

CITY OF WINTER GARDEN  
PENSION PLAN  
FOR  
FIREFIGHTERS AND POLICE OFFICERS

ACTUARIAL VALUATION REPORT  
AS OF OCTOBER 1, 2015

CONTRIBUTIONS APPLICABLE TO THE CITY'S  
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2017

February 29, 2016

Ms. Susy Pita  
Plan Administrator  
City of Winter Garden  
Pension Plan for Firefighters and Police Officers  
21629 Stirling Pass  
Leesburg, FL 34748

Re: City of Winter Garden  
Pension Plan for Firefighters and Police Officers

Dear Susy:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Winter Garden Pension Plan for Firefighters and Police Officers. 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, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

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

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Winter Garden, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City Winter Garden Pension Plan for Firefighters and Police Officers. 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:



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

DHL/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Winter Garden Pension Plan for Firefighters and Police Officers, performed as of October 1, 2015, has been completed, and the results are presented in this Report. The contribution amounts developed in this valuation are applicable to the plan/fiscal year ended September 30, 2017.

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

Valuation Date	10/1/2015	10/1/2014
Applicable Plan/Fiscal Yr. End	<u>9/30/2017</u>	<u>9/30/2016</u>
<b>Total Required Contribution</b>		
% of Total Annual Payroll	19.75%	21.05%
<b>Member Contributions</b>		
% of Total Annual Payroll	3.50%	3.50%
<b>City and State Required Contribution</b>		
% of Total Annual Payroll	16.25%	17.55%
<b>State Contribution <sup>1</sup></b>	277,807	277,807
% of Total Annual Payroll	3.69%	3.69%
<b>Balance from City</b>		
% of Total Annual Payroll	12.56%	13.86%

<sup>1</sup> "Frozen" under the traditional interpretation of Chapter 99-1, Florida Statutes. For budgeting purposes, the required Sponsor Contribution (City and State) is 16.25% of Pensionable Earnings for the fiscal year ending September 30, 2017. The precise City requirement for the year is this amount, less actual State Contributions, up to a maximum \$277,807. It is important to note that the “frozen” State Contribution decreased to \$277,807 since there has been no applicable Supplemental Distribution made since performance of the October 1, 2009 actuarial valuation. The City may use any future Supplemental distribution for meeting its funding obligation, up to a maximum \$5,220.98.

Additionally, there is a City prepaid contribution of \$50,451 that is available to help offset the above stated requirements for fiscal 2016.

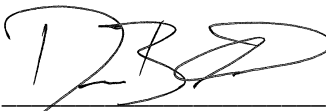
During the last twelve months, experience has been more favorable than expected, relative to the Plan's actuarial assumptions. The primary source of favorable experience was attributable to average increases in pensionable compensation that were less than the assumption by more than 4%. This gain was partially offset by lower than expected employee turnover.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By:   
\_\_\_\_\_  
Douglas H. Lozen, EA, MAAA

By:   
\_\_\_\_\_  
Drew D. Ballard, EA, MAAA

## CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2014	13.80%
(2) Summary of Contribution Impact by component:	
Change in Available State Money	0.0%
Investment Return (Actuarial Asset Basis)	-0.2%
Salary Increases	-1.5%
Payroll Change	0.0%
Change in Normal Cost Rate	-0.1%
Change in Administrative Expenses	0.1%
Active Decrements	0.4%
Inactive Mortality	0.1%
Data Corrections	0.0%
Assumption Change	0.0%
Other	<u>-0.1%</u>
Total Change in Contribution	-1.24%
(3) Contribution Determined as of October 1, 2015	12.56%

## CHANGES SINCE PRIOR VALUATION

### Plan Changes

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

### Actuarial Assumption/Method Changes

There have been no changes in methods or assumptions since the prior valuation.



COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	117	116
Service Retirees	29	28
Beneficiaries	2	1
Disability Retirees	8	8
Terminated Vested	<u>38</u>	<u>38</u>
Total	194	191
Total Annual Payroll	\$7,538,210	\$7,416,742
Payroll Under Assumed Ret. Age	7,538,210	7,416,742
Annual Rate of Payments to:		
Service Retirees	964,490	967,806
Beneficiaries	44,733	11,633
Disability Retirees	228,149	228,149
Terminated Vested	102,797	107,118
B. Assets		
Actuarial Value	31,325,370	28,640,942
Market Value	31,056,478	30,108,080
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	22,927,163	21,344,388
Disability Benefits	1,523,849	1,499,813
Death Benefits	235,956	220,126
Vested Benefits	2,912,094	2,937,050
Refund of Contributions	50,982	53,375
Service Retirees	10,044,053	10,186,145
Beneficiaries	345,204	40,529
Disability Retirees	2,581,010	2,612,968
Terminated Vested	783,004	883,966
Excess State Monies Reserve	<u>1,201,957</u>	<u>1,014,964</u>
Total	42,605,272	40,793,324

