

# City of Boynton Beach Municipal Police Officers' Retirement Fund

Actuarial Valuation Report as of October 1, 2017

Annual Employer Contribution for the Fiscal Year  
Ending September 30, 2019





March 5, 2018

Board of Trustees  
City of Boynton Beach Municipal  
Police Officers' Retirement Fund  
Boynton Beach, Florida

Dear Board Members:

The results of the October 1, 2017 Annual Actuarial Valuation of the City of Boynton Beach Municipal Police Officers' Retirement Fund are presented in this report.

The computed contribution rate shown on page 1 may be considered as a minimum contribution rate that complies with the Board's funding policy. Users of this report should be aware that contributions made at that rate do not guarantee benefit security. Given the importance of benefit security to any retirement system, we suggest that contributions to the System in excess of those presented in this report be considered.

The contribution rate in this report is determined using the actuarial assumptions and methods disclosed in Section B of this report. This report does not include a robust assessment of the risks of future experience not meeting the actuarial assumptions, as the assessment of these risks was outside the scope of this assignment. We encourage a review and assessment of investment and other significant risks that may have a material effect on the Plan's financial condition.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The purpose of the valuation is to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2019, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 67. This report also includes estimated GASB Statement No. 67 information for the fiscal year ending September 30, 2018. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

The findings in this report are based on data or other information through September 30, 2017. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these

measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The valuation was based upon information furnished by the Plan Administrator concerning Retirement Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

In addition, this report was prepared using assumptions approved by the Board as described in the section of this report entitled Actuarial Assumptions and Methods.

In addition, this report was prepared using certain assumptions approved by the Board and prescribed by the Florida Statutes as described in the section of this report entitled Actuarial Assumptions and Cost Methods. The prescribed assumptions are the assumed mortality rates detailed in the Actuarial Assumptions and Cost Methods section in accordance with Florida Statutes, Chapter 112.63.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and with applicable statutes.

Peter N. Strong and Jeffrey Amrose are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein.


The signing actuaries are independent of the plan sponsor.

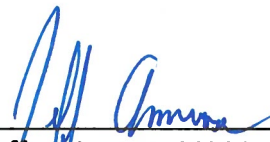
This actuarial valuation and/or cost determination was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. 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.

Gabriel, Roeder, Smith & Company will be pleased to review this valuation report with the Board of Trustees and to answer any questions pertaining to the valuation.  
Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By   
Peter N. Strong, FSA, FCA, MAAA  
Enrolled Actuary No. 17-06975

By   
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**SECTION A**

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**DISCUSSION OF VALUATION RESULTS**

## DISCUSSION OF VALUATION RESULTS

### COMPARISON OF REQUIRED EMPLOYER CONTRIBUTIONS

A comparison of the required employer contribution developed in this and the last actuarial valuation is shown below. The contribution policy of the City is to contribute the dollar amount determined by multiplying the required percentage of payroll determined as of the valuation date by the projected pensionable payroll for the year.

	<b>For FYE 9/30/19 Based on 10/1/2017 Valuation</b>	<b>For FYE 9/30/18 Based on 10/1/2016 Valuation</b>	<b>Increase (Decrease)</b>
Required Employer/State Contribution	\$ 6,274,800	\$ 5,820,145	\$ 454,655
As % of Covered Payroll	51.74 %	51.64 %	0.10 %
Estimated State Contribution	\$ 465,087	\$ 465,087	\$ 0
As % of Covered Payroll	3.83 %	4.13 %	(0.30) %
Required Employer Contribution	\$ 5,809,713	\$ 5,355,058	\$ 454,655
As % of Covered Payroll	47.91 %	47.51 %	0.40 %

The required employer contribution has been computed under the assumption that the amount to be received from the State next year will be at least \$465,087. The City may not take credit for State revenue in excess of \$465,087. If the next payment from the State falls below \$465,087, the City must raise its contribution by the difference.

The employer contribution listed above is for the City's fiscal year ending September 30, 2019 and has been calculated assuming the employer contribution is made on October 1, 2018. The actual City contribution for the fiscal year ending September 30, 2017 was \$4,791,528, which equals the required contribution.

### REVISIONS IN BENEFITS

There have been no revisions in benefits since the last valuation.

### REVISIONS IN ACTUARIAL ASSUMPTIONS AND METHODS

The investment return assumption has been lowered from 7.50% to 7.25% since the prior valuation. Additionally, the payroll growth assumption used in the amortization of the Unfunded Accrued Actuarial Liability (UAAL) was changed. Previously the assumption was 4.0%, but limited to the average of the 10 year actual historical payroll growth, which would have limited the payroll growth assumption to 1.4% this year. Total covered payroll is now assumed to grow at 2.50% per year using a forward looking methodology, as permitted under Florida Statutes, Chapter 112.64(5)(b). The combined effect of these assumption changes



was an increase in the required employer contribution rate of 0.49% of covered payroll (or a dollar amount of \$120,128).

### **ACTUARIAL EXPERIENCE**

There was a net actuarial experience loss of \$542,252 for the year, which means that actual experience was less favorable than expected. The actuarial loss was primarily due to higher than expected salary increases for continuing active employees. Average salary increases were 10.4% versus 5.7% expected. This experience was partially offset by a higher than expected investment return on the actuarial value of assets. The return on the actuarial value of assets was 8.26% versus 7.50% expected. The return on the market value of assets was 9.91%.

Other demographic experience was also a contributing factor to this year's experience loss. There were more retirements or DROP entries than expected (7 actual versus 3 expected), fewer terminations of employment than expected (3 actual versus 5 expected), and more disabilities than expected (1 versus less than 1 expected).

The net actuarial loss for the year caused a increased in the annual required employer contribution of 0.31% of covered payroll (or \$37,192).

### **FUNDED RATIO**

The funded ratio is 64.1% as of October 1, 2017 compared to 64.4% as of October 1, 2016. Prior to recognizing the changes in assumptions described above, the funded ratio as of October 1, 2017 would have been 65.9%. The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued liability.

### **ANALYSIS OF CHANGE IN EMPLOYER CONTRIBUTION**

The components of change in the required employer contribution are as follows:

Contribution Rate Last Year	47.51 %
Actuarial Experience	0.31
Change in Administrative Expense	(0.03)
Amortization Payment on UAL	(0.29)
Change in State Contribution	0.25
Change in Normal Cost Rate	(0.33)
Change in Assumptions and Methods	0.49
Contribution Rate This Year	<u>47.91</u>

### **REQUIRED CONTRIBUTIONS IN LATER YEARS**

The current calculated City contribution requirement is 47.91% of payroll starting October 1, 2017. It is important to keep in mind that under the asset smoothing method, gains and losses are recognized over five years. As of September 30, 2017, the market value of assets exceeded the actuarial value of assets by \$1,704,723. Once all the gains and losses through September 30, 2017 are fully recognized in the actuarial asset values, the contribution rate will decrease by roughly 0.86% of payroll before any other changes are taken into account, unless there are offsetting gains.

### **RELATIONSHIP TO MARKET VALUE**

If Market Value had been the basis for the valuation, the City contribution rate would have been 47.05% (\$5,705,416) for the fiscal year ending September 30, 2019 and the funded ratio would have been 65.4%. The funded ratio on a market value basis was 64.5% last year.

### **CONCLUSION**

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

## CHAPTER REVENUE

Increments in Chapter revenue over that received in 1998 must first be used to fund the cost of compliance with minimum benefits. Once minimums are met, any subsequent additional Chapter revenue must be used to provide extra benefits. As of the valuation date, all minimum Chapter requirements have been met.

<b>Actuarial Confirmation of the Use of State Chapter Money</b>	
1. Base Amount Previous Plan Year	\$ 465,087
2. Amount Received for Previous Plan Year	781,307
3. Benefit Improvements Made in Previous Plan Year	0
4. Excess Funds for Previous Plan Year: (2) - (1) - (3)	316,220
5. Accumulated Excess at Beginning of Previous Year	158,129
6. Prior Excess Used in Previous Plan Year	276,473
7. Accumulated Excess as of Valuation Date (Available for Benefit Improvements)	197,876
8. Base Amount This Plan Year	465,087

**SECTION B**

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**VALUATION RESULTS**

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<b>PARTICIPANT DATA</b>		
	<b>October 1, 2017</b>	<b>October 1, 2016</b>
<b>ACTIVE MEMBERS</b>		
Number	136	133
Covered Annual Payroll	\$ 11,831,766	\$ 11,075,682
Average Annual Payroll	\$ 86,998	\$ 83,276
Average Age	37.7	38.1
Average Past Service	9.6	10.1
Average Age at Hire	28.1	28.0
<b>RETIRES &amp; BENEFICIARIES &amp; DROP</b>		
Number	119	113
Annual Benefits	\$ 5,944,967	\$ 5,444,487
Average Annual Benefit	\$ 49,958	\$ 48,181
Average Age	59.3	59.4
<b>DISABILITY RETIREES</b>		
Number	15	14
Annual Benefits	\$ 362,066	\$ 305,130
Average Annual Benefit	\$ 24,138	\$ 21,795
Average Age	63.2	63.4
<b>TERMINATED VESTED MEMBERS</b>		
Number	20	20
Annual Benefits	\$ 495,428	\$ 515,393
Average Annual Benefit	\$ 24,771	\$ 25,770
Average Age	39.5	39.3

<b>ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTION (ADEC)</b>			
A. Valuation Date	October 1, 2017 <i>New Investment Return Assumption 7.25%</i>	October 1, 2017 <i>Current Investment Return Assumption 7.50%</i>	October 1, 2016
B. ADEC to Be Paid During Fiscal Year Ending	9/30/2019	9/30/2019	9/30/2018
C. Assumed Date of Employer Contrib.	10/1/2018	10/1/2018	10/1/2017
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 3,411,985	\$ 3,532,427	\$ 3,304,156
E. Employer Normal Cost	2,709,713	2,537,291	2,415,066
F. ADEC if Paid on the Valuation Date: D+E	6,121,698	6,069,718	5,719,222
G. ADEC Adjusted for Frequency of Payments	6,121,698	6,069,718	5,719,222
H. ADEC as % of Covered Payroll	51.74 %	51.30 %	51.64 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	2.50 %	1.40 %	1.76 %
J. Covered Payroll for Contribution Year	12,127,560	11,997,411	11,270,614
K. ADEC for Contribution Year: H x J	6,274,800	6,154,672	5,820,145
L. Estimate of State Revenue in Contribution Year	465,087	465,087	465,087
M. Actuarially Determined Employer Contribution (ADEC) in Contribution Year	5,809,713	5,689,585	5,355,058
N. ADEC as % of Covered Payroll in Contribution Year: M ÷ J	47.91 %	47.42 %	47.51 %

