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City of Rockledge

General Employees Retirement Plan

Actuarial Valuation as of October 1, 2016

February 14, 2017

REPORT TO DETERMINE MINIMUM FUNDING REQUIREMENTS
FOR THE PLAN AND FISCAL YEAR
BEGINNING OCTOBER 1, 2016 AND 2017

FLA
FREIMAN LITTLE ACTUARIES

February 14, 2017

Board of Trustees
City of Rockledge General Employees Retirement Plan
Rockledge, Florida

RE: Actuarial Valuation as of October 1, 2016

Dear Board Members:

We are pleased to present the actuarial valuation as of October 1, 2016 for the City of Rockledge General Employees Retirement Plan (the Plan). This report provides a review of the current funded status of the Plan, establishes the minimum funding requirements for the fiscal years ending September 30, 2017 and 2018, and provides an analysis of experience since the last valuation. In addition to providing the summary and derivation of actuarial findings, this report describes the data, assumptions, and methods used to create these results.

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.

Statement by Enrolled Actuary:

"This actuarial valuation and/or cost determination 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."

We look forward to the presentation of these results to you in person and we are always available to answer any questions you may have.

Sincerely,

Chad M. Little, ASA, EA
Partner, Consulting Actuary
Enrollment Number 14-6619

Paula C. Freiman, ASA, EA
Partner, Consulting Actuary
Enrollment Number 14-5796

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Section 1 Board Summary

A summary of the key valuation findings are compared with the results of the prior valuation below.

Summary of Principal Valuation Results

Minimum Funding Requirements

Fiscal Year Ending September 30,	**2016**	**2017**	**2018**
Minimum Funding Requirement			
As a Dollar Amount	$561,465	$670,947	$751,853
As a Percent of Valuation Payroll	13.70%	15.49%	18.44%

Note: The $670,947 minimum funding requirement for fiscal 2017 solves for the remaining employer contribution which must be deposited March 1, 2017 as $144,843.50.

The $751,853 minimum funding requirement for fiscal 2018 must be deposited on December 15, 2017.

Funded Status

Valuation as of October 1,	**2015**	**2016**	**2016**
Accrued Liability (AL)	$16,495,875	$18,194,812	$18,194,812
Actuarial Value of Assets	(13,786,010)	(14,805,468)	(14,805,468)
Unfunded Accrued Liability (UAL)	$2,709,865	$3,389,344	$3,389,344
Funded Percentage	83.57%	81.37%	81.37%

Key Assumptions

Valuation as of October 1,	**2015**	**2016**	**2016**
Assumed Investment Return, Net of Expenses	8.00%	7.90%	7.90%
Salary Increase Assumption	6.00%	6.00%	6.00%

Summary of Significant Events

Determination of the funded status of the Plan and minimum funding requirements are based on funding policy, participant data, asset information, Plan provisions, actuarial methods and assumptions. Any significant events associated with these items are discussed in the following.

In preparing our report we relied, without audit, on information (some oral and some written) supplied by the Plan Administrator and the City. This information includes, but is not limited to, statutory provisions, employee census, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

City Policy Contribution

We understand that the City policy had been to contribute 8.0% of pensionable pay at the same time member contributions were deposited to the fund on a bi-weekly basis. However, a contribution on this basis does not result in funding the minimum required contribution and have noted there is a $145,944 employer contribution receivable for fiscal 2016. After discussions with the City, we received confirmation that the employer contribution receivable for fiscal 2016 has been deposited, with interest, on February 2, 2017.

At the request of the City we have determined the remaining employer contribution payable to the Plan for fiscal 2017 on March 1, 2017 based on actual employer contributions deposited so far this fiscal year and the results of this actuarial valuation. The amount which must be deposited to the Plan on March 1, 2017 is $144,843.50, as shown in the following information which is the basis for the results for fiscal 2017 shown on page 1:

Contribution From	**Deposit Date**	**Deposit**	**Time to 10/01/17**	**Interest**	**Total**
Employees (Expected)	04/01/17	$259,926.00	0.5000	$10,267.08	$270,193.08
City	10/14/16	15,006.16	0.9644	1,143.28	16,149.44
City	10/28/16	14,998.87	0.9260	1,097.23	16,096.10
City	11/11/16	14,796.65	0.8893	1,039.53	15,836.18
City	11/25/16	14,810.51	0.8509	995.58	15,806.09
City	12/09/16	14,600.71	0.8114	935.91	15,536.62
City	12/23/16	14,822.88	0.7731	905.31	15,728.19
City	02/08/17	437,068.18	0.6475	22,357.13	459,425.31
City	03/01/17	144,843.50	0.5833	6,674.49	151,517.99
Total		$930,873.46		$45,415.54	$976,289.00
Total City Contributions		$670,947.46			

Note that the table in Section 2 of this report called “Minimum Funding Requirements” derives the minimum required contribution payable by the City as $680,623 for fiscal 2017. This is the amount computed prior to the above method change which is payable on a quarterly basis during fiscal 2017. There is a time-value-of-money savings for contributing required funding faster than on a quarterly basis as shown in the above table. The savings for fiscal 2017 was $9,676.