C. Liabilities - (Continued)	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	63,917,991	64,681,196
Present Value of Future Member Contributions	2,237,130	2,263,842
Normal Cost (Retirement)	932,931	913,470
Normal Cost (Disability)	122,494	121,415
Normal Cost (Death)	12,534	12,079
Normal Cost (Vesting)	188,292	193,996
Normal Cost (Refunds)	<u>11,897</u>	<u>13,497</u>
Total Normal Cost	1,268,148	1,254,457
Present Value of Future Normal Costs	10,132,141	10,252,128
Accrued Liability (Retirement)	15,382,560	13,711,534
Accrued Liability (Disability)	563,012	540,869
Accrued Liability (Death)	137,125	121,911
Accrued Liability (Vesting)	1,423,180	1,416,974
Accrued Liability (Refunds)	12,026	11,336
Accrued Liability (Inactives)	13,753,271	13,723,608
Excess State Monies Reserve	<u>1,201,957</u>	<u>1,014,964</u>
Total Actuarial Accrued Liability	32,473,131	30,541,196
Unfunded Actuarial Accrued Liability (UAAL)	1,147,761	1,900,254
Funded Ratio (AVA / AL)	96.5%	93.8%
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	13,753,271	13,723,608
Actives	9,114,741	7,103,019
Member Contributions	<u>1,141,901</u>	<u>936,901</u>
Total	24,009,913	21,763,528
Non-vested Accrued Benefits	<u>1,857,233</u>	<u>2,414,596</u>
Total Present Value Accrued Benefits	25,867,146	24,178,124
Funded Ratio (MVA / PVAB)	120.1%	124.5%
 Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	1,145,249	
Benefits Paid	(1,223,698)	
Interest	1,767,471	
Other	<u>0</u>	
Total	1,689,022	

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

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll <sup>1</sup>	17.45	17.55
Administrative Expenses (with interest) % of Total Annual Payroll <sup>1</sup>	0.59	0.50
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 16 years (as of 10/1/2015, with interest) % of Total Annual Payroll <sup>1</sup>	1.71	3.00
Total Required Contribution % of Total Annual Payroll <sup>1</sup>	19.75	21.05
Expected Member Contributions % of Total Annual Payroll <sup>1</sup>	3.50	3.50
Expected City & State Contribution % of Total Annual Payroll <sup>1</sup>	16.25	17.55

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
Total Required Contribution	1,512,750
City and State Requirement	1,270,544
Actual Contributions Made:	
Members (excluding buyback)	242,206
City	992,737
State	<u>277,807</u> <sup>2</sup>
Total	1,512,750

G. Net Actuarial (Gain)/Loss (689,994)

<sup>1</sup> Contributions developed as of 10/1/2015 are expressed as a percentage of total annual payroll at 10/1/2015 of \$7,538,210.

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

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	1,147,761
2016	1,100,618
2017	1,049,942
2021	806,264
2024	723,358
2028	308,722
2031	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	1.47%	6.22%
Year Ended	9/30/2014	6.55%	6.28%
Year Ended	9/30/2013	3.72%	6.60%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	7.80%	7.50%
Year Ended	9/30/2014	9.08%	7.50%
Year Ended	9/30/2013	7.11%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$7,538,210
	10/1/2005	3,864,547
(b) Total Increase		95.06%
(c) Number of Years		10.00
(d) Average Annual Rate		6.91%

STATEMENT BY ENROLLED ACTUARY

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



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

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2014	\$1,900,254
(2) Sponsor Normal Cost developed as of October 1, 2014	994,871
(3) Expected administrative expenses for the year ended September 30, 2015	35,402
(4) Expected interest on (1), (2) and (3)	218,462
(5) Sponsor contributions to the System during the year ended September 30, 2015	1,270,544
(6) Expected interest on (5)	40,690
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	1,837,755
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	(689,994)
(10) Unfunded Accrued Liability as of October 1, 2015	1,147,761

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2015 Amount</u>	<u>Amortization Amount</u>
Method Change	10/1/2010	15	\$1,595,350	\$168,124
Benefit Change	10/1/2010	15	5,805	612
Reconciliation Base	10/1/2011	6	(561,759)	(111,330)
Actuarial Loss	10/1/2011	6	572,395	113,438
Benefit Change	10/1/2011	16	(59,614)	(6,066)
Actuarial Loss	10/1/2012	7	327,933	57,594
Actuarial Loss	10/1/2013	8	95,756	15,208
Actuarial Gain	10/1/2014	9	(138,111)	(20,141)
Actuarial Gain	10/1/2015	10	<u>(689,994)</u>	<u>(93,509)</u>
			1,147,761	123,930

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$1,900,254
(2) Expected UAAL as of October 1, 2015	1,837,755
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(87,120)
Salary Increases	(819,704)
Active Decrements	212,383
Inactive Mortality	28,605
Other	<u>(24,158)</u>
Increase in UAAL due to (Gain)/Loss	(689,994)
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2015	\$1,147,761

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rates RP-2000 Table with no projection (sex distinct). Disabled lives are set forward 5 years. We believe this assumption sufficiently accommodates future mortality improvements.

Interest Rate 7.5% per year compounded annually, net of investment-related expenses. This assumption is supported by the Plan’s investment policy and long-term expected returns by asset class.

Administrative Expenses \$43,046, based on actual Administrative Expenses incurred during the prior fiscal year.

Normal Retirement Rates

<u>Eligibility Date</u>	<u>Probability of Retirement</u>
First eligible	80%
After first eligible, until age 66	20%
Age 67 and later	100%

The above rates were adopted by the Board as the result of a prior Experience Study.

Early Retirement Rates

<u>Age</u>	<u>Rates</u>
50	2.4%
51	2.2%
52	2.0%
53	1.8%
54	1.6%

The above rates were adopted by the Board as the result of a prior Experience Study.