*\*Estimate provided by the City, but adjusted to reflect average overtime during the last three years.*

<b>ACTUARIAL VALUE OF BENEFITS AND ASSETS</b>			
A. Valuation Date	October 1, 2017 <i>New Investment Return Assumption 7.25%</i>	October 1, 2017 <i>Current Investment Return Assumption 7.50%</i>	October 1, 2016
<b>B. Actuarial Present Value of All Projected Benefits for</b>			
1. Active Members			
a. Service Retirement Benefits	\$ 68,856,446	\$ 65,658,863	\$ 63,744,228
b. Vesting Benefits	2,518,904	2,389,208	2,238,784
c. Disability Benefits	3,803,293	3,661,633	3,446,196
d. Preretirement Death Benefits	1,036,045	991,567	945,933
e. Return of Member Contributions	74,466	74,207	50,714
f. Total	<u>76,289,154</u>	<u>72,775,478</u>	<u>70,425,855</u>
2. Inactive Members			
a. Service Retirees & Beneficiaries	70,489,330	68,829,810	62,894,950
b. Disability Retirees	3,425,706	3,359,047	2,807,155
c. Terminated Vested Members	4,139,840	3,974,955	4,082,598
d. Total	<u>78,054,876</u>	<u>76,163,812</u>	<u>69,784,703</u>
3. Total for All Members	154,344,030	148,939,290	140,210,558
C. Actuarial Accrued (Past Service) Liability	123,848,125	120,419,052	113,697,993
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	111,391,695	108,252,403	102,633,140
<b>E. Plan Assets</b>			
1. Market Value	81,034,320	81,034,320	73,386,776
2. Actuarial Value	79,329,597	79,329,597	73,166,635
F. Unfunded Actuarial Accrued Liability: C - E2	44,518,528	41,089,455	40,531,358
G. Actuarial Present Value of Projected Covered Payroll	108,595,154	107,045,981	97,850,497
H. Actuarial Present Value of Projected Member Contributions	7,601,660	7,493,218	6,849,535
I. Accumulated Contributions of Active Members	6,532,640	6,532,640	6,662,803

**ENTRY AGE NORMAL METHOD  
CALCULATION OF EMPLOYER NORMAL COST**

A. Valuation Date	October 1, 2017 <i>New Investment Return Assumption 7.25%</i>	October 1, 2017 <i>Current Investment Return Assumption 7.50%</i>	October 1, 2016
<b>B. Normal Cost for</b>			
1. Service Retirement Benefits	\$ 2,790,286	\$ 2,639,321	\$ 2,504,904
2. Vesting Benefits	217,962	207,194	197,748
3. Disability Benefits	275,776	267,261	249,830
4. Preretirement Death Benefits	63,228	60,680	55,641
5. Return of Member Contributions	<u>24,637</u>	<u>25,011</u>	<u>23,490</u>
6. Total for Future Benefits	3,371,889	3,199,467	3,031,613
7. Assumed Amount for Administrative Expenses	<u>166,048</u>	<u>166,048</u>	<u>158,751</u>
8. Total Normal Cost	3,537,937	3,365,515	3,190,364
C. Expected Member Contribution	828,224	828,224	775,298
D. Employer Normal Cost: B8-C	2,709,713	2,537,291	2,415,066
E. Employer Normal Cost as a % of Covered Payroll	22.90%	21.44%	21.81%



**LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY**

UAAL Amortization Period and Payments						
Original UAAL				Current UAAL		
Date Established	Type of Amortization Base	Amortization Period (Years)	Amount	Years Remaining	Amount	Payment
10/1/98	Fresh Start	30	\$ 1,331,353	11	\$ 1,350,168	\$ 152,376
10/1/99	Plan Amendment	30	1,656,722	12	1,728,787	182,586
10/1/00	Plan Amendment	30	185,619	13	196,752	19,579
10/1/01	Plan Amendment	30	46,601	14	50,674	4,779
10/1/04	Plan Amendment	30	1,166,935	17	1,340,690	110,567
10/1/05	Plan Amendment	30	2,985,574	18	3,460,045	274,856
10/1/05	Method/Assum Change	30	13,646,165	18	15,814,825	1,256,284
10/1/06	Experience Loss	30	2,307,394	19	2,690,654	206,480
10/1/07	Experience Loss	30	16,404	20	19,137	1,422
10/1/08	Experience Loss	30	3,582,504	21	4,149,044	299,396
10/1/09	Experience Loss	30	3,419,100	22	3,923,041	275,412
10/1/10	Experience Loss	30	1,404,570	23	1,593,494	109,043
10/1/11	Experience Loss	30	4,476,765	24	4,996,423	333,847
10/1/11	Assumption Change	30	1,634,520	24	1,824,252	121,891
10/1/12	Experience Gain	30	(2,249,576)	25	(2,448,350)	(159,988)
10/1/12	Assumption Change	30	412,194	25	448,616	29,315
10/1/12	Plan Amendment	30	(426,604)	25	(464,299)	(30,340)
10/1/13	Experience Gain	30	(794,394)	26	(853,779)	(54,640)
10/1/13	Assumption Change	30	430,545	26	462,732	29,614
10/1/14	Experience Gain	30	(2,463,259)	27	(2,602,483)	(163,334)
10/1/14	Assumption Change	30	461,268	27	487,339	30,586
10/1/15	Experience Loss	30	1,896,466	28	1,971,740	121,503
10/1/15	Assumption Change	30	(588,861)	28	(612,234)	(37,727)
10/1/16	Experience Gain	30	(2,092,313)	29	(2,122,571)	(128,569)
10/1/16	Assumption Change	30	3,097,709	29	3,142,506	190,349
10/1/17	Experience Gain	30	542,252	30	542,252	32,319
10/1/17	Assumption Change	30	3,429,073	30	3,429,073	204,379
			<u>\$ 39,514,726</u>		<u>\$ 44,518,528</u>	<u>\$ 3,411,985</u>

**AMORTIZATION SCHEDULE**

The UAAL is being amortized as a level percent of payroll over the number of years remaining in the amortization period. The expected amortization schedule is as follows:

Amortization Schedule	
Year	Expected UAAL
2017	\$ 44,518,528
2018	44,086,726
2019	43,532,176
2020	42,843,650
2021	42,009,091
2022	41,015,508
2027	33,133,140
2032	20,580,722
2037	6,815,629
2042	2,354,695
2047	-

## ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gain (loss) for the past year is computed as follows:

<b>A. Derivation of the Current UAAL</b>	
1. Last Year's UAAL	\$ 40,531,358
2. Last Year's Employer Normal Cost	2,415,066
3. Last Year's Contributions	5,256,615
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	3,220,982
b. 3 from dates paid	363,588
c. a - b	<u>2,857,394</u>
5. This Year's Expected UAAL: 1 + 2 - 3 + 4c	40,547,203
6. This Year's Actual UAAL (Before any changes in benefits and assumptions)	41,089,455
7. Net Actuarial Gain (Loss): (5) - (6)	(542,252)
8. Gain (Loss) due to investments	669,930
9. Gain (Loss) due to other sources	(1,212,182)

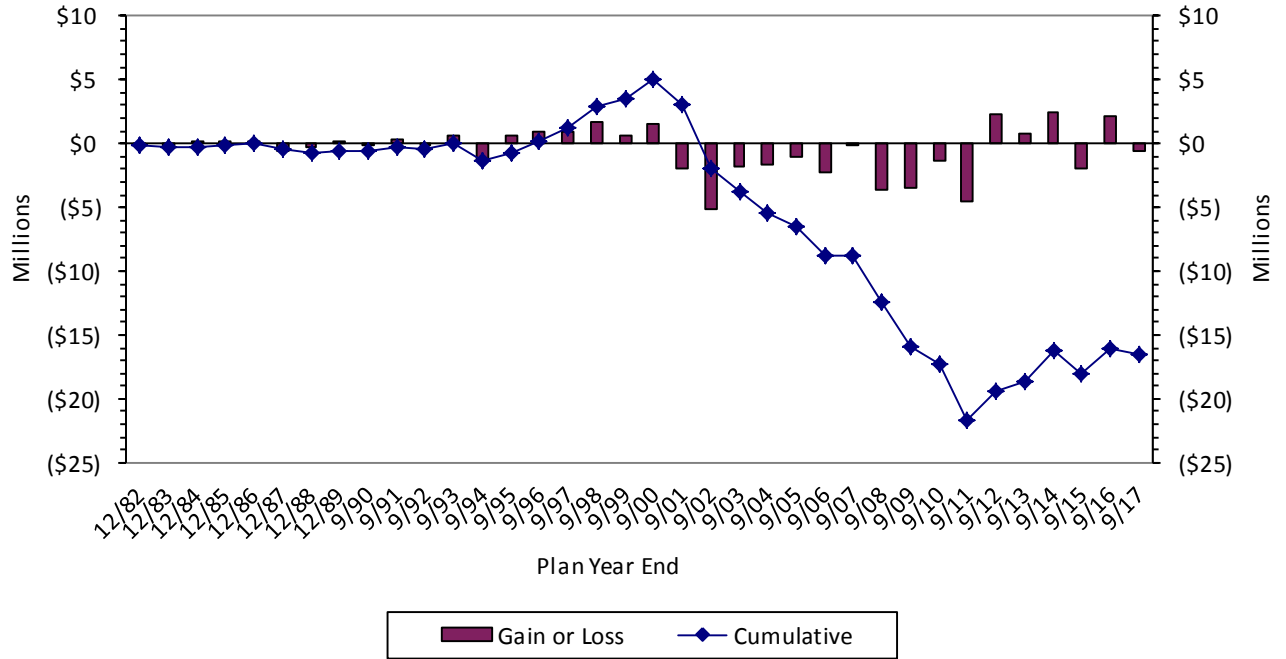
Net actuarial gains in previous years are detailed in the table on the next page.