It is common for public pension funds to project contributions to the next fiscal year when determining the minimum required funding for a plan. "Projected contributions" means that the October 1, 2016 actuarial valuation is the basis for determination of funding required for fiscal 2018, then the October 1, 2017 actuarial valuation will be the basis for determination of the funding required for fiscal 2019, and so on. Performing actuarial valuations with projected contributions gives the City the opportunity to have more notice to plan for how much will be required to fund a plan. We have been asked to determine minimum required funding for fiscal 2018 on a projected basis from this October 1, 2016 valuation payable in a single sum on December 15, 2017, as shown on page 1.

Participant Data

During the year active membership increased from 130 to 134 members due to 26 new hires, 18 non-vested terminations, 2 retirements, 1 DROP, and 1 death resulting in survivor benefits payable.

The following provides a summary comparing the actual and expected pay increases for the 12 month periods ending on the date specified.

Year Ended September	Individual Actual	Individual Expected	Total Payroll Increase
2016	5.4%	6.0%	5.7%
2015	4.2%	6.0%	0.8%
2014	3.6%	6.0%	1.8%
2013	5.0%	6.0%	(3.9%)
2012	(4.9%)	6.0%	(1.2%)
2011	3.4%	6.0%	(5.2%)
2010	0.6%	6.0%	(2.8%)
2009	3.4%	6.0%	5.7%
2008	2.2%	6.0%	2.3%
2007	8.2%	6.0%	6.3%
Average:	3.0%	6.0%	0.9%

Pay increases were less than expected with the actual average pay increase amongst continuing actives at 5.4% in comparison to the 6.0% salary increase assumption. In addition, total payroll increased 0.9% on average over the last 10 years. As a result, the 1.1% average payroll growth assumption used to amortize unfunded accrued liability as a level percentage of pay in the prior valuation of the Plan has been decreased to 0.9% for the current valuation of the Plan per Florida Statues 112.64(5)(a).

Overall, there was a demographic gain. Should a pattern of consistent gains or losses develop, assumptions will be adjusted as needed.

We recommend a review of actuarial experience be conducted.

Assets

The investment return on the Market Value of Assets was 9.31% and the return on the Actuarial Value of Assets was 7.34%, each in comparison to the 8.0% net investment return assumed for the fiscal year ending September 30, 2016.

Note only a portion of actual investment gains or losses are recognized in the current year Actuarial Value of Assets with the remainder recognized over the next four years. Even if all assumptions are realized in the next several years, the Plan will experience changes in the required contribution rate until prior gains and losses are fully recognized.

Because the return on the Actuarial Value of Assets was less than the assumed rate of net investment return, there was an actuarial investment loss for the year ending September 30, 2016.

The table below provides a comparison of the investment return on the Market Value of Assets and the Actuarial Value of Assets in comparison to the investment return assumed in the valuation of the Plan.

12-Month Period Ended September 30,	% Market Return	% Actuarial Return	% Assumed Return
2016	9.31 %	7.34 %	8.0 %
2015	(0.03)%	5.94 %	8.0 %
2014	9.69 %	7.45 %	8.0 %
2013	8.79 %	6.11 %	8.0 %
2012	12.07 %	1.82 %	8.0 %
2011	(2.70)%	1.37 %	8.0 %
2010	8.64 %	2.86 %	8.0 %
2009	2.84 %	2.53 %	8.0 %
2008	(12.30)%	(12.30)%	8.0 %
2007	9.28 %	9.28 %	8.0 %
Average	4.29 %	3.07 %	8.0 %

Investment returns less than the assumed rate of return result in increased annual minimum required contributions in the future.

The Board of Trustees has directed us to revise the net assumed return on investments from 8.0% used in the October 1, 2015 actuarial valuation of the Plan to 7.9% for this October 1, 2016 actuarial valuation based on their revised expectation of the future.

Plan Provisions

Ordinance 1687-2016 was adopted May 4, 2016 to eliminate the option of annuity payments from DROP distributions. An impact statement dated March 4, 2016 indicated this ordinance is not anticipated to have a material impact on the liability of the Plan.

Methods

As described under the paragraph entitled "City Policy Contribution", the employer contribution payable for fiscal 2017 has been determined based on the results of this October 1, 2016 actuarial valuation, actual employer funding deposited to the fund so far this fiscal year, and an amount which must be deposited on March 1, 2017 to complete employer funding for fiscal 2017.

This October 1, 2016 actuarial valuation is also the basis for determination of the employer contribution required for fiscal 2018. The required employer funding figure determined must be deposited on December 15, 2017.

Assumptions

The Board of Trustees has sole authority to determine the actuarial assumptions used for the valuation.

The 1.1% average payroll growth assumption used to amortize unfunded accrued liability as a level percentage of pay in the prior valuation of the Plan has been decreased to 0.9% for the current valuation of the Plan.

The Board of Trustees has directed us to revise the net assumed return on investments from 8.0% used in the October 1, 2015 actuarial valuation of the Plan to 7.9% for this October 1, 2016 actuarial valuation based on their revised expectation of the future.