Termination Rates

<u>Age</u>	<u>Rates</u>
20	12.0%
25	10.8%
30	9.4%
35	6.6%
40	4.4%
45	3.4%
50	2.4%

The above rates were adopted by the Board as the result of a prior Experience Study.



Salary Increases

Age

Rates

20	12.0%
25	10.2%
30	7.8%
35	6.4%
40	5.4%
45	4.4%
50	3.4%

As a result of a special actuarial analysis, the above rates were adopted in conjunction with the October 1, 2010 valuation.

Terminal Leave Pay

Present Value of Retirement Liability	Percentage Increase to Liability		
	Hired prior to 7/1/2001	Hired 7/1/2001 – 7/1/2006	Hired after 7/1/2006
Normal	5.0%	3.75%	2.5%
Early	2.5%	1.875%	1.25%
Vesting	2.5%	1.875%	1.25%
Death	2.5%	1.875%	1.25%
Disability	2.5%	1.875%	1.25%

The assumed rates are based on data provided by the City. Also, no liability increases are utilized for Members hired after June 30, 2011.

Disability Rates

Age

Probability of Disability

20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%

The above rates were adopted by the Board as the result of a prior Experience Study. Additionally, it is assumed that 75% of disablements and active Member deaths are service related.

Cost of Living Adjustments

None.

Payroll Increases

None.

Funding Method

Entry Age Normal Actuarial Cost Method

Actuarial Value of Assets

The Actuarial Value of Assets utilizes a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a five-year period.

## VALUATION NOTES

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

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

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

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

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

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

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	99,825.42	_____%
1999	109,431.71	9.6%
2000	116,285.25	6.3%
2001	143,255.06	23.2%
2002	154,813.02	8.1%
2003	167,494.78	8.2%
2004	212,965.87	27.1%
2005	235,167.58	10.4%
2006	292,419.90	24.3%
2007	315,397.91	7.9%
2008	375,416.07	19.0%
2009	479,938.23	27.8%
2010	394,816.89	-17.7%
2011	385,389.67	-2.4%
2012	407,306.15	5.7%
2013	436,384.06	7.1%
2014	449,044.38	2.9%
2015	464,800.33	3.5%

EXCESS STATE MONIES RESERVE

	Firefighters' Distribution			Special Distribution			Police Officers' Distribution		
	Actual <u>State Contribution</u>	Regular Distribution Applicable "Frozen" Amount <sup>1</sup>	Excess State <u>Monies Reserve</u>	Actual <u>State Contribution</u>	Applicable "Frozen" Amount <sup>1</sup>	Excess State <u>Monies Reserve</u>	Actual <u>State Contribution</u>	Applicable "Frozen" Amount <sup>1</sup>	Excess State <u>Monies Reserve</u>
1998	\$31,327.38	\$31,327.38	\$0.00	\$5,220.98	\$5,220.98	\$0.00	\$63,277.06	\$63,277.06	\$0.00
1999	34,943.40	25,337.11	9,606.29	5,220.98	5,220.98	0.00	69,267.33	69,267.33	0.00
2000	36,215.82	34,009.07	2,206.75	9,459.06	5,220.98	4,238.08	70,610.37	70,610.37	0.00
2001	42,951.66	42,951.66	0.00	11,214.44	147,778.80	0.00	89,088.96	89,088.96	0.00
2002	50,704.50	50,704.50	0.00	9,524.11	137,739.51	0.00	94,584.41	94,584.41	0.00
2003	51,354.18	51,354.18	0.00	6,607.79	122,141.43	0.00	109,532.81	109,532.81	0.00
2004	64,722.22	64,722.22	0.00	9,173.31	79,235.86	0.00	139,070.34	139,070.34	0.00
2005	73,576.60	73,576.60	0.00	7,216.33	55,077.17	0.00	154,374.65	154,374.65	0.00
2006	92,289.84	85,568.76	6,721.08	7,891.38	5,220.98	2,670.40	192,238.68	192,238.68	0.00
2007	106,198.44	86,763.01	19,435.43	18,155.04	5,220.98	12,934.06	191,044.43	191,044.43	0.00
2008	126,151.30	93,299.19	32,852.11	64,756.52	5,220.98	59,535.54	184,508.25	184,508.25	0.00
2009	185,085.47	81,972.74	103,112.73	99,018.06	5,220.98	93,797.08	195,834.70	195,834.70	0.00
2010	187,725.06	70,715.61	117,009.45	0.00	0.00	0.00	207,091.83	207,091.83	0.00
2011	188,428.76	80,846.53	107,582.23	0.00	0.00	0.00	196,960.91	196,960.91	0.00
2012	204,659.80	75,161.09	129,498.71	0.00	0.00	0.00	202,646.35	202,646.35	0.00
2013	213,806.09	55,229.47	158,576.62	0.00	0.00	0.00	222,577.97	222,577.97	0.00
2014	217,337.79	46,100.85	171,236.94	0.00	0.00	0.00	231,706.59	231,706.59	0.00
2015	209,852.22	22,859.33	<u>186,992.89</u>	0.00	0.00	<u>0.00</u>	254,948.11	254,948.11	<u>0.00</u>
			1,044,831.23			173,175.16			0.00
Police Excess			0.00						
Regular Fire Excess			1,044,831.23						
Special Fire Excess			<u>173,175.16</u>						
Total Excess State Monies			1,218,006.39						
Less Excess Used for Prior Improvements <sup>2</sup>			(16,050)						
Equals Current State Monies Reserve			<b>\$1,201,956.84</b>						

<sup>1</sup> "Frozen" under the traditional interpretation of Chapter 99-1, Florida Statutes.