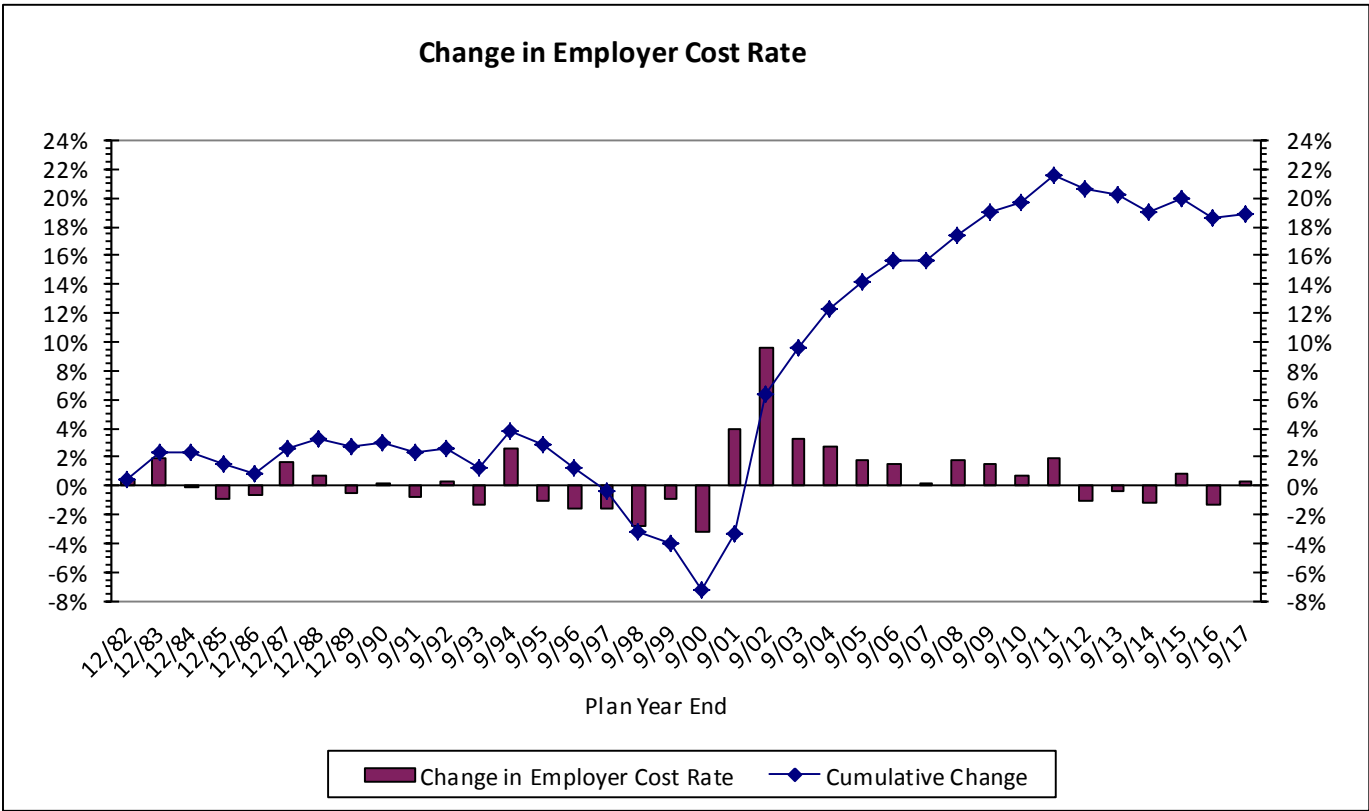
### HISTORY OF NET ACTUARIAL GAINS AND LOSSES

Year Ended	Change in Employer Cost Rate *	Gain (Loss)
12/31/82	0.46 %	\$ (56,551)
12/31/83	1.92	(265,213)
12/31/84	(0.04)	6,977
12/31/85	(0.85)	185,443
12/31/86	(0.59)	158,678
12/31/87	1.67	(516,444)
12/31/88	0.74	(254,892)
12/31/89	(0.52)	206,590
9/30/90	0.24	(94,609)
9/30/91	(0.74)	286,744
9/30/92	0.35	(142,237)
9/30/93	(1.34)	564,365
9/30/94	2.57	(1,370,604)
9/30/95	(1.01)	574,379
9/30/96	(1.56)	938,153
9/30/97	(1.60)	1,008,362
9/30/98	(2.85)	1,694,077
9/30/99	(0.88)	568,386
9/30/00	(3.16)	1,596,887
9/30/01	3.92	(1,978,307)
9/30/02	9.58	(5,069,210)
9/30/03	3.22	(1,870,014)
9/30/04	2.75	(1,615,637)
9/30/05	1.85	(1,083,369)
9/30/06	1.46	(2,307,394)
9/30/07	0.02	(16,404)
9/30/08	1.84	(3,582,504)
9/30/09	1.54	(3,419,100)
9/30/10	0.66	(1,404,570)
9/30/11	1.98	(4,476,765)
9/30/12	(1.01)	2,249,576
9/30/13	(0.38)	794,394
9/30/14	(1.18)	2,463,259
9/30/15	0.86	(1,896,466)
9/30/16	(1.28)	2,092,313
9/30/17	0.31	(542,252)

\* Before 9/30/06, change in Employer Normal Cost.

### Actuarial Gain (+) or Loss (-)





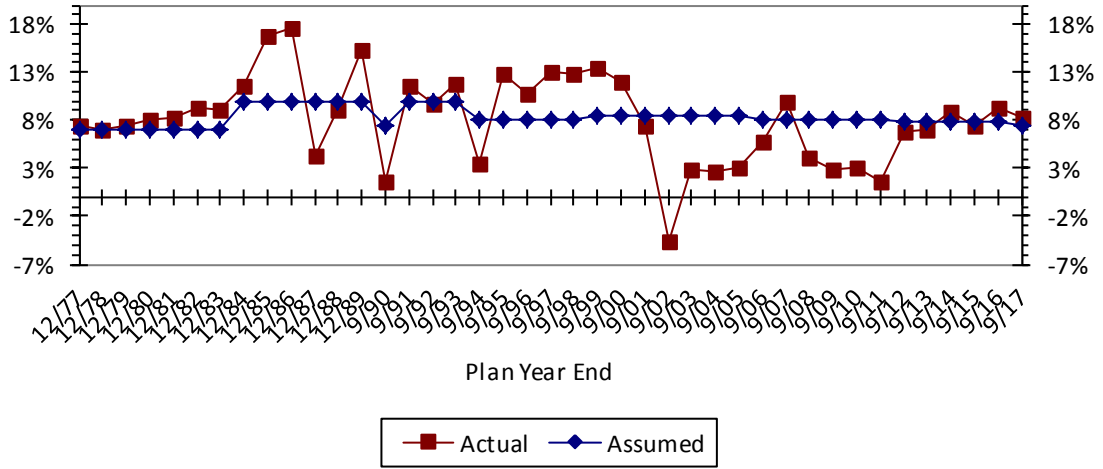
The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they are in line with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last few years:

## HISTORY OF INVESTMENT EARNINGS AND SALARY INCREASES

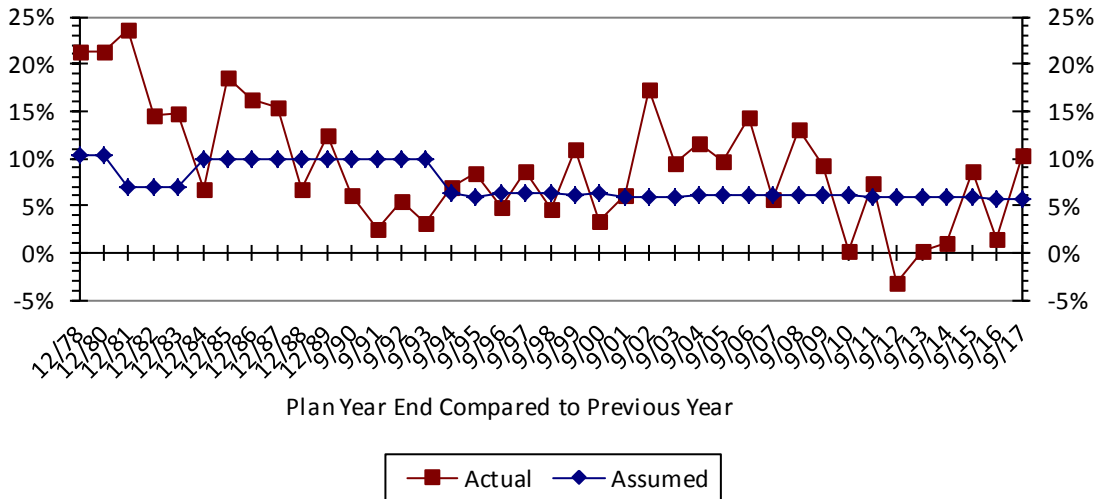
Year Ending	Investment Return		Salary Increases	
	Actual	Assumed	Actual	Assumed
12/31/1977	7.5 %	7.00 %		
12/31/1978	7.1	7.00	18.3 %	10.3% (2 yrs)
12/31/1979	7.5	7.00		
12/31/1980	8.0	7.00	21.2	10.3 (2 yrs)
12/31/1981	8.2	7.00	23.6	7.0
12/31/1982	9.3	7.00	14.6	7.0
12/31/1983	9.0	7.00	14.8	7.0
12/31/1984	11.5	10.00	6.8	10.0
12/31/1985	16.8	10.00	18.6	10.0
12/31/1986	17.6	10.00	16.3	10.0
12/31/1987	4.4	10.00	15.3	10.0
12/31/1988	9.0	10.00	6.7	10.0
12/31/1989	15.4	10.00	12.4	10.0
9/30/1990 (9 mos.)	1.7	7.50	6.1	10.0
9/30/1991	11.6	10.00	2.5	10.0
9/30/1992	9.7	10.00	5.4	10.0
9/30/1993	11.9	10.00	3.1	10.0
9/30/1994	3.5	8.00	7.0	6.3
9/30/1995	12.9	8.00	8.5	5.8
9/30/1996	10.8	8.00	4.9	6.3
9/30/1997	13.1	8.00	8.7	6.3
9/30/1998	12.9	8.00	4.6	6.3
9/30/1999	13.5	8.50	10.9	6.1
9/30/2000	12.1	8.50	3.4	6.3
9/30/2001	7.5	8.50	6.0	5.9
9/30/2002	(4.7)	8.50	17.2	5.9
9/30/2003	2.8	8.50	9.5	5.9
9/30/2004	2.6	8.50	11.5	6.0
9/30/2005	3.0	8.50	9.6	6.0
9/30/2006	5.7	8.00	14.4	6.0
9/30/2007	9.9	8.00	5.7	6.1
9/30/2008	4.2	8.00	13.1	6.1
9/30/2009	2.8	8.00	9.3	6.1
9/30/2010	3.0	8.00	0.2	6.1
9/30/2011	1.6	8.00	7.3	5.8
9/30/2012	6.9	7.75	(3.1)	5.9
9/30/2013	7.0	7.75	0.1	5.8
9/30/2014	8.9	7.75	1.0	5.8
9/30/2015	7.5	7.75	8.6	5.8
9/30/2016	9.3	7.75	1.5	5.7
9/30/2017	8.3	7.50	10.4	5.7
Averages	8.0 %	---	8.6 %	---

The actual investment return rates shown above are based on the actuarial value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuations both at the beginning and the end of each year.