The mortality table was the RP-2000 Combined Mortality Table where Scale AA was applied to reflect mortality improvements to the valuation year. The mortality table has been revised to the mortality assumption used for not special risk employees in the valuation of the Florida Retirement System (FRS) as of July 1, 2015, as required by state statute. The mortality rates are as follows:

Healthy mortality:	Males: 50% RP-00 Annuitant White Collar + 50% RP-00 Annuitant Blue Collar
	Females: 100% RP-00 Annuitant White Collar
	Both male and female rates fully generational using Scale BB
Disabled mortality:	Males: 100% RP-00 Disabled Retiree Set Back 4 Years
	Females: 100% RP-00 Disabled Retiree Set Forward 2 Years
	No mortality improvement is assumed for disabled lives.

Section 2 Results Derivation

In this section, the assets and liabilities of the Plan are shown in detail. Assets and liabilities are then compared to determine the funded status and minimum funding requirements.

While asset information is based on the fair market value of assets, along with any techniques used to smooth out market fluctuations, liabilities are determined through a combination of the benefit provisions, participant census data which contains information for the members who will receive those benefits, and the methods and assumptions used with regard to how benefits will be paid to members. A summary of participant data, an outline of the benefit provisions, and a description of the methods and assumptions used in this valuation are described in Section 4.

Financial Information

Over the life of the Plan, the majority of assets are typically generated from investment return. In this section, we describe how the assets of the Plan are invested, show how the actuarial value of assets is derived, and review the investment results since the prior valuation.

Investment Allocation

Valuation Date	**October 1, 2015**		**October 1, 2016**	
Stocks	$8,962,523	68%	$10,526,511	74%
Fixed Income Securities	3,721,744	28%	2,794,523	19%
Cash and Cash Equivalents	209,538	2%	203,226	1%
Real Estate	0	0%	730,900	5%
Net Receivables	283,588	2%	156,944	1%
Fair Market Value of Assets	$13,177,393	100%	$14,412,104	100%

Reconciliation of Market Value of Assets

Year Ending September 30,		2015	2016
1.	**Market Value of Assets at Beginning of Year**	$12,863,211	$13,177,393
2.	Contributions		
	a. Employer	$562,320	$561,465
	b. Plan Members	249,718	255,031
	c. Total Contributions	$812,038	$816,496
3.	Investment Income		
	a. Realized Appreciation (Depreciation)	$(17,612)	$67,237
	b. Unrealized Appreciation (Depreciation)	(293,724)	898,415
	c. Interest plus Dividends	340,901	314,710
	d. Investment Expense	(33,274)	(53,062)
	e. Net Investment Income	$(3,709)	$1,227,300
4.	Deductions		
	a. Benefits	$(352,136)	$(471,663)
	b. Refund of Contributions	(77,550)	(64,718)
	c. DROP Balance Disbursement	0	(217,529)
	d. Administrative Expense	(64,461)	(55,175)
	e. Total Deductions	$(494,147)	$(809,085)
5.	Net Increase	$314,182	$1,234,711
6.	**Market Value of Assets at End of Year**	$13,177,393	$14,412,104
7.	**Return on Market Value of Assets = 2I / (A + B – I)**	(0.03)%	9.31 %

Development of Actuarial Value of Assets

The Market Value of Assets is adjusted to recognize investment earnings greater than (or less than) the assumed net investment return over a five-year period. The Actuarial Value of Assets is no more than 120% and no less than 80% of the Market Value of Assets.

1.	Market Value of Assets as of October 1, 2016				$14,412,104
2.	Phase-In Gains (Losses) Over Five Year Period				
		Year Ending	Original Gain (Loss)	Percent Unrecognized	Unrecognized Gain (Loss)
	a.	September 30, 2016	$172,813	80%	$138,250
	b.	September 30, 2015	(1,045,482)	60%	(627,289)
	c.	September 30, 2014	197,198	40%	78,879
	d.	September 30, 2013	83,980	20%	16,796
	e.	Total			$(393,364)
3.	Preliminary Actuarial Value of Assets				$14,805,468
4.	Corridor Around Market Value				
	a.	Minimum = 80% of Market Value of Assets			$11,529,683
	b.	Maximum = 120% of Market Value of Assets			$17,294,525
	c.	Corridor Adjustment to Preliminary Actuarial Value			$0
5.	Actuarial Value of Assets as of October 1, 2016				$14,805,468

Development of Historical Gain or Loss on Market Value of Assets

Fiscal Year End		**2016**	**2015**
1.	Market Value of Assets - Beginning of Year	$13,177,393	$12,863,211
2.	Expected Interest on Assets	1,054,191	1,029,057
3.	Contributions	816,496	812,038
4.	Benefit Payments + Administrative Expenses	(809,085)	(494,147)
5.	Interest on items (3) and (4)	296	12,716
6.	Expected Value of Assets at End of Year	$14,239,291	$14,222,875
7.	Market Value of Assets - End of Year	$14,412,104	$13,177,393
8.	Gain (Loss) for Plan Year = (7) - (6)	$172,813	$(1,045,482)