<sup>2</sup> Ordinances 00-22, 01-59, 02-43

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	1,259,973.77	1,259,973.77
Cash	(129.71)	(129.71)
<b>Total Cash and Equivalents</b>	<b>1,259,844.06</b>	<b>1,259,844.06</b>
Receivables:		
Member Contributions	99.45	99.45
City Contributions in Transit	201,696.95	201,696.95
Investment Income	78,033.01	78,033.01
<b>Total Receivable</b>	<b>279,829.41</b>	<b>279,829.41</b>
Investments:		
U. S. Bonds and Bills	3,033,386.97	3,126,299.40
Federal Agency Guaranteed Securities	2,799,129.89	2,789,332.75
Corporate Bonds	945,819.70	960,129.35
Stocks	9,393,378.22	9,713,578.56
Mutual Funds:		
Fixed Income	1,792,558.10	1,573,572.09
Equity	6,404,589.68	8,146,306.32
Pooled/Common/Commingled Funds:		
Real Estate	2,984,083.00	3,267,711.00
<b>Total Investments</b>	<b>27,352,945.56</b>	<b>29,576,929.47</b>
<b>Total Assets</b>	<b>28,892,619.03</b>	<b>31,116,602.94</b>
 <u>LIABILITIES</u>		
Payables:		
Investment Expenses	8,239.16	8,239.16
Administrative Expenses	1,330.30	1,330.30
Prepaid Member Contribution	104.82	104.82
Prepaid City Contribution	50,450.51	50,450.51
<b>Total Liabilities</b>	<b>60,124.79</b>	<b>60,124.79</b>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<b>28,832,494.24</b>	<b>31,056,478.15</b>

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

ADDITIONS

Contributions:		
Member		242,206.14
City		992,736.77
State		464,800.33
Total Contributions		1,699,743.24
Investment Income:		
Net Realized Gain (Loss)	848,336.12	
Unrealized Gain (Loss)	(1,174,833.69)	
Net Increase in Fair Value of Investments		(326,497.57)
Interest & Dividends		962,577.82
Less Investment Expense <sup>1</sup>		(120,682.04)
Net Investment Income		515,398.21
Total Additions		2,215,141.45
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments		1,207,588.20
Refunds of Member Contributions		16,109.86
Total Distributions		1,223,698.06
Administrative Expense		43,045.74
Total Deductions		1,266,743.80
Net Increase in Net Position		948,397.65
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		30,108,080.50
End of the Year		31,056,478.15

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

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS AS OF SEPTEMBER 30

	2015	2016	2017	2018	2019
A. Preliminary Actuarial Value Prior Year	28,640,942				
B. Market Value Beginning of Year	30,108,081				
C. Market Value End of Year	31,056,478				
D. Non-investment net cash flow	432,999				
E. Investment Return					
1. Actual market return net of investment expenses: C - B - D	515,398				
2. Expected return of 7.50%: (B + D/2) * 0.075	2,274,344				
3. Excess/(shortfall): E1 - E2	(1,758,946)				
F. Phased-in recognition of Investment Return					
1. Current year: 20% of E3	(351,789)				
2. 20% from first prior year	87,463	(351,789)			
3. 20% from second prior year	265,454	87,463	(351,789)		
4. 20% from third prior year	344,972	265,454	87,463	(351,789)	
5. 20% from fourth prior year	(369,015)	344,971	265,456	87,461	(351,790)
6. Total phased in investment return	(22,915)	346,099	1,130	(264,328)	(351,790)
G. Actuarial Value (AV) End of Year					
1. Preliminary AV end of year: A + D + E2 + F6	31,325,370				
2. Upper corridor limit: 120% * C	37,267,774				
3. Lower corridor limit: 80% * C	24,845,183				
4. Actuarial value end of year	31,325,370				
H. Difference between MV and AV:	(268,892)				
I. Net Investment Income:					
1. Interest and Dividends	962,578				
2. Realized Gains (Losses)	848,336				
2. Change in Actuarial Value	561,197				
3. Investment Expenses	(120,682)				
	<u>2,251,429</u>				
Actuarial Assets Rate of Return = 2I/(A+G-I):	7.80%				
Market Value of Assets Rate of Return:	1.72%				
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	87,120				



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

REVENUES

Contributions:		
Member	242,206.14	
City	992,736.77	
State	464,800.33	
 Total Contributions		 1,699,743.24
Earnings from Investments:		
Interest & Dividends	962,577.82	
Net Realized Gain (Loss)	848,336.12	
Change in Actuarial Value	561,196.66	
 Total Earnings and Investment Gains		 2,372,110.60

EXPENDITURES

Distributions to Members:		
Benefit Payments	1,207,588.20	
Refunds of Member Contributions	16,109.86	
 Total Distributions		 1,223,698.06
Expenses:		
Investment related <sup>1</sup>	120,682.04	
Administrative	43,045.74	
 Total Expenses		 163,727.78
 Change in Net Assets for the Year		 2,684,428.00
 Net Assets Beginning of the Year		 28,640,941.69
 Net Assets End of the Year <sup>2</sup>		 31,325,369.69