### History of Investment Return Based on Actuarial Value of Assets



### History of Salary Increases



**Actual (A) Compared to Expected (E) Decrements  
Among Active Employees**

Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year
	A	E	A	E	A	E	A	E	Vested	Other	Totals		
									A	A	A	E	
9/30/2002	14	17	1	1	0	0	0	0	1	15	16	8	<b>119</b>
9/30/2003	14	9	6	4	0	0	0	0	1	2	3	9	<b>124</b>
9/30/2004	8	23	14	0	0	0	0	0	2	7	9	9	<b>109</b>
9/30/2005	21	14	1	1	0	0	0	0	3	10	13	8	<b>116</b>
9/30/2006	25	10	3	2	0	0	0	0	1	6	7	9	<b>131</b>
9/30/2007	17	4	3	3	0	0	0	0	0	1	1	11	<b>144</b>
9/30/2008	14	9	2	1	0	0	0	0	0	7	7	12	<b>149</b>
9/30/2009	8	6	3	7	0	0	0	0	0	3	3	11	<b>151</b>
9/30/2010	5	8	4	2	0	0	0	0	1	3	4	11	<b>148</b>
9/30/2011	5	9	5	4	0	0	0	0	2	2	4	10	<b>144</b>
9/30/2012	9	7	3	1	0	0	0	0	2	2	4	4	<b>146</b>
9/30/2013	5	10	3	1	0	0	0	0	4	3	7	7	<b>141</b>
9/30/2014	5	7	2	1	0	0	0	0	2	3	5	6	<b>139</b>
9/30/2015	9	11	3	2	1	0	0	0	4	3	7	4	<b>137</b>
9/30/2016	17	21	7	1	0	0	0	0	11	3	14	4	<b>133</b>
9/30/2017	15	12	7	3	1	0	1	0	1	2	3	5	<b>136</b>
9/30/2018				4		1		0				5	
16 Yr Totals *	191	177	67	34	2	0	1	0	35	72	107	128	

\* Totals are through current Plan Year only.



**SUPPLEMENTAL PENSION DISTRIBUTION**

<b>Cumulative Actuarial Gains (Losses)</b>				
<b>Year Ending 9/30</b>	<b>Balance at Beginning of Year</b>	<b>Gain (Loss) for Year</b>	<b>Supplemental Payment</b>	<b>Balance at End of Year</b>
2000	\$ 0	\$ 1,596,887	\$ 0	\$ 1,596,887
2001	1,596,887	(1,978,307)	0	(381,420)
2002	(381,420)	(5,069,210)	0	(5,450,630)
2003	(5,450,630)	(1,870,014)	0	(7,320,644)
2004	(7,320,644)	(1,615,637)	0	(8,936,281)
2005	(8,936,281)	(1,083,369)	0	(10,019,650)
2006	(10,019,650)	(2,307,394)	0	(12,327,044)
2007	(12,327,044)	(16,404)	0	(12,343,448)
2008	(12,343,448)	(3,582,504)	0	(15,925,952)
2009	(15,925,952)	(3,419,100)	0	(19,345,052)
2010	(19,345,052)	(1,404,570)	0	(20,749,622)
2011	(20,749,622)	(4,476,765)	0	(25,226,387)
2012	(25,226,387)	2,249,576	0	(22,976,811)
2013	(22,976,811)	794,394	0	(22,182,417)
2014	(22,182,417)	2,463,259	0	(19,719,158)
2015	(19,719,158)	(1,896,466)	0	(21,615,625)
2016	(21,615,625)	2,092,313	0	(19,523,311)
2017	(19,523,311)	(542,252)	0	(20,065,563)

Under certain conditions, participants in payment status can receive a supplemental distribution per Section 18-177 of the Plan. The cumulative actuarial gain for plan years beginning after 9/30/1999 must be a positive amount for a supplemental payment to occur.

RECENT HISTORY OF VALUATION RESULTS									
Valuation Date	Number of		Covered Annual Payroll	Actuarial Value of Assets	Actuarial Accrued Liability	UFAAL	Funded Ratio	Employer Normal Cost	
	Active Members	Inactive Members						Amount	% of Payroll
10/1/00	124	56	\$ 6,907,740	\$ 32,559,614	\$ 33,726,879	\$ 1,167,265	96.5 %	\$ 464,164	6.72 %
10/1/01	122	75	6,555,316	34,331,760	37,715,963	3,384,203	91.0	726,204	11.08
10/1/02	119	75	7,382,088	32,133,373	40,604,148	8,470,775	79.1	1,538,895	20.85
10/1/03	124	81	7,917,021	33,206,438	44,029,168	10,822,730	75.4	1,935,704	24.45
10/1/04	109	94	7,207,008	34,495,794	48,154,162	13,658,368	71.6	2,043,434	28.35
10/1/05	116	96	7,836,390	35,445,474	56,691,347	21,245,873	62.5	1,238,339	15.80
10/1/06	131	100	9,302,405	37,691,909	61,468,267	23,776,358	61.3	1,441,317	15.49
10/1/07	144	103	10,296,812	41,981,125	66,068,756	24,087,631	63.5	1,587,552	15.42
10/1/08	149	104	11,532,888	44,277,726	72,349,643	28,071,917	61.2	1,774,031	15.38
10/1/09	151	107	12,537,968	46,116,985	78,055,403	31,938,418	59.1	1,931,395	15.40
10/1/10	148	109	12,134,525	48,129,593	81,957,204	33,827,611	58.7	1,895,893	15.62
10/1/11	144	113	12,397,266	49,115,728	89,656,412	40,540,684	54.8	2,126,920	17.16
10/1/12	146	116	11,789,237	52,594,653	91,924,429	39,329,776	57.2	2,114,509	17.94
10/1/13	141	122	11,302,523	56,693,338	95,951,447	39,258,109	59.1	2,132,984	18.87
10/1/14	139	123	11,142,832	62,320,013	99,965,363	37,645,350	62.3	2,214,983	19.88
10/1/15	137	130	11,774,623	67,380,705	106,464,806	39,084,101	63.3	2,425,913	20.60
10/1/16	133	147	11,075,682	73,166,635	113,697,993	40,531,358	64.4	2,415,066	21.81
10/1/17	136	154	11,831,766	79,329,597	123,848,125	44,518,528	64.1	2,709,713	22.90

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS										
Valuation	End of Year To Which Valuation Applies	Required Contributions						Actual Contributions		
		Employer & State		Estimated State		Net Employer		Employer	State	Total
		Amount	% of Payroll	Amount	% of Payroll	Amount	% of Payroll			
10/1/98	9/30/99	863,996	13.88	427,874	6.87	436,122	7.01	426,129	427,874	854,003
10/1/99	9/30/00	920,372	12.92	427,874	6.00	492,498	6.92	490,425	429,945	920,370
10/1/00	9/30/01	742,646	10.75	429,945	6.22	312,701	4.53	312,701	430,572	743,273
10/1/01	9/30/02	1,053,863	16.08	443,454	6.77	610,409	9.31	610,409	443,454	1,053,863
10/1/02	9/30/03	1,929,458	26.14	443,454	6.01	1,486,004	20.13	1,486,004	465,087	1,951,091
10/1/03	9/30/04	2,343,601	29.60	465,087	5.87	1,878,514	23.73	1,878,514	465,087	2,343,601
10/1/04	9/30/05	2,571,109	35.67	465,087	6.45	2,106,022	29.22	2,106,022	465,087	2,571,109
10/1/05	9/30/06	2,808,957	35.85	465,087	5.93	2,343,870	29.92	2,343,870	465,087	2,808,957
10/1/06	9/30/07	3,030,547	32.58	465,087	5.00	2,565,460	27.58	2,685,841	465,087	3,150,928
10/1/07	9/30/08	3,236,241	31.43	465,087	4.52	2,771,154	26.91	2,771,154	465,087	3,236,241
10/1/08	9/30/09	3,710,169	32.17	465,087	4.03	3,245,082	28.14	3,245,082	465,087	3,710,169
10/1/09	9/30/10	4,153,603	33.13	465,087	3.71	3,688,516	29.42	3,688,516	465,087	4,153,603
10/1/09	9/30/11	3,997,173	31.78	465,087	3.70	3,532,086	28.08	3,552,348	465,087	4,017,435
10/1/10	9/30/12	4,098,955	32.55	465,087	3.69	3,633,868	28.86	3,633,868	465,087	4,098,955
10/1/11	9/30/13	4,701,572	36.68	465,087	3.63	4,236,485	33.05	4,236,485	465,087	4,701,572
10/1/12	9/30/14	4,560,918	38.54	465,087	3.93	4,095,831	34.61	4,159,736	465,087	4,624,823
10/1/13	9/30/15	4,830,346	41.73	465,087	4.02	4,365,259	37.71	4,365,259	465,087	4,830,346
10/1/14	9/30/16	4,856,392	42.26	465,087	4.05	4,391,305	38.21	4,391,305	465,087	4,856,392
10/1/15	9/30/17	5,256,615	43.16	465,087	3.82	4,791,528	39.34	4,791,528	465,087	5,256,615
10/1/16	9/30/18	5,820,145	51.64	465,087	4.13	5,355,058	47.51	na	na	na
10/1/17	9/30/19	6,274,800	51.74	465,087	3.83	5,809,713	47.91	na	na	na

## ACTUARIAL ASSUMPTIONS AND COST METHOD

### VALUATION METHODS

**Actuarial Cost Method** - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

**Financing of Unfunded Actuarial Accrued Liabilities** - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) percent-of-payroll contributions over a reasonable period of future years.