Fiscal Year End		**2014**	**2013**
1.	Market Value of Assets - Beginning of Year	$11,561,929	$10,534,827
2.	Expected Interest on Assets	924,954	842,786
3.	Contributions	687,902	592,604
4.	Benefit Payments + Administrative Expenses	(515,662)	(496,127)
5.	Interest on items (3) and (4)	6,890	3,859
6.	Expected Value of Assets at End of Year	$12,666,013	$11,477,949
7.	Market Value of Assets - End of Year	$12,863,211	$11,561,929
8.	Gain (Loss) for Plan Year = (7) - (6)	$197,198	$83,980

Historical Asset Values

Year Ending September 30,	Actuarial Value of Assets	Fair Market Value of Assets	% Market Return	% Actuarial Return	% Assumed Return
2016	$14,805,468	$14,412,104	9.31 %	7.34 %	8.00 %
2015	13,786,010	13,177,393	(0.03)%	5.94 %	8.00 %
2014	12,703,666	12,863,211	9.69 %	7.45 %	8.00 %
2013	11,657,004	11,561,929	8.79 %	6.11 %	8.00 %
2012	10,892,465	10,534,827	12.07 %	1.82 %	8.00 %
2011	10,500,528	9,211,284	(2.70)%	1.37 %	8.00 %
2010	10,151,142	9,255,489	8.64 %	2.86 %	8.00 %
2009	9,602,509	8,259,764	2.84 %	2.53 %	8.00 %
2008	9,128,693	7,794,927	(12.30)%	(12.30)%	8.00 %
2007	8,707,729	8,707,729	9.28 %	9.28 %	8.00 %

Historical Contribution Amounts

Year Ending September 30,	Employer	Members	Total
2016	$561,465	$255,031	$816,496
2015	562,320	249,718	812,038
2014	443,171	244,731	687,902
2013	346,097	246,507	592,604
2012	337,661	259,737	597,398
2011	319,511	273,867	593,378
2010	322,259	276,215	598,474
2009	325,648	278,996	604,644
2008	314,021	267,851	581,872
2007	309,149	264,454	573,603

Historical Deductions from Fund

Year Ending September 30,	Benefits	Refunds	Administrative Expense	Total
2016	$689,192	$64,718	$55,175	$809,085
2015	352,136	77,550	64,461	494,147
2014	358,103	80,160	77,399	515,662
2013	370,923	59,986	65,218	496,127
2012	279,100	90,633	28,290	398,023
2011	256,780	74,856	53,144	384,780
2010	261,109	24,753	42,478	328,340
2009	267,531	59,106	37,771	364,408
2008	192,327	180,118	40,905	413,350
2007	295,747	57,920	43,549	397,216

Present Value of Benefits

Valuation as of October 1,			2015	2016
1.	**Active Members**			
	a.	Retirement Benefits	$10,363,966	$11,370,269
	b.	Deferred Benefits	745,710	828,354
	c.	Survivor Benefits	415,250	667,933
	d.	Disability Retirement	462,697	476,803
	e.	Total for Active Members	$11,987,623	$13,343,359
2.	**Inactive Members**			
	a.	Retired Members	$7,682,309	$8,354,362
	b.	Terminated members	91,499	38,155
	c.	Beneficiaries	222,041	488,597
	d.	Disability Retirement	167,840	160,104
	e.	Total for Inactive Members	$8,163,689	$9,041,218
3.	**Present Value of Benefits**		$20,151,312	$22,384,577

Accrued Liability

Valuation as of October 1,			2015	2016
1.	**Active Members**			
	a.	Retirement Benefits	$7,818,787	$8,519,887
	b.	Deferred Benefits	83,543	115,817
	c.	Survivor Benefits	221,404	303,551
	d.	Disability Retirement	208,452	214,339
	e.	Total for Active Members	$8,332,186	$9,153,594
2.	**Inactive Members**			
	a.	Retired Members	$7,682,309	$8,354,362
	b.	Terminated members	91,499	38,155
	c.	Beneficiaries	222,041	488,597
	d.	Disability Retirement	167,840	160,104
	e.	Total for Inactive Members	$8,163,689	$9,041,218
3.	**Accrued Liability**		$16,495,875	$18,194,812

Normal Cost

Valuation as of October 1,			2015	2016
1.	**Preliminary Normal Cost**			
	a.	Retirement Benefits	$352,437	$400,908
	b.	Deferred Benefits	86,726	91,722
	c.	Survivor Benefits	27,808	51,306
	d.	Disability Retirement	35,329	36,805
	e.	Total	$502,300	$580,741
2.	**Total Normal Cost**			
	a.	Preliminary Normal Cost	$502,300	$580,741
	b.	Estimated Administrative Expense	64,461	55,175
	c.	Total Normal Cost	$566,761	$635,916
	d.	Total Normal Cost as a Percent of Pay	13.8%	14.7%
3.	**Employer Normal Cost**			
	a.	Preliminary Normal Cost	$502,300	
	b.	Actual Administrative Expense	55,175	
	c.	Actual Employee Contributions	(255,031)	
	d.	Employer Normal Cost	$302,444	
4.	**Valuation Payroll**		$4,099,396	$4,332,096