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

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

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

(1)	Total Required Contribution Rate	21.86%
(2)	Pensionable Payroll Derived from Member Contributions	\$6,920,175.43
(3)	Total Required Contribution (1) x (2)	1,512,750.35
(4)	Less Actual Member Contributions	(242,206.14)
(5)	Less Allowable State Contribution	<u>(277,807.44)</u>
(6)	Equals Required City Contribution for Fiscal 2015	992,736.77
(7)	Less 2014 Prepaid Contribution	(49,709.30)
(8)	Less Actual City Contributions	<u>(993,477.98)</u>
(9)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2015	(\$50,450.51)

## STATISTICAL DATA

	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>
<u>Actives</u>				
Number	113	112	116	117
Average Current Age	36.4	37.3	37.6	38.4
Average Age at Employment	29.6	29.7	29.5	29.7
Average Past Service	6.8	7.6	8.1	8.7
Average Annual Salary	\$60,234	\$61,816	\$63,937	\$64,429
<u>Service Retirees</u>				
Number			28	29
Average Current Age			64.5	64.8
Average Annual Benefit			\$34,565	\$33,258
<u>Beneficiaries</u>				
Number			1	2
Average Current Age			51.7	59.9
Average Annual Benefit			\$11,633	\$22,367
<u>Disability Retirees</u>				
Number			8	8
Average Current Age			53.2	54.2
Average Annual Benefit			\$28,519	\$28,519
<u>Terminated Vested <sup>1</sup></u>				
Number			10	8
Average Current Age			47.3	44.3
Average Annual Benefit			\$10,712	\$12,850

<sup>1</sup> Statistics only include Members entitled to a deferred benefit.

## AGE AND SERVICE DISTRIBUTION

### PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	1	0	1	0	0	0	0	0	0	0	0	2
25 - 29	2	6	2	2	1	4	0	0	0	0	0	17
30 - 34	1	1	4	2	2	12	7	0	0	0	0	29
35 - 39	0	0	0	1	1	6	10	1	0	0	0	19
40 - 44	0	0	0	1	0	6	8	1	1	0	0	17
45 - 49	0	1	1	1	0	7	3	3	3	2	0	21
50 - 54	0	1	0	2	1	1	0	0	0	1	0	6
55 - 59	0	0	0	0	0	2	1	0	1	0	0	4
60 - 64	0	0	0	0	0	1	1	0	0	0	0	2
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	4	9	8	9	5	39	30	5	5	3	0	117

## VALUATION PARTICIPANT RECONCILIATION

### 1. Active lives

a. Number in prior valuation 10/1/2014	116
b. Terminations	
i. Vested (partial or full) with deferred benefits <sup>1</sup>	(2)
ii. Non-vested or full lump sum distribution received	(2)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>0</u>
f. Continuing participants	112
g. New entrants	<u>5</u>
h. Total active life participants in valuation	117

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	28	1	8	38	75
Retired	0	0	0	(2)	(2)
Vested Deferred	2	0	0	2	4
Death, With Survivor	(1)	0	0	0	(1)
Death, No Survivor	0	1	0	0	1
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	0	0
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
b. Number current valuation	29	2	8	38	77

<sup>1</sup> Includes non-vested Members awaiting a refund of Member Contributions.

PENSION PLAN FOR FIREFIGHTERS AND POLICE OFFICERS  
SUMMARY OF PLAN PROVISIONS

<u>Eligibility</u>	Full-time employees who are classified as Police Officers or Firefighters participate as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Police Officer or Firefighter.
<u>Salary</u>	Gross Compensation, excluding extra duty detail work performed for a second party.
<u>Average Final Compensation</u>	Average Salary for the 5 best years of the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	3.5% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, F.S.
 <u>Normal Retirement</u>	
Date	Earlier of: 1) age 55 with 6 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age.
Benefit	3.0% of Average Final Compensation <u>times</u> Credited Service, up to 25 years; <u>plus</u> 2.0% of Average Final Compensation <u>times</u> Credited Service for each year after 25 years.
Maximum Benefit	95% of Average Final Compensation
Form of Benefit	Ten Year Certain and Life Annuity (options available).
 <u>Early Retirement</u>	
Eligibility	Age 50 with 6 years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year that the benefit commencement date precedes age 55.

### Vesting

Schedule	100% after 6 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the Early (reduced) or Normal Retirement Date.

### Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability but not less than 42% of Average Final Compensation (25% for Non-Service Incurred). The maximum benefit is 95% of Average Final Compensation.
Duration	Payable for life (with 120 payments guaranteed) or until recovery (as determined by the Board). Optional forms of payment are available.