**Actuarial Value of Assets** - The Actuarial Value of Assets phase in the difference between the expected actuarial value and actual market value of assets at the rate of 20% per year. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

### VALUATION ASSUMPTIONS

**The actuarial assumptions used** in the valuation are shown in this Section.

### ECONOMIC ASSUMPTIONS

**The investment return rate** assumed in the valuation is 7.25% per year, compounded annually (net after investment expenses). This rate was 7.50% in the previous valuation.

The **Wage Inflation Rate** assumed in this valuation is 3% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macro economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

The **Price Inflation Rate** assumed in this valuation was 2.5% per year.

The assumed **real rate of return** over price inflation is defined to be the portion of total investment return that is more than the assumed price inflation rate. Considering other economic assumptions, the 7.25% investment return rate translates to an assumed real rate of return over price inflation of 4.75%.

*The rates of salary increase* are as follows:

Age	% Increase in Salary		
	Merit and Seniority	Wage Inflation	Total Increase
20	3.5%	3.0%	6.5%
25	3.5%	3.0%	6.5%
30	3.5%	3.0%	6.5%
35	3.5%	3.0%	6.5%
40	2.5%	3.0%	5.5%
45	2.0%	3.0%	5.0%
50	2.0%	3.0%	5.0%
55	2.0%	3.0%	5.0%

Projected service retirement benefits are increased to allow for the inclusion of unused sick and vacation pay in average final earnings. The increase amount is unique for each member based on the number of hours of accumulated sick and vacation time reported for each member as of June 18, 2013.

For purposes of financing the unfunded liabilities, total payroll is assumed to grow at the Price Inflation assumption of 2.50% per year using a forward looking methodology, as permitted under Florida Statutes, Chapter 112.64(5)(b). Previously, the assumption was 4.0% per year, not to exceed the average annual increase over the most recent ten years, which is 1.40% as of October 1, 2017.

**DEMOGRAPHIC ASSUMPTIONS**

*The mortality table* is the RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates currently in use for Special Risk Class members of the Florida Retirement System (FRS), as required under Florida Statutes, Chapter 112.63.

**FRS Healthy Post-Retirement Mortality for Special Risk Class Members**

Sample Attained Ages (in 2017)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.54 %	0.23 %	33.90	38.31
55	0.67	0.32	29.26	33.29
60	0.90	0.47	24.68	28.39
65	1.31	0.74	20.28	23.65
70	2.01	1.24	16.15	19.19
75	3.26	2.09	12.43	15.11
80	5.37	3.51	9.23	11.49

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

### FRS Healthy Pre-Retirement Mortality for Special Risk Class Members

Sample Attained Ages (in 2017)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.23 %	0.15 %	34.89	38.66
55	0.39	0.24	29.77	33.51
60	0.71	0.39	24.89	28.49
65	1.23	0.70	20.33	23.67
70	2.01	1.24	16.15	19.19
75	3.26	2.09	12.43	15.11
80	5.37	3.51	9.23	11.49

This assumption is used to measure the probabilities of active members dying prior to retirement. (75% of deaths are assumed to be service connected)

For disabled retirees, the mortality table used was 60% of the RP-2000 for Disabled Annuitants with ages set back 4 years for males and set forward 2 years for females, and 40% of the RP2000 Annuitant Mortality Table with a White Collar adjustment with no age setback, both with no provision being made for future mortality improvements. These are the same rates currently in use for Special Risk Class members of the Florida Retirement System (FRS), as mandated by Florida House Bill 1309.

### FRS Disabled Mortality for Special Risk Class Members

Sample Attained Ages (in 2017)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	1.67 %	0.91 %	23.74	27.06
55	2.03	1.26	20.77	23.37
60	2.47	1.67	17.91	19.90
65	3.07	2.24	15.15	16.62
70	3.90	3.18	12.52	13.58
75	5.30	4.60	10.02	10.86
80	7.59	6.66	7.80	8.48

**The rates of retirement** used to measure the probability of eligible members retiring under early retirement is 5% per year. For normal retirement these rates are as follows:

Number of Years After First Eligibility for Normal Retirement	Probability of Normal Retirement
0	40 %
1	10 %
2	10 %
3	10 %
4	10 %
5	10 %
6	10 %
7	100 %

**Rates of separation from active membership** are as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability).

<b>Years of Service</b>	<b>Sample Ages</b>	<b>% of Active Members Separating Within Next Year</b>
0 - 1	ALL	15.0%
1 - 2		10.0%
2 - 3		7.0%
3 - 4		5.0%
4 - 5		4.0%
At least 5	25	4.0%
	30	3.0%
	35	2.0%
	40	1.0%
	45	0.0%

**Rates of disability** among active members (90% of disabilities are assumed to be service connected).

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

## MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

<b><i>Administrative &amp; Investment Expenses</i></b>	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the average of the prior two years' expenses. Assumed administrative expenses are added to the Normal Cost.
<b><i>Benefit Service</i></b>	Exact fractional service is used to determine the amount of benefit payable.
<b><i>Decrement Operation</i></b>	Disability and mortality decrements operate during retirement eligibility.
<b><i>Decrement Timing</i></b>	Decrements of all types are assumed to occur at the beginning of the year.
<b><i>Eligibility Testing</i></b>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<b><i>Forfeitures</i></b>	For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
<b><i>Incidence of Contributions</i></b>	Employer contributions are assumed to be made at the beginning of the year effective October 1, 2011. Member contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
<b><i>Liability Load</i></b>	Projected normal and early retirement benefits are loaded by a unique amount for each member to allow for the inclusion of unused sick and vacation pay in final average earnings. These individual loads are based on the number of hours of unused accumulated sick and vacation time reported for each member as of June 18, 2013.
<b><i>Marriage Assumption</i></b>	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<b><i>Normal Form of Benefit</i></b>	A 10-year certain and life annuity is the normal form of benefit.
<b><i>Pay Increase Timing</i></b>	Middle of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.



## GLOSSARY

<b><i>Actuarial Accrued Liability (AAL)</i></b>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<b><i>Actuarial Assumptions</i></b>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<b><i>Actuarial Cost Method</i></b>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<b><i>Actuarial Equivalent</i></b>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<b><i>Actuarial Present Value (APV)</i></b>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<b><i>Actuarial Present Value of Future Benefits (APVFB)</i></b>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<b><i>Actuarial Valuation</i></b>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB, such as the Funded Ratio and the Actuarially Determined Contribution (ADEC).
<b><i>Actuarial Value of Assets</i></b>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the Actuarially Determined contribution (ADEC).
<b><i>Actuarially Determined Contribution (ADEC)</i></b>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB. The ADEC consists of the Employer Normal Cost and Amortization Payment.

<b><i>Amortization Method</i></b>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<b><i>Amortization Payment</i></b>	That portion of the plan contribution or ADEC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<b><i>Amortization Period</i></b>	The period used in calculating the Amortization Payment.
<b><i>Closed Amortization Period</i></b>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<b><i>Employer Normal Cost</i></b>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<b><i>Equivalent Single Amortization Period</i></b>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<b><i>Experience Gain/Loss</i></b>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.
<b><i>Funded Ratio</i></b>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<b><i>GASB</i></b>	Governmental Accounting Standards Board.
<b><i>GASB No. 68 and GASB No. 67</i></b>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 68 sets the accounting

rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.

***Normal Cost***

The annual cost assigned, under the Actuarial Cost Method, to the current plan year.

***Open Amortization Period***

An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.

***Unfunded Actuarial Accrued Liability***

The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.

***Valuation Date***

The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

## SECTION C

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### PENSION FUND INFORMATION

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## SUMMARY OF ASSETS

<u>Item</u>	<u>September 30</u>	
	<u>2017</u>	<u>2016</u>
A. Cash and Cash Equivalents (Operating Cash)	\$ 2,445	\$ 2,494
B. Receivables:		
1. Member Contributions	\$ -	\$ -
2. Employer Contributions	-	-
3. State Contributions	-	-
4. Buy-Back Installment Payments	84,764	102,537
5. Receivables for Securities Sold plus Prepaid Expenses	1,432,375	438,583
6. DROP Loans	335,309	298,294
7. Total Receivables	<u>\$ 1,852,448</u>	<u>\$ 839,414</u>
C. Investments		
1. Short-Term Investments	\$ -	\$ -
2. Domestic Equities (Large cap defensive)	24,492,976	22,077,962
3. Real Estate	6,279,311	6,759,760
4. Multi-Asset Core Fund (Equities)	36,605,491	33,038,093
5. Multi-Manager Bond Fund (Fixed Income)	26,219,476	23,733,809
6. Total Investments	<u>\$ 93,597,254</u>	<u>\$ 85,609,624</u>
D. Liabilities and Reserves		
1. Benefits Payable	\$ -	\$ -
2. Accrued Expenses and Other Payables	(157,888)	(146,905)
3. Total Liabilities and Reserves	<u>\$ (157,888)</u>	<u>\$ (146,905)</u>
E. Total Market Value of Assets Available for Benefits	\$ 95,294,259	\$ 86,304,627
F. Reserves		
1. State Contribution Reserve	\$ (197,876)	\$ (158,129)
2. DROP Accounts	(11,516,817)	(10,639,649)
3. Supplemental Benefit Reserve	(2,545,246)	(2,120,073)
	<u>\$ (14,259,939)</u>	<u>\$ (12,917,851)</u>
G. Market Value Net of Reserves	\$ 81,034,320	\$ 73,386,776
H. Allocation of Investments		
1. Short-Term Investments	0.00%	0.00%
2. Domestic Equities (Large cap defensive)	26.17%	25.79%
3. Real Estate	6.71%	7.90%
4. Multi-Asset Core Fund (Equities)	39.11%	38.59%
5. Multi-Manager Bond Fund (Fixed Income)	28.01%	27.72%
6. Total Investments	<u>100.00%</u>	<u>100.00%</u>