Unfunded Accrued Liability

Derivation of Unfunded Accrued Liability (UAL)

Unfunded Accrued Liability

1.	Accrued Liability	$18,194,812
2.	Actuarial Value of Assets	(14,805,468)
3.	Unfunded Accrued Liability	$3,389,344

Determination of Expected Unfunded Accrued Liability

1.	Unfunded Accrued Liability as of Prior Year	$2,709,865
2.	Interest for a full year on (1)	216,789
3.	Employer Normal Cost (Including Administrative Expenses) as of Prior Year	302,444
4.	Interest for a full year on (3)	24,196
5.	City Contribution	(561,465)
6.	Interest on Contribution for Time on Deposit	(22,459)
7.	Change in Plan, Methods or Assumptions	840,843
8.	Expected Unfunded Accrued Liability	$3,510,213

Calculation of (Gain) or Loss

1.	Actual Unfunded Accrued Liability	$3,389,344
2.	Expected Unfunded Accrued Liability	3,510,213
3.	Total (Gain) or Loss	$(120,869)

Reconciliation of Unfunded Accrued Liability

1.	Unfunded Accrued Liability as of Prior Year	$2,709,865
2.	Total Change in Unfunded Accrued Liability	
	a. Expected Change in Unfunded Accrued Liability	$(40,495)
	b. Change in Plan, Methods or Assumptions	840,843
	c. Change Due to (Gain) or Loss	
	i. Portion of (Gain) / Loss Due to Investments	$91,130
	ii. Portion of (Gain) / Loss Due to Demographic Experience	(211,999)
	iii. Total (Gain) or Loss	$(120,869)
	d. Total Change in Unfunded Accrued Liability	$679,479
3.	Unfunded Accrued Liability	$3,389,344

Amortization of Unfunded Liability

The Unfunded Actuarial Accrued Liability is being amortized as a level percentage of payroll based on the interest and payroll growth assumptions. Changes in the Unfunded Actuarial Accrued Liability due to plan changes, assumption changes, method changes, or gains and losses are all amortized over a 25 year period.

Amortization Bases

	Effective 10/1	Source	Original Balance	Remaining Balance	Adjusted Remaining Balance	Years Remain	0.9% Amortization Payment
1.	2005	Method Change	$(387,558)	$(407,641)	$(402,976)	19	$(36,289)
2.	2006	Actuarial Loss	106,045	111,308	110,034	20	9,666
3.	2007	Actuarial Loss	131,907	137,843	136,266	21	11,701
4.	2008	Actuarial Loss	1,566,340	1,626,162	1,607,553	22	135,201
5.	2008	Method Change	5,097	5,291	5,230	22	440
6.	2008	Method Change	(1,333,766)	(1,384,703)	(1,368,857)	22	(115,126)
7.	2009	Actuarial Loss	317,686	327,040	323,297	23	26,677
8.	2010	Actuarial Loss	30,104	30,676	30,325	24	2,459
9.	2010	Plan Change	394,556	402,054	397,453	24	32,228
10.	2011	Actuarial Loss	548,021	551,892	545,576	25	43,533
11.	2012	Actuarial Gain	(66,804)	(66,391)	(65,631)	26	(5,160)
12.	2012	Asmp/Method Chg	810,340	805,331	796,115	26	62,590
13.	2013	Actuarial Loss	327,128	323,141	319,443	27	24,774
14.	2013	Update Mortality	21,426	21,164	20,922	27	1,623
15.	2014	Actuarial Loss	40,289	39,766	39,311	28	3,011
16.	2014	Update Mortality	22,355	22,064	21,812	28	1,670
17.	2015	Actuarial Loss	132,333	131,620	130,114	24	10,550
18.	2015	Update Mortality	23,782	23,654	23,383	24	1,896
19.	2016	Actuarial Gain	(120,869)	(120,869)	(120,869)	25	(9,644)
20.	2016	Assumption Chg	840,843	840,843	840,843	25	67,093

Scheduled Amortization Payment			$268,893
Outstanding Bases	$3,420,245	$3,389,344	
Unfunded Accrued Liability	3,389,344		

Projected Unfunded Accrued Liability and Amortization Payments

Plan Year Beginning October 1	Total Outstanding Bases	Total Amortization Payment
2016	$3,389,344	$268,893
2017	3,366,967	271,313
2018	3,340,210	273,755
2019	3,308,705	276,219
2020	3,272,053	278,705
2021	3,229,822	281,214
2022	3,181,548	283,744
2023	3,126,731	286,298
2024	3,064,827	288,877
2025	2,995,250	291,475
2026	2,917,373	294,097
2027	2,830,515	296,744
2028	2,733,939	299,414
2029	2,626,852	302,111
2030	2,508,396	304,829
2031	2,377,649	307,573
2032	2,233,612	310,341
2033	2,075,209	313,131
2034	1,901,282	315,951
2035	1,710,572	361,818
2036	1,455,306	353,510
2037	1,188,837	342,572
2038	913,120	320,669
2039	639,255	290,773
2040	376,012	234,949
2041	152,208	110,730
2042	44,755	39,230
2043	5,962	5,962
2044	0	0

Actions Taken to Reduce Unfunded Actuarial Accrued Liability

The required contributions calculated each year include a payment for the amortization of the unfunded actuarial accrued liability. This payment is designed to reduce the unfunded actuarial accrued liability in an orderly fashion over the next 25 years.