### Death Benefits

10 or more years of Credited Service	Monthly accrued benefit payable to designated beneficiary for 10 years at otherwise Early (reduced) or Normal (unreduced) Retirement Date.
Less than 10 years of Credited Service	Refund of accumulated contributions.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	1,259,974
Cash	(130)
Total Cash and Equivalents	1,259,844
Receivables:	
City Contributions in Transit	201,697
Investment Income	78,033
Total Receivable	279,730
Investments:	
U. S. Bonds and Bills	3,126,299
Federal Agency Guaranteed Securities	2,789,333
Corporate Bonds	960,129
Stocks	9,713,579
Mutual Funds:	
Fixed Income	1,573,572
Equity	8,146,306
Pooled/Common/Commingled Funds:	
Real Estate	3,267,711
Total Investments	29,576,929
Total Assets	31,116,503
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	8,239
Administrative Expenses	1,330
Total Liabilities	9,569
NET POSITION RESTRICTED FOR PENSIONS	31,106,934



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

ADDITIONS

## Contributions:

Member	242,212	
City	1,043,187	
State	464,800	
 Total Contributions		 1,750,199
 Investment Income:		
Net Increase in Fair Value of Investments	(326,497)	
Interest & Dividends	962,578	
Less Investment Expense <sup>1</sup>	(120,682)	
 Net Investment Income		 515,399
 Total Additions		 2,265,598

DEDUCTIONS

## Distributions to Members:

Benefit Payments	1,207,588	
Refunds of Member Contributions	16,110	
 Total Distributions		 1,223,698
 Administrative Expense		 43,046
 Total Deductions		 1,266,744
 Net Increase in Net Position		 998,854

## NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		30,108,080
End of the Year		31,106,934

<sup>1</sup>Investment 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*

The City of Winter Garden Pension Plan for Firefighters and Police Officers is a single employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the plan. The Board consists of 5 Trustees, 2 of whom are legal residents of the City who are appointed by the City Commission, 1 of whom is a Firefighter member and 1 of whom is a Police Officer member who are elected by a majority of the Firefighters and Police Officers who are members of the plan and a fifth Trustee who is chosen by a majority of the first 4 Trustees.

*Plan Membership as of October 1, 2014:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	37
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	38
Active Plan Members	116
	191
	191

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of: 1) age 55 with 6 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age.

Benefit: 3.0% of Average Final Compensation times Credited Service, up to 25 years; plus 2.0% of Average Final Compensation times Credited Service for each year after 25 years.

Maximum Benefit: 95% of Average Final Compensation.

Early Retirement:

Eligibility: Age 50 with 6 years of Credited Service.

Accrued benefit, reduced 3% per year that the benefit commencement date precedes age 55.

Vesting:

Schedule: 100% after 6 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (25% for Non-Service Incurred).

The maximum benefit is 95% of Average Final Compensation.

Death Benefits:

10 or more years of Credited Service: Monthly accrued benefit payable to designated beneficiary for 10 years at otherwise Early (reduced) or Normal (unreduced) Retirement Date.

Less than 10 years of Credited Service: Refund of accumulated contributions.

*Contributions*

Member Contributions: 3.5% of Salary.

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

Investments

*Investment Policy:*

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

Asset Class	Target Allocation
Domestic Equity	50%
International Equity	10%
Broad Market Fixed Income	25%
Global Fixed Income	5%
Real Estate	10%
Total	100%

*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 1.72 percent.

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

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	\$ 32,606,514
Plan Fiduciary Net Position	\$ (31,106,934)
Sponsor's Net Pension Liability	<u>\$ 1,499,580</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	95.40%

*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	3.40% - 12.00%
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate: RP-2000 Table with no projection (sex distinct). Disabled lives are set forward 5 years. We feel this assumption sufficiently accommodates future mortality improvements.

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:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.5%
International Equity	8.5%
Broad Market Fixed Income	2.5%
Global Fixed Income	3.5%
Real Estate	4.5%

**Discount Rate:**

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

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

	1% Decrease	Current	1% Increase
	<u>6.50%</u>	<u>Discount Rate</u>	<u>8.50%</u>
	\$ 5,634,015	\$ 1,499,580	\$ (1,945,892)
Sponsor's Net Pension Liability			

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	1,247,782	1,170,789
Interest	2,207,981	2,055,663
Change in Excess State Money	186,993	171,237
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	368,676	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,223,698)</u>	<u>(1,321,368)</u>
Net Change in Total Pension Liability	2,787,734	2,076,321
Total Pension Liability - Beginning	<u>29,818,780</u>	<u>27,742,459</u>
Total Pension Liability - Ending (a)	<u>\$ 32,606,514</u>	<u>\$ 29,818,780</u>
Plan Fiduciary Net Position		
Contributions - Employer	1,043,187	992,159
Contributions - State	464,800	449,044
Contributions - Employee	242,212	247,075
Net Investment Income	515,399	2,495,803
Benefit Payments, including Refunds of Employee Contributions	<u>(1,223,698)</u>	<u>(1,321,368)</u>
Administrative Expense	<u>(43,046)</u>	<u>(35,402)</u>
Net Change in Plan Fiduciary Net Position	998,854	2,827,311
Plan Fiduciary Net Position - Beginning	<u>30,108,080</u>	<u>27,280,769</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 31,106,934</u>	<u>\$ 30,108,080</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,499,580</u>	<u>\$ (289,300)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	95.40%	100.97%
Covered Employee Payroll	\$ 6,920,183	\$ 7,059,293
Net Pension Liability as a percentage of Covered Employee Payroll	21.67%	-4.10%

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>
Actuarially Determined Contribution	1,270,544	1,269,966
Contributions in relation to the Actuarially Determined Contributions	1,320,994	1,269,966
Contribution Deficiency (Excess)	<u>\$ (50,450)</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 6,920,183	\$ 7,059,293
Contributions as a percentage of Covered Employee Payroll	19.09%	17.99%

Notes to Schedule

Valuation Date: 10/01/2013

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:

Funding Method: Entry Age Normal Actuarial Cost Method.  
 Amortization Method: Level Dollar, Closed.  
 Remaining Amortization Period: 18 Years (as of 10/01/2013).  
 Mortality: RP 2000 Table with no projection. Disabled lives set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.  
 Interest Rate: 7.5% per year compounded annually, net of investment related expenses.  
 Cost-of-Living Adjustments: None.  
 Payroll Increases: None.