**PENSION FUND DISBURSEMENTS & INCOME**

<u>Item</u>	<u>September 30</u>	
	<u>2017</u>	<u>2016</u>
A. Market Value of Assets at Beginning of Year	\$ 86,304,627	\$ 78,272,684
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 946,743	\$ 902,350
b. Employer Contributions	4,791,528	4,391,305
c. State Contributions	781,307	735,945
d. Buy Back Contributions	29,945	25,803
e. Health Subsidy Contributions	-	-
f. DROP Rollover	98,740	109,362
g. Change in Value of Remaining Buy Back Payments	(17,773)	39,561
h. Total	\$ 6,630,490	\$ 6,204,326
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 1,601	\$ 8,932
b. Net Realized Gains/(Losses)	2,408,640	1,747,966
c. Net Unrealized Gain/(Losses)	7,020,964	7,074,131
d. Investment Expenses	(633,478)	(576,576)
e. Net Investment Income	\$ 8,797,727	\$ 8,254,453
3. Benefits and Refunds		
a. Refunds	\$ (11,413)	\$ (93,339)
b. Regular Monthly Benefits to Retirees	(5,204,486)	(5,321,881)
c. Supplemental Distributions and DROP Loans	(186,979)	(376,822)
d. DROP Distributions	(868,009)	(470,396)
e. Total	\$ (6,270,887)	\$ (6,262,438)
4. Administrative and Miscellaneous Expenses	\$ (167,698)	\$ (164,398)
5. Transfers	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 95,294,259	\$ 86,304,627
D. Reserves		
1. State Contribution Reserve	\$ (197,876)	\$ (158,129)
2. DROP Accounts	(11,516,817)	(10,639,649)
3. Supplemental Benefit Reserve	(2,545,246)	(2,120,073)
4. Total Reserves	\$ (14,259,939)	\$ (12,917,851)
E. Market Value Net of Reserves	\$ 81,034,320	\$ 73,386,776

**ACTUARIAL VALUE OF ASSETS**

<b>Valuation Date – September 30</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
A. Actuarial Value of Assets Beginning of Year	\$ 78,975,201	\$ 86,084,486	\$ -	\$ -	\$ -	\$ -
B. Market Value End of Year	86,304,627	95,294,259	-	-	-	-
C. Market Value Beginning of Year	78,272,684	86,304,627	-	-	-	-
D. Non-Investment/Administrative Net Cash Flow	(222,510)	191,905				
E. Investment Income						
E1. Actual Market Total: B-C-D	8,254,453	8,797,727	-	-	-	-
E2. Assumed Rate of Return	7.75%	7.50%	7.25%	7.25%	7.25%	7.25%
E3. Assumed Amount of Return	6,111,956	6,643,215	-	-	-	-
E4. Amount Subject to Phase-In: E1-E3	2,142,497	2,154,512	-	-	-	-
F. Phase-In Recognition of Investment Income						
F1. Current Year: 0.2 x E4	428,499	430,902	-	-	-	-
F2. First Prior Year	(848,929)	428,499	430,902	-	-	-
F3. Second Prior Year	393,473	(848,929)	428,499	430,902	-	-
F4. Third Prior Year	265,985	393,473	(848,929)	428,499	430,902	-
F5. Fourth Prior Year	980,811	265,985	393,472	(848,929)	428,501	430,904
F6. Total Phase-Ins	1,219,839	669,930	403,944	10,472	859,403	430,904
<b>G. Actuarial Value of Assets End of Year</b>						
G1. Preliminary Actuarial Value of Assets:	\$ 86,084,486	\$ 93,589,536	\$ -	\$ -	\$ -	\$ -
G2. Upper Corridor Limit: 120%*B	103,565,552	114,353,111	-	-	-	-
G3. Lower Corridor Limit: 80%*B	69,043,702	76,235,407	-	-	-	-
G4. Funding Value End of Year	86,084,486	93,589,536	-	-	-	-
G5. Less: State Contribution Reserve	(158,129)	(197,876)	-	-	-	-
G6. Less: DROP Account Balances	(10,639,649)	(11,516,817)	-	-	-	-
G7. Less: Supplemental Benefit Reserve	(2,120,073)	(2,545,246)	-	-	-	-
G8. Final Funding Value End of Year	73,166,635	79,329,597	-	-	-	-
H. Difference between Market & Actuarial Value	\$ 220,141	\$ 1,704,723	\$ -	\$ -	\$ -	\$ -
<b>I. Actuarial Rate of Return</b>	9.30%	8.26%	0.00%	0.00%	0.00%	0.00%
<b>J. Market Value Rate of Return</b>	10.56%	9.91%	0.00%	0.00%	0.00%	0.00%
<b>K. Ratio of Actuarial Value to Market Value</b>	99.74%	98.21%	0.00%	0.00%	0.00%	0.00%

<b>RECONCILIATION OF DROP ACCOUNTS</b>	
Value at beginning of year	\$ 10,639,649
Adjustment to beginning of year balances	+ (4,449)
Payments credited to accounts	+ 905,920
Rollovers into DROP account	+ 98,740
Investment Earnings credited	+ 773,816
Withdrawals from accounts	- 868,009
Loan Proceeds	- 145,000
Loan Payments	+ <u>116,150</u>
Value at end of year	11,516,817



**INVESTMENT RATE OF RETURN**

Year Ended	Investment Rate of Return	
	Market Value	Actuarial Value
12/31/82	16.4 %	9.3 %
12/31/83	12.3	9.0
12/31/84	11.9	11.5
12/31/85	23.0	16.8
12/31/86	19.0	17.6
12/31/87	0.3	4.4
12/31/88	10.4	9.0
12/31/89	20.6	15.4
9/30/90 (9 mos.)	(1.9)	1.7
9/30/91	14.4	11.6
9/30/92	10.0	9.7
9/30/93	12.6	11.9
9/30/94	1.1	3.5
9/30/95	19.1	12.9
9/30/96	12.8	10.8
9/30/97	20.2	13.1
9/30/98	10.1	12.9
9/30/99	10.5	13.5
9/30/00	9.8	12.1
9/30/01	(9.1)	7.5
9/30/02	(9.2)	(4.7)
9/30/03	16.1	2.8
9/30/04	8.3	2.6
9/30/05	10.6	3.0
9/30/06	6.9	5.7
9/30/07	13.1	9.9
9/30/08	(15.1)	4.2
9/30/09	(0.8)	2.8
9/30/10	10.2	3.0
9/30/11	(0.6)	1.6
9/30/12	18.0	6.9
9/30/13	9.8	7.0
9/30/14	10.3	8.9
9/30/15	1.9	7.5
9/30/16	10.6	9.3
9/30/17	9.9	8.3
<b>Average Returns:</b>		
<b>Last Five Years</b>	8.4 %	8.2 %
<b>Last Ten Years</b>	5.0 %	5.9 %
<b>All Years</b>	8.7 %	8.1 %

## **SECTION D**

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### **FINANCIAL ACCOUNTING INFORMATION**

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**FASB NO. 35 INFORMATION**

A. Valuation Date	October 1, 2017	October 1, 2016
<b>B. Actuarial Present Value of Accumulated Plan Benefits</b>		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 73,915,036	\$ 65,702,105
b. Terminated Vested Members	4,139,840	4,082,598
c. Other Members	32,218,854	32,081,978
d. Total	<u>110,273,730</u>	<u>101,866,681</u>
2. Non-Vested Benefits	1,117,965	766,459
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	111,391,695	102,633,140
4. Accumulated Contributions of Active Members	6,532,640	6,662,803
<b>C. Changes in the Actuarial Present Value of Accumulated Plan Benefits</b>		
1. Total Value at Beginning of Year	102,633,140	94,104,420
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	0	0
b. Change in Actuarial Assumptions	3,139,292	2,668,316
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	11,737,198	11,999,696
d. Benefits Paid (Net basis, including credits to DROP accounts)	<u>(6,117,935)</u>	<u>(6,139,292)</u>
e. Net Increase	8,758,555	8,528,720
3. Total Value at End of Period	111,391,695	102,633,140
<b>D. Market Value of Assets</b>	81,034,320	73,386,776
<b>E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods</b>		

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
GASB Statement No. 67**

Fiscal year ending September 30,	<b>2018*</b>	<b>2017</b>	<b>2016</b>
<b>Total pension liability</b>			
Service Cost	\$ 3,199,467	\$ 2,886,162	\$ 3,047,445
Interest	9,998,796	9,654,424	9,076,479
Benefit Changes	-	-	-
Difference between actual & expected experience	1,355,270	(1,118,136)	1,820,086
Assumption Changes	3,526,158	3,177,559	(565,994)
Benefit Payments	(6,578,789)	(6,259,474)	(6,169,099)
Refunds	(22,140)	(11,413)	(93,339)
Other (Adjustments to Reserves)	-	533,304	481,282
<b>Net Change in Total Pension Liability</b>	<b>11,478,762</b>	<b>8,862,426</b>	<b>7,596,860</b>
<b>Total Pension Liability - Beginning</b>	<b>133,418,274</b>	<b>124,555,848</b>	<b>116,958,988</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 144,897,036</b>	<b>\$ 133,418,274</b>	<b>\$ 124,555,848</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer (from City)	\$ 5,355,058	\$ 4,791,528	\$ 4,391,305
Contributions - Employer (from State)	781,307	781,307	735,945
Contributions - Non-Employer Contributing Entity	-	-	-
Contributions - Member	828,224	976,688	928,153
Net Investment Income	7,082,731	8,797,727	8,254,453
Benefit Payments	(6,578,789)	(6,259,474)	(6,169,099)
Refunds	(22,140)	(11,413)	(93,339)
Administrative Expense	(166,048)	(167,698)	(164,398)
Other	-	98,740	109,362
<b>Net Change in Plan Fiduciary Net Position</b>	<b>7,280,343</b>	<b>9,007,405</b>	<b>7,992,382</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>95,209,495</b>	<b>86,202,090</b>	<b>78,209,708</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 102,489,838</b>	<b>\$ 95,209,495</b>	<b>\$ 86,202,090</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>42,407,198</b>	<b>38,208,779</b>	<b>38,353,758</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>70.73 %</b>	<b>71.36 %</b>	<b>69.21 %</b>
<b>Covered Payroll</b>	<b>\$ 12,000,000</b>	<b>\$ 11,834,364</b>	<b>11,279,375</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>353.39 %</b>	<b>322.86 %</b>	<b>340.03 %</b>

\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year. Note that only three years are shown here for summary purposes. The actual September 30, 2018 GASB 67 disclosure report will include all years (up to 10) beginning with the first year GASB 67 was implemented (Fiscal Year 2014).

**SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY**  
**GASB Statement No. 67**

FY Ending September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$ 111,783,071	\$ 76,282,065	\$ 35,501,006	68.24%	\$ 11,070,863	320.67%
2015	116,958,988	78,209,708	38,749,280	66.87%	11,553,613	335.39%
2016	124,555,848	86,202,090	38,353,758	69.21%	11,279,375	340.03%
2017	133,418,274	95,209,495	38,208,779	71.36%	11,834,364	322.86%
2018*	144,897,036	102,489,838	42,407,198	70.73%	12,000,000	353.39%

**\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.**

**NOTES TO NET PENSION LIABILITY**  
**GASB Statement No. 67**

Valuation Date: October 1, 2017  
Measurement Date: September 30, 2018

**Methods and Assumptions Used to Determine Net Pension Liability:**

Actuarial Cost Method	Entry Age Normal
Inflation	2.5%
Salary Increases	5.0% to 6.5% depending on age, including inflation.
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2000 Combined Healthy Participant Mortality Table (for preretirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates currently in use for Special Risk Class members of the Florida Retirement System (FRS), as required under Florida Statutes, Chapter 112.63.

**Other Information:**

Notes See Discussion of Valuation Results.

**SCHEDULE OF CONTRIBUTIONS**  
**GASB Statement No. 67**

FY Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 4,560,918	\$ 4,624,823	\$ (63,905)	\$ 11,070,863	41.77%
2015	4,830,346	4,830,346	-	11,553,613	41.81%
2016	4,856,392	4,856,392	-	11,279,375	43.06%
2017	5,256,615	5,256,615	-	11,834,364	44.42%
2018*	5,820,145	5,820,145	-	12,000,000	48.50%

\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

**NOTES TO SCHEDULE OF CONTRIBUTIONS**  
**GASB Statement No. 67**

**Valuation Date:** October 1, 2016  
**Notes** Actuarially determined contribution rates are calculated as of the October 1st which is two year(s) prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years (single equivalent period)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	5.0% to 6.5% depending on age, including inflation.
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2000 Combined Healthy Participant Mortality Table (for preretirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates currently in use for Special Risk Class members of the Florida Retirement System (FRS), as required under Florida Statutes, Chapter 112.63.

**Other Information:**

**Notes** See Discussion of Valuation Results in the October 1, 2016 Actuarial Valuation Report.



**SINGLE DISCOUNT RATE  
GASB Statement No. 67**

A single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these 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 (7.25%) was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan’s net pension liability, calculated using a single discount rate of 7.25%, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

**Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption\***

1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
\$ 58,314,702	\$ 42,407,198	\$ 29,221,764

\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

## SECTION E

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### MISCELLANEOUS INFORMATION

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<b>RECONCILIATION OF MEMBERSHIP DATA</b>		
	<b>From 10/1/16 To 10/1/17</b>	<b>From 10/1/15 To 10/1/16</b>
<b>A. Active Members</b>		
1. Number Included in Last Valuation	133	137
2. New Members Included in Current Valuation	15	17
3. Non-Vested Employment Terminations	(2)	(3)
4. Vested Employment Terminations	(1)	(11)
5. DROP Participation	(5)	(5)
6. Service Retirements	(2)	(2)
7. Disability Retirements	(1)	0
8. Deaths	(1)	0
9. Number Included in This Valuation	<u>136</u>	<u>133</u>
<b>B. Terminated Vested Members</b>		
1. Number Included in Last Valuation	20	10
2. Additions from Active Members	1	11
3. Lump Sum Payments/Refund of Contributions	0	(1)
4. Payments Commenced	(1)	0
5. Deaths	0	0
6. Other--Data Correction	<u>0</u>	<u>0</u>
7. Number Included in This Valuation	20	20
<b>C. DROP Plan Members</b>		
1. Number Included in Last Valuation	11	9
2. Additions from Active Members	5	5
3. Retirements	(5)	(3)
4. Deaths Resulting in No Further Payments	0	0
5. Other	<u>0</u>	<u>0</u>
6. Number Included in This Valuation	11	11
<b>D. Service Retirees, Disability Retirees and Beneficiaries</b>		
1. Number Included in Last Valuation	116	111
2. Additions from Active Members	3	2
3. Additions from Terminated Vested Members	1	0
4. Additions from DROP Plan	5	3
5. Deaths Resulting in No Further Payments	(3)	0
6. Deaths Resulting in New Survivor Benefits	1	0
7. End of Certain Period - No Further Payments	0	0
8. Other -- Lump Sum Distributions	<u>0</u>	<u>0</u>
9. Number Included in This Valuation	123	116

**ACTIVE PARTICIPANT SCATTER**

Age Group	Years of Service to Valuation Date										Totals
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25+	
20-24 NO.	4	2	0	0	0	0	0	0	0	0	6
TOT PAY	214,731	116,717	0	0	0	0	0	0	0	0	331,448
AVG PAY	53,683	58,359	0	0	0	0	0	0	0	0	55,241
25-29 NO.	6	8	4	0	0	5	0	0	0	0	23
TOT PAY	317,335	498,103	268,781	0	0	401,221	0	0	0	0	1,485,440
AVG PAY	52,889	62,263	67,195	0	0	80,244	0	0	0	0	64,584
30-34 NO.	3	3	2	1	0	9	8	0	0	0	26
TOT PAY	158,667	185,936	130,132	68,220	0	686,964	737,907	0	0	0	1,967,826
AVG PAY	52,889	61,979	65,066	68,220	0	76,329	92,238	0	0	0	75,686
35-39 NO.	0	2	0	0	1	4	14	1	0	0	22
TOT PAY	0	123,459	0	0	70,518	333,301	1,328,703	81,933	0	0	1,937,914
AVG PAY	0	61,730	0	0	70,518	83,325	94,907	81,933	0	0	88,087
40-44 NO.	0	0	2	1	0	1	11	10	1	0	26
TOT PAY	0	0	193,496	70,820	0	81,277	988,113	1,067,059	89,848	0	2,490,613
AVG PAY	0	0	96,748	70,820	0	81,277	89,828	106,706	89,848	0	95,793
45-49 NO.	1	0	0	0	0	0	5	18	0	0	24
TOT PAY	52,889	0	0	0	0	0	442,041	1,942,078	0	0	2,437,008
AVG PAY	52,889	0	0	0	0	0	88,408	107,893	0	0	101,542
50-54 NO.	0	0	0	1	0	2	1	3	1	0	8
TOT PAY	0	0	0	68,400	0	139,175	92,458	331,274	133,845	0	765,152
AVG PAY	0	0	0	68,400	0	69,588	92,458	110,425	133,845	0	95,644
55-59 NO.	1	0	0	0	0	0	0	0	0	0	1
TOT PAY	120,099	0	0	0	0	0	0	0	0	0	120,099
AVG PAY	120,099	0	0	0	0	0	0	0	0	0	120,099
60-64 NO.	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0
TOT NO.	15	15	8	3	1	21	39	32	2	0	136
TOT AMT	863,721	924,215	592,409	207,440	70,518	1,641,938	3,589,222	3,422,344	223,693	0	11,535,500
AVG AMT	57,581	61,614	74,051	69,147	70,518	78,188	92,031	106,948	111,847	0	84,820

**INACTIVE PARTICIPANT SCATTER**

Age Group	Terminated Vested		Disabled		Retired		Deceased with Beneficiary	
	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits
Under 20	-	-	-	-	-	-	-	-
20-24	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-
30-34	5	125,160	-	-	-	-	-	-
35-39	8	170,461	-	-	-	-	-	-
40-44	2	41,077	-	-	3	224,973	-	-
45-49	4	147,810	2	98,634	9	682,589	1	53,739
50-54	1	10,920	-	-	26	1,367,313	1	23,843
55-59	-	-	3	60,877	30	1,710,108	-	-
60-64	-	-	3	61,756	21	847,531	-	-
65-69	-	-	3	85,776	11	488,642	1	9,397
70-74	-	-	3	42,474	12	420,484	-	-
75-79	-	-	1	12,549	2	37,019	-	-
80-84	-	-	-	-	2	79,329	-	-
85-89	-	-	-	-	-	-	-	-
90-94	-	-	-	-	-	-	-	-
95-99	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-
<b>Total</b>	<b>20</b>	<b>495,428</b>	<b>15</b>	<b>362,066</b>	<b>116</b>	<b>5,857,988</b>	<b>3</b>	<b>86,979</b>
<b>Average Age</b>		<b>39</b>		<b>63</b>		<b>59</b>		<b>56</b>

## **SECTION F**

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### **SUMMARY OF PLAN PROVISIONS**

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## SUMMARY OF PLAN PROVISIONS

### A. Ordinances

Plan established under the Code of Ordinances for the City of Boynton Beach, Florida, Chapter 18, Article III, and was most recently amended under Ordinance No.15-022 passed and adopted on its second reading on September 3, 2015. The Plan is also governed by certain provisions of Chapter 185, Florida Statutes, Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

### B. Effective Date

August 15, 1981

### C. Plan Year

October 1 through September 30

### D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

### E. Eligibility Requirements

All full-time police officers are eligible to participate on the first day of employment.

### F. Credited Service

Service is measured as the aggregate numbers of years and fractional parts of years of service for which a police officer made Member Contributions to the plan. No service is credited for any periods of employment for which the member received a refund of their contributions.

### G. Compensation

Total cash remuneration including up to 300 hours of overtime and lump sum payments for the lesser of the amount of sick and vacation leave accumulated as of June 18, 2013 or the amount cashed out at retirement, but exclusive of any payments for extra duty or special detail work.

### H. Average Final Compensation (AFC)

The average of Compensation over the highest 5 years during the last 10 years of Credited Service.

## I. Normal Retirement

**Eligibility:** A member may retire on the first day of the month coincident with or next following the earliest of:

- (1) age 55 and 10 years of Credited Service, or
- (2) age 50 and 15 years of Credited Service, or
- (3) 20 years of Credited Service regardless of age.

**Benefit:** 3.5% of AFC multiplied by years of Credited Service for Members hired before October 1, 2015. Benefit is limited to 100% of AFC and the provisions of Internal Revenue Code Section 415.

All Members hired on or after October 1, 2015 receive 3.0% of AFC multiplied by years of Credited Service. Benefit is limited to 100% of AFC and the provisions of the Internal Revenue Code Section 415.