Minimum Funding Requirements

Determination of Required Contribution

Valuation as of October 1, Funding for Year Ending September 30,	2015 2016	2016 2017	2016 2018
1. Minimum Required Contribution			
a. Total Normal Cost	$566,761	$635,916	$635,916
b. Amortization of Unfunded Accrued Liability	209,613	268,893	268,893
c. Beginning of Year Contribution	$776,374	$904,809	$904,809
d. Interest	31,055	35,740	91,723
e. Minimum Required Contribution	$807,429	$940,549	$996,532
f. Percent of Pay	19.70 %	21.71 %	24.44 %
2. Expected Member Contributions			
a. Expected Member Contributions	$245,964	$259,926	$244,679
b. Percent of Pay	6.00 %	6.00 %	6.00 %
3. City Policy Contribution			
a. City Policy Contribution	$561,465	$680,623	$751,853
b. Percent of Valuation Payroll	13.70 %	15.71 %	18.44 %
4. Valuation Payroll	$4,099,396	$4,332,096	$4,077,976

Note: The $680,623 minimum funding requirement shown above for fiscal 2017 is payable on quarterly basis. This is the same method as used for determination of the minimum funding requirement for fiscal 2016. However, the employer will actually contribute $670,947 as the minimum funding requirement for fiscal 2017 by solving for the remaining employer contribution which must be deposited March 1, 2017 as $144,843.50. The $751,853 minimum funding requirement for fiscal 2018 must be deposited on December 15, 2017. See Section 1 for details.

Reconciliations

Reconciliation of Funded Status

	Unfunded Accrued Liability	Funded Percentage	Change in Unfunded Accrued Liability	Change in Funded Percentage
As of Prior Valuation	**$2,709,865**	**83.57 %**		
Changes in due to:				
Normal Operation of Plan	2,669,370	84.80 %	$(40,495)	1.23 %
Investment Loss	2,760,500	84.28 %	91,130	(0.52)%
Demographic Experience	2,548,501	85.31 %	(211,999)	1.03 %
Required Mortality Change	3,202,726	82.22 %	654,225	(3.09)%
Change Net Assumed Investment Return	3,389,344	81.37 %	186,618	(0.85)%
Total Changes			$679,479	(2.20)%
As of Current Valuation	**$3,389,344**	**81.37 %**		

Reconciliation of City Minimum Funding Requirement

	Dollar Amount	% of Pay
City Required Contribution for Fiscal 2016	**$561,465**	**13.70 %**
Changes in Contribution due to:		
Normal Operation of Plan	$5,078	(0.03)%
Change in Expenses	(9,657)	(0.23)%
Investment Loss	7,493	0.18 %
Demographic Experience	(2,941)	(0.66)%
Required Mortality Change	90,766	2.10 %
Change Net Assumed Investment Return	23,594	0.54 %
Change Payroll Growth Assumption	4,825	0.11 %
Total Changes	$119,158	2.01 %
City Required Contribution for Fiscal 2017*	**$680,623**	**15.71 %**
Change to Project Contribution Payable for Fiscal 2018	$89,550	3.18 %
City Contribution Payable on 12/15/17 for Fiscal 2018	(18,320)	(0.45)%
Total Changes	$71,230	2.73 %
City Required Contribution for Fiscal 2018	**$751,853**	**18.44 %**

*See Section 1. The employer will actually contribute $670,947 as the minimum funding requirement for fiscal 2017 by solving for the remaining employer contribution which must be deposited March 1, 2017 as $144,843.50.

Section 3 Accounting Information

Information Required by GASB 67/68

A supplemental report provides information under the Governmental Accounting Standards Board No. 67/68.

Statement of Accumulated Plan Benefits

The present value of accrued benefits is an estimate of the liability for all benefits accrued to date.