Normal Retirement Rates:	<u>Eligibility Date</u>	<u>Probability of Retirement</u>
	First eligible	80%
	After first eligible, until age 66	20%
	Age 67 and later	100%

Early Retirement Rates:	<u>Age</u>	<u>Rates</u>
	50	2.4%
	51	2.2%
	52	2.0%
	53	1.8%
	54	1.6%

Salary Increases:	<u>Age</u>	<u>Rates</u>
	20	12.0%
	25	10.2%
	30	7.8%
	35	6.4%
	40	5.4%
	45	4.4%
	50	3.4%

Inflation: 3.0% per year.

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Terminal Leave Pay:

Present Value of Retirement Liability	Percentage Increase to Liability		
	Hired prior to 07/01/2001	Hired 07/01/2001 - 07/01/2006	Hired after 07/01/2006
Normal	5.00%	3.75%	2.50%
Early	2.50%	1.88%	1.25%
Vesting	2.50%	1.88%	1.25%
Death	2.50%	1.88%	1.25%
Disability	2.50%	1.88%	1.25%

No liability increases are utilized for Members hired after June 30, 2011.

Termination Rates:

<u>Age</u>	<u>Rates</u>
20	12.0%
25	10.8%
30	9.4%
35	6.6%
40	4.4%
45	3.4%
50	2.4%

Disability Rates:

<u>Age</u>	<u>Probability of Disability</u>
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%

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

Asset Valuation Method:

The Actuarial Value of Assets utilizes a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a five-year period.

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	1.72%	9.20%



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

General Information about the Pension Plan

*Plan Description*

The City of Winter Garden Pension Plan for Firefighters and Police Officers is a single employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the plan. The Board consists of 5 Trustees, 2 of whom are legal residents of the City who are appointed by the City Commission, 1 of whom is a Firefighter member and 1 of whom is a Police Officer member who are elected by a majority of the Firefighters and Police Officers who are members of the plan and a fifth Trustee Full-time employees who are classified as Police Officers or Firefighters participate as a condition of employment.

*Plan Membership as of October 1, 2014:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	37
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	38
Active Plan Members	116
	191
	191

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of: 1) age 55 with 6 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age.

Benefit: 3.0% of Average Final Compensation times Credited Service, up to 25 years; plus 2.0% of Average Final Compensation times Credited Service for each year after 25 years.

Maximum Benefit: 95% of Average Final Compensation.

Early Retirement:

Eligibility: Age 50 with 6 years of Credited Service.

Accrued benefit, reduced 3% per year that the benefit commencement date precedes age 55.

Vesting:

Schedule: 100% after 6 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (25% for Non-Service Incurred). The maximum benefit is 95% of Average Final Compensation.

Death Benefits:

10 or more years of Credited Service: Monthly accrued benefit payable to designated beneficiary for 10 years at otherwise Early (reduced) or Normal (unreduced) Retirement Date.

Less than 10 years of Credited Service: Refund of accumulated contributions.

*Contributions*

Member Contributions: 3.5% of Salary.

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

Net Pension Liability

The measurement date is September 30, 2015.

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

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

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

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

*Actuarial Assumptions:*

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

Inflation	3.00%
Salary Increases	3.40% - 12.00%
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate: RP-2000 Table with no projection (sex distinct). Disabled lives are set forward 5 years. We feel this assumption sufficiently accommodates future mortality improvements.

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%	7.5%
International Equity	10%	8.5%
Broad Market Fixed Income	25%	2.5%
Global Fixed Income	5%	3.5%
Real Estate	10%	4.5%
Total	100%	

Discount Rate:

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at September 30, 2014	\$ 29,818,780	\$ 30,108,080	\$ (289,300)
Changes for a Year:			
Service Cost	1,247,782	-	1,247,782
Interest	2,207,981	-	2,207,981
Change in Excess State Money	186,993	-	186,993
Differences between Expected and Actual Experience	368,676	-	368,676
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	1,043,187	(1,043,187)
Contributions - State	-	464,800	(464,800)
Contributions - Employee	-	242,212	(242,212)
Contributions - Buy Back	-	-	-
Net Investment Income	-	515,399	(515,399)
Benefit Payments, including Refunds of Employee Contributions	(1,223,698)	(1,223,698)	-
Administrative Expense	-	(43,046)	43,046
Net Changes	2,787,734	998,854	1,788,880
Balance at September 30, 2015	\$ 32,606,514	\$ 31,106,934	\$ 1,499,580

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 5,634,015	\$ 1,499,580	\$ (1,945,892)

*Pension Plan Fiduciary Net Position.*

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

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

For the year ended September 30, 2015, the Sponsor will recognize a Pension Expense of \$1,580,968.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	307,230	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	<u>1,408,669</u>	-
Total	<u>\$ 1,715,899</u>	<u>\$ -</u>

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

Year ended September 30:	
2016	\$ 413,614
2017	\$ 413,613
2018	\$ 413,613
2019	\$ 413,613
2020	\$ 61,446
Thereafter	\$ -

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

	09/30/2015	09/30/2014
Total Pension Liability		
Service Cost	1,247,782	1,170,789
Interest	2,207,981	2,055,663
Change in Excess State Money	186,993	171,237
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	368,676	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,223,698)	(1,321,368)
Net Change in Total Pension Liability	2,787,734	2,076,321
Total Pension Liability - Beginning	29,818,780	27,742,459
Total Pension Liability - Ending (a)	<u>\$ 32,606,514</u>	<u>\$ 29,818,780</u>
Plan Fiduciary Net Position		
Contributions - Employer	1,043,187	992,159
Contributions - State	464,800	449,044
Contributions - Employee	242,212	247,075
Net Investment Income	515,399	2,495,803
Benefit Payments, including Refunds of Employee Contributions	(1,223,698)	(1,321,368)
Administrative Expense	(43,046)	(35,402)
Net Change in Plan Fiduciary Net Position	998,854	2,827,311
Plan Fiduciary Net Position - Beginning	30,108,080	27,280,769
Plan Fiduciary Net Position - Ending (b)	<u>\$ 31,106,934</u>	<u>\$ 30,108,080</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,499,580</u>	<u>\$ (289,300)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	95.40%	100.97%
Covered Employee Payroll	\$ 6,920,183	\$ 7,059,293
Net Pension Liability as a percentage of Covered Employee Payroll	21.67%	-4.10%

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>
Actuarially Determined Contribution	1,270,544	1,269,966
Contributions in relation to the		
Actuarially Determined Contributions	1,320,994	1,269,966
Contribution Deficiency (Excess)	<u>\$ (50,450)</u>	<u>\$ -</u>
Covered Employee Payroll*	\$ 6,920,183	\$ 7,059,293
Contributions as a percentage of		
Covered Employee Payroll	19.09%	17.99%

Notes to Schedule

Valuation Date: 10/01/2013

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:

Funding Method: Entry Age Normal Actuarial Cost Method.  
 Amortization Method: Level Dollar, Closed.  
 Remaining Amortization Period: 18 Years (as of 10/01/2013).  
 Mortality: RP 2000 Table with no projection. Disabled lives set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.  
 Interest Rate: 7.5% per year compounded annually, net of investment related expenses.  
 Cost-of-Living Adjustments: None.  
 Payroll Increases: None.

Normal Retirement Rates:	<u>Eligibility Date</u>	<u>Probability of Retirement</u>
	First eligible	80%
	After first eligible, until age 66	20%
	Age 67 and later	100%

Early Retirement Rates:	<u>Age</u>	<u>Rates</u>
	50	2.4%
	51	2.2%
	52	2.0%
	53	1.8%
	54	1.6%

Salary Increases:	<u>Age</u>	<u>Rates</u>
	20	12.0%
	25	10.2%
	30	7.8%
	35	6.4%
	40	5.4%
	45	4.4%
	50	3.4%

Inflation: 3.0% per year.

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Terminal Leave Pay:

Present Value of Retirement Liability	Percentage Increase to Liability		
	Hired prior to 07/01/2001	Hired 07/01/2001 - 07/01/2006	Hired after 07/01/2006
Normal	5.00%	3.75%	2.50%
Early	2.50%	1.88%	1.25%
Vesting	2.50%	1.88%	1.25%
Death	2.50%	1.88%	1.25%
Disability	2.50%	1.88%	1.25%

No liability increases are utilized for Members hired after June 30, 2011.

Termination Rates:

<u>Age</u>	<u>Rates</u>
20	12.0%
25	10.8%
30	9.4%
35	6.6%
40	4.4%
45	3.4%
50	2.4%

Disability Rates:

<u>Age</u>	<u>Probability of Disability</u>
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%

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

Asset Valuation Method:

The Actuarial Value of Assets utilizes a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a five-year period.

**COMPONENTS OF PENSION EXPENSE**  
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Balance at September 30, 2014	\$ (289,300)	\$ -	\$ -	\$ -
Total Pension Liability Factors:				
Service Cost	1,247,782	-	-	1,247,782
Interest	2,207,981	-	-	2,207,981
Change in Excess State Money	186,993	-	-	186,993
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	368,676	-	368,676	-
Current year amortization of experience difference	-	-	(61,446)	61,446
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(1,223,698)	-	-	(1,223,698)
Net change	<u>2,787,734</u>	<u>-</u>	<u>307,230</u>	<u>2,480,504</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,043,187	-	-	-
Contributions - State	464,800	-	-	-
Contributions - Employee	242,212	-	-	(242,212)
Net Investment Income	2,276,236	-	-	(2,276,236)
Difference between projected and actual earnings on Pension Plan investments	(1,760,837)	-	1,760,837	-
Current year amortization	-	-	(352,168)	352,168
Benefit Payments	(1,223,698)	-	-	1,223,698
Administrative Expenses	(43,046)	-	-	43,046
Net change	<u>998,854</u>	<u>-</u>	<u>1,408,669</u>	<u>(899,536)</u>
Balance at September 30, 2015	<u>\$ 1,499,580</u>	<u>\$ -</u>	<u>\$ 1,715,899</u>	<u>\$ 1,580,968</u>