**Normal Form of Benefit:** 10 Years Certain and Life thereafter; other options are also available.

**COLA** None

**Supplemental Benefit:** All retirees in pay status are entitled to a monthly supplemental pension benefit paid in a lump sum on October 1 of each year. The supplemental benefit is funded by a 1% of pay contribution from the members and a 1% of pay contribution from the Chapter 185 money. The benefit pool is divided according to the total number of shares of all eligible retirees on a pro-rata basis. The number of shares allotted to each eligible retiree is the sum of credited service at retirement (maximum of 20 years) and the number of years the participant has been retired (maximum of 20 years). An individual retiree's distribution is the number of shares multiplied by the share value. The benefit ceases upon the later of the death of the retired member or beneficiary.

## J. Early Retirement

**Eligibility:** A member may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 50 and 10 years of Credited Service.

**Benefit:** The Normal Retirement Benefit is reduced by 1.5% for each year by which the Early Retirement date precedes the Normal Retirement date. For this purpose, the Normal Retirement date is the earlier of the date the member would have attained age 55 or completed 20 years of Credited Service had the member continued employment as a police officer.

**Normal Form of Benefit:** 10 Years Certain and Life thereafter; other options are also available.

**COLA:** None



Supplemental

Benefit: All retirees in pay status are entitled to a monthly supplemental pension benefit paid in a lump sum on October 1 of each year. The supplemental benefit is funded by a 1% of pay contribution from the members and a 1% of pay contribution from the Chapter 185 money. The benefit pool is divided according to the total number of shares of all eligible retirees on a pro-rata basis. The number of shares allotted to each eligible retiree is the sum of credited service at retirement (maximum of 20 years) and the number of years the participant has been retired (maximum of 20 years). An individual retiree's distribution is the number of shares multiplied by the share value. The benefit ceases upon the later of the death of the retired member or beneficiary.

**K. Delayed Retirement**

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

**L. Service Connected Disability**

Eligibility: Any member who becomes totally and permanently disabled and unable to render useful and efficient service as a police officer as a result of an act occurring in the performance of service for the City is immediately eligible for a disability benefit.

Benefit: 66 2/3% of the member's basic rate of earnings in effect on the date of disability, reduced by amounts payable under Worker's Compensation and Social Security PIA with a minimum benefit being the greater of the accrued Normal Retirement benefit on the date of disability or 42% of AFC.

Normal Form

of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: None

Supplemental

Benefit: All retirees in pay status are entitled to a monthly supplemental pension benefit paid in a lump sum on October 1 of each year. The supplemental benefit is funded by a 1% of pay contribution from the members and a 1% of pay contribution from the Chapter 185 money. The benefit pool is divided according to the total number of shares of all eligible retirees on a pro-rata basis. The number of shares allotted to each eligible retiree is the sum of credited service at retirement (maximum of 20 years) and the number of years the participant has been retired (maximum of 20 years). An individual retiree's distribution is the number of shares multiplied by the share value. The benefit ceases upon the later of the death of the retired member or beneficiary.

**M. Non-Service Connected Disability**

Eligibility: Any member with 10 years of Credited Service who becomes totally and permanently disabled and unable to render useful and efficient service as a police officer is eligible for a disability benefit.

**Benefit:** The accrued Normal Retirement Benefit taking into account compensation earned and service credited as of the date of disability with a minimum benefit equal to 25% of AFC and a maximum benefit equal to 60% of AFC.

**Normal Form of Benefit:** 10 years Certain and Life thereafter; other options are also available.

**COLA:** None

**Supplemental Benefit:** All retirees in pay status are entitled to a monthly supplemental pension benefit paid in a lump sum on October 1 of each year. The supplemental benefit is funded by a 1% of pay contribution from the members and a 1% of pay contribution from the Chapter 185 money. The benefit pool is divided according to the total number of shares of all eligible retirees on a pro-rata basis. The number of shares allotted to each eligible retiree is the sum of credited service at retirement (maximum of 20 years) and the number of years the participant has been retired (maximum of 20 years). An individual retiree's distribution is the number of shares multiplied by the share value. The benefit ceases upon the later of the death of the retired member or beneficiary.

#### **N. Death in the Line of Duty**

**Eligibility:** Any member whose death is determined to be the result of a service incurred injury is eligible for survivor benefits regardless of Credited Service.

**Benefit:** Spouse will receive the accrued Normal Retirement Benefit taking into account compensation earned and service credited as of the date of death with a minimum benefit equal to 30% of AFC. If there is no spouse, benefits will be paid to the deceased member's estate.

**Normal Form of Benefit:** Paid until death of spouse.

**COLA:** None

**Supplemental Benefit:** All retirees and beneficiaries in pay status are entitled to a monthly supplemental pension benefit paid in a lump sum on October 1 of each year. The supplemental benefit is funded by a 1% of pay contribution from the members and a 1% of pay contribution from the Chapter 185 money. The benefit pool is divided according to the total number of shares of all eligible retirees on a pro-rata basis. The number of shares allotted to each eligible retiree is the sum of credited service at retirement (maximum of 20 years) and the number of years the participant has been retired (maximum of 20 years). An individual retiree's distribution is the number of shares multiplied by the share value. The benefit ceases upon the later of the death of the retired member or beneficiary.

## O. Other Pre-Retirement Death

**Eligibility:** Members are eligible for survivor benefits after the completion of 10 or more years of Credited Service.

**Benefit:** Spouse will receive the accrued Normal Retirement Benefit taking into account compensation earned and service credited as of the date of death. If there is no spouse, benefits will be paid to the deceased member's estate.

**Normal Form of Benefit:** Paid until death or remarriage of spouse; or 10 years to the member's estate.

**COLA:** None

**Supplemental Benefit:** All retirees and beneficiaries in pay status are entitled to a monthly supplemental pension benefit paid in a lump sum on October 1 of each year. The supplemental benefit is funded by a 1% of pay contribution from the members and a 1% of pay contribution from the Chapter 185 money. The benefit pool is divided according to the total number of shares of all eligible retirees on a pro-rata basis. The number of shares allotted to each eligible retiree is the sum of credited service at retirement (maximum of 20 years) and the number of years the participant has been retired (maximum of 20 years). An individual retiree's distribution is the number of shares multiplied by the share value. The benefit ceases upon the later of the death of the retired member or beneficiary.

The beneficiary of a plan member with less than 10 years of Credited Service at the time of death will receive a refund of the member's accumulated contributions.

## P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

## Q. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are a Single Life Annuity, the 50%, 66 2/3%, 75% and 100% Contingent Annuitant options and the 50%, 66 2/3%, 75% and 100% Survivor Annuity options.

## R. Vested Termination

**Eligibility:** A member has earned a non-forfeitable right to Plan benefits after the completion of 5 years of Credited Service if they elect to leave their accumulated contributions in the fund.

**Benefit:** The benefit is the member's accrued Normal Retirement Benefit as of the date of termination.

For members with at least 5 years of Credited Service, the benefit begins on the date that would have been the member's Normal Retirement date had they continued employment until attaining age 55 with 10 years of Credited Service or upon reaching what would have been 20 years of Credited Service. Alternatively, members with at least 10 years of Credited Service can elect a reduced Early Retirement benefit any time after age 50.

Normal Form

of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: None

Supplemental

Benefit: Once in pay status, all retirees are entitled to a monthly supplemental pension benefit paid in a lump sum on October 1 of each year. The supplemental benefit is funded by a 1% of pay contribution from the members and a 1% of pay contribution from the Chapter 185 money. The benefit pool is divided according to the total number of shares of all eligible retirees on a pro-rata basis. The number of shares allotted to each eligible retiree is the sum of credited service at retirement (maximum of 20 years) and the number of years the participant has been retired (maximum of 20 years). An individual retiree's distribution is the number of shares multiplied by the share value. The benefit ceases upon the later of the death of the retired member or beneficiary.

Members terminating employment with less than 5 years of Credited Service will receive a refund of their own accumulated contributions.

**S. Refunds**

Eligibility: All members terminating employment with less than 5 years of Credited Service are eligible. Optionally, vested members (those with 5 or more years of Credited Service) may elect a refund in lieu of the vested benefits otherwise due.

Benefit: Refund of the member's contributions.

**T. Member Contributions**

7% of Compensation

**U. Employer Contributions**

Chapter 185 Premium Tax Refunds and any additional amount determined by the actuary needed to fund the plan properly according to State laws.

**V. 13<sup>th</sup> Check**

As described under the Supplemental Benefit subsections, a thirteenth check will be paid to retirees on each October 1 of each year following December 1, 2006.

## W. Deferred Retirement Option Plan

**Eligibility:** Plan members who have less than 30 years of Credited Service but have met one of the following criteria are eligible for the DROP:

- (1) age 55 and 10 years of Credited Service, or
- (2) age 50 and 15 years of Credited Service, or
- (3) 20 years of Credited Service regardless of age.

Members who meet eligibility must submit a written election to participate in the DROP.

**Benefit:** The member's Credited Service and FAC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and FAC.

**Maximum  
DROP Period:** The earlier of 5 years of participation in the DROP or 30 years of employment.

**Interest  
Credited:** The member's DROP account is credited at an interest rate based upon the option chosen by the member. Members must elect from 1 of the 3 following options:

1. Gain or loss at the same rate earned by the Plan, or
2. Guaranteed rate of 7%, or
3. A percentage of the DROP credited at the same rate earned by the Plan and the remaining percentage credited with earnings at a guaranteed rate of 7%.

**Normal Form  
of Benefit:** Options include a lump sum, equal annual payments over 5 years, or monthly installments based upon actuarial tables until the balance is paid out.

**COLA:** None

**Supplemental  
Benefit:** DROP retirees are entitled to a monthly supplemental pension benefit paid in a lump sum on October 1 of each year. The supplemental benefit is funded by a 1% of pay contribution from the members and a 1% of pay contribution from the Chapter 185 money. The benefit pool is divided according to the total number of shares of all eligible retirees on a pro-rata basis. The number of shares allotted to each eligible retiree is the sum of credited service at retirement (maximum of 20 years) and the number of years the participant has been retired (maximum of 20 years). An individual retiree's distribution is the number of shares multiplied by the share value. The benefit ceases upon the later of the death of the retired member or beneficiary.

**X. Other Ancillary Benefits**

There are no ancillary benefits not required by statutes but which might be deemed a City of Boynton Beach Municipal Police Officers' Retirement Fund liability if continued beyond the availability of funding by the current funding source.

**Y. Changes Since Previous Valuation**

There have been no changes since the last valuation.