Valuation as of October 1,	**2015**	**2016**
1. Actuarial present value of accumulated benefits		
a. Participants currently receiving benefits	$8,072,190	$9,003,063
b. Other participants	5,503,746	5,909,119
c. Vested participants	$13,575,936	$14,912,182
d. Nonvested participants	1,103,164	1,204,586
e. Total	$14,679,100	$16,116,768
2. Change in actuarial present value of accumulated benefits		
a. Actuarial present value of accumulated benefits beginning of year		$14,679,100
b. Increase (decrease) during year attributable to:		
i. Plan amendment		$0
ii. Change in assumptions or methods		674,443
iii. Increase for interest and probability of payment due to decrease in discount period and benefits accrued		1,517,135
iv. Benefits paid		(753,910)
v. Other		0
vi. Net increase (decrease)		$1,437,668
c. Actuarial present value of accumulated benefits end of year		$16,116,768

Other Disclosures Required by the State of Florida

Valuation as of October 1,	**2015**	**2016**
Present value of active member:		
Future salaries (attained age)	$30,878,566	$32,668,614
Future contributions (attained age)	$1,852,714	$1,960,117
Balance of contributions with interest for actives	$2,857,487	$2,963,048

Required Disclosure Under F.S. 112.664(1)

As required under F.S. Section 112.664(1) we have produced the following information:

(a) Total pension liability calculated based on mortality used in one of the last two Florida Retirement System (FRS) valuations. This actuarial valuation assumes healthy mortality as follows: Male: 50% RP-2000 Annuitant White Collar + 50% RP-2000 Annuitant Blue Collar / Female:100% RP-2000 Annuitant White Collar, where both the male and female rates are fully generational from 2000 using Scale BB. Disabled mortality is as follows: Male: 100% RP-2000 Disabled Male Set Back 4 Years / Female: 100% RP-2000 Disabled Female Set Forward 2 Years, where no mortality improvement is assumed for disabled lives.

(b) Total pension liability calculated using an assumed interest rate that is 200 basis points lower than that assumed in the valuation of the Plan.

(c) Determination of the number of months or years for which the current market value of assets is adequate to sustain the payment of expected retirement benefits.

(d) Recommended contribution to the Plan using the most recent valuation and the contributions necessary prepared pursuant to (a) and (b) stated as a dollar amount and % of payroll.

	2% Decrease (5.9%)	Current Discount Rate (7.9%)	2% Increase (9.9%)
Total pension liability	$22,718,723	$18,194,812	$14,998,519
Plan fiduciary net position	(14,412,104)	(14,412,104)	(14,412,104)
Net pension liability	$8,306,619	$3,782,708	$586,415
Plan fiduciary net position as a percentage of the total pension liability	63.44%	79.21%	96.09%
Years of benefit payments:			
Expected for current members:	99	99	99
Paid for with current assets:	13.36	15.87	20.37
City Plus State Contribution Requirement, Plus Expected Employee Contributions			
Dollar Amount	$1,488,528	$940,549	$508,271
Percent of Payroll	34.36%	21.71%	11.73%

Required Disclosure Under F.S. 112.664(2)(b)2.

F.S. Section 112.664(2)(b)2. - For the previous five years, beginning with 2013, a side-by-side comparison of the plan's assumed rate of return compared to the actual rate of return, as well as the percentages of cash, equity, bond and alternative investments in the plan portfolio.

Year Ending September 30,	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Assumed rate of return	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Actual rate of return	9.3%	(0.0%)	9.7%	8.8%	12.1%	(2.7%)
Percentages of assets in:						
Cash	1%	2%	2%	0%	5%	4%
Equity	74%	68%	69%	59%	56%	52%
Bond	19%	28%	28%	41%	39%	45%
Alternative	6%	2%	1%	0%	0%	(1%)
Total	100%	100%	100%	100%	100%	100%

Section 4 Supplementary Information

Summary of Participant Data

Valuation as of October 1,	2015	2016
Active Participants		
Number	130	134
Average Age	46.4	46.6
Average Credited Service	9.0	8.8
Percent Male	74.6	70.9
Average Valuation Salary	$32,487	$33,814
Total Valuation Salary	$4,223,311	$4,531,079
Payroll Covered in Valuation	$4,099,396	$4,332,096
Terminated With Rights to Deferred Benefits		
Number	3	2
Average Age	47.3	41.4
Percent Male	66.7	50.0
Average Monthly Benefit	$829	$870
Retirements (DROP and Service Retirees)		
Number	37	37
Average Age	68.9	67.9
Percent Male	78.4	78.4
Average Monthly Benefit	$1,539	$1,578
Total of DROP Account Balances September 30	$1,033,753	$1,162,679
Beneficiaries		
Number	5	8
Average Age	71.8	72.3
Percent Male	20.0	12.5
Average Monthly Benefit	$427	$533
Disability Retirements		
Number	4	4
Average Age	65.5	66.5
Percent Male	75.0	75.0
Average Monthly Benefit	$458	$458

Number of Active Members by Age and Service as of October 1, 2016

	Service									
Age	< 1	< 5	< 10	< 15	< 20	< 25	< 30	< 35	< 40	Total
< 20										
< 25	3	5								8
< 30	3	6	2	1						12
< 35	4	2	3	2						11
< 40	2	5	3	2	1					13
< 45	3	1	2	3						9
< 50	2		3	4	2					11
< 55	3	2	3	3	5	2	3	1	1	23
< 60	4	7	8	5	2	3	2		1	32
< 65	1	3	5	2	3		1			15
65+										
Total	25	31	29	22	13	5	6	1	2	134

Active Valuation Pay by Age and Service as of October 1, 2016

	Service									
Age	< 1	< 5	< 10	< 15	< 20	< 25	< 30	< 35	<40	Total
< 20										
< 25	24,433	23,555								23,884
< 30	20,800	25,225	37,129	26,199						26,184
< 35	22,595	27,262	30,771	28,711						26,785
< 40	53,680	26,564	40,848	39,365	30,898					36,335
< 45	21,493	22,272	27,719	43,957						30,451
< 50	32,900		43,067	35,718	36,865					37,418
< 55	24,787	43,080	29,714	29,900	38,061	41,706	49,177	51,794	66,366	38,207
< 60	29,380	25,198	29,309	35,897	36,027	49,912	44,874		70,363	34,055
< 65	22,880	30,256	38,398	39,569	60,320		38,873			40,307
65+										
Total	27,139	26,840	34,116	35,701	42,150	46,629	46,025	51,794	68,364	33,814

Reconciliation of Plan Participants

	Active	Retired	DROP	Deferred Vested	Disabled	Survivor	Totals
October 1, 2015	**130**	**26**	**11**	**3**	**4**	**5**	**179**
Active							
To Retired	(2)	2					0
To DROP	(1)		1				0
To Death with Survivor	(1)					1	0
To Refund of Contribs	(18)						(18)
Retired							
To Survivor		(2)				2	0
To Death		(2)					(2)
DROP							
To Retired		5	(5)				0
Deferred Vested							
To Retired		1		(1)			0
Additions	26	0	0	0	0	0	26
October 1, 2016	**134**	**30**	**7**	**2**	**4**	**8**	**185**

Outline of Plan Provisions

Plan Type: Single-employer Defined Benefit Pension Plan

Legal Authority: The Plan was established and is amended by local ordinance.

Effective Date: November 1, 1969. Amended and restated effective October 1, 1999 and subsequently amended by Ordinance No. 1243-2001, 1336-2004, 1366-2005, 1492-2008, 1520-2009, 1567-2010, 1569-2010, 1641-2013, 1644-2014, 1662-2014, 1672-2015, and 1687-2016.

Plan Administrator: The Board of Trustees

Board Composition: Two members are elected from among the general employees of the City, who are members of the plan, two city residents appointed by the Commission and one person is chosen by a majority of the previous four members.

Funding Requirements: Employer contributions are actuarially determined and subject to State statute. Employee contributions are as described below and may be amended by ordinance.

Plan Year: The 12-month period from October 1st to the next September 30th.

Member: Full-time General or Waste Water employees (excluding the Mayor, City Council, City Attorney and assistants) participate in the Plan immediately upon hire.

Credited Service: Employee service computed in years and completed calendar months.

Vesting: Members become 100% vested after earning 10 years of Credited Service.

Basic Compensation: Total compensation actually paid in a Plan Year by the City including tax deferred compensation and excluding overtime, commissions, bonuses, expense allowances and payment for accrued annual leave, accrued sick leave, and accrued compensatory leave.

Employee Contributions: 6.0% of Basic Compensation credited with 5% interest compounded annually. Members receive benefits under the Plan no less than the value of their accumulated Employee Contributions with interest.

Members who terminate non-vested are entitled to the return of Employee Contributions accumulated with interest at 5% to the first day of the month in which termination occurs.

Average Monthly Compensation: The sum of the highest five successive Plan Years of Basic Compensation in the last ten Plan Years of employment divided by 60.

Normal Retirement Date: The first day of the month coincident with or next following attainment of age 65 and 10 years of Credited Service.

Accrued Benefit: The amount of monthly retirement income payable at the Normal Retirement Date is determined according to the following formula:

2.75% x Average Monthly Compensation x Credited Service up to 30 years

The Accrued Benefit is payable in the form of a life only annuity. However, any member with a spouse shall receive an actuarially equivalent 50% joint and survivor annuity unless the member chooses another Optional Form of Retirement Income with spousal consent.

Members who terminate employment 100% vested prior the Normal Retirement Date are eligible to receive their Accrued Benefit once the age requirements for the Normal Retirement Date are met, provided Employee Contributions remain in the Plan.

Late Retirement Benefit: The amount of monthly retirement income payable to a Member who retires after the Normal Retirement Date is the greater of (i) the monthly retirement income which can be provided by the single-sum value of the Accrued Benefit payable if he had retired at the Normal Retirement Date, accumulated with interest from the Normal Retirement Date to the date the monthly retirement income payments are to commence, and (ii) the monthly retirement income computed as described for the Accrued Benefit using Credited Service and Average Monthly Compensation determined at the Member's actual retirement date.

Early Retirement Date: The first day of the month coincident with or next following the date an employee retires prior to the Normal Retirement Date after attainment of age 55 and 10 years of Credited Service.

Early Retirement Benefit: The Accrued Benefit is reduced for commencement earlier than the Normal Retirement Date at a rate of 5/9% for the first 60 months and 5/18% thereafter. However, the minimum monthly retirement income for a Member who retires before the Normal Retirement Date with 25 years Credited Service is 60% x Average Monthