747,225)	5,882,637
Benefit Payments	<u>(66,047,848)</u>	-	-	<u>66,047,848</u>
Net change	<u>(28,326,589)</u>	<u>(2,864,588)</u>	<u>7,144,114</u>	<u>18,317,887</u>
Ending Balance	<u>\$ 236,819,220</u>	<u>\$ 8,593,767</u>	<u>TBD</u>	<u>\$ 29,909,662</u>

* Employer and State Contributions subsequent to the measurement date made after September 30, 2015 but made on or before September 30, 2016 needs to be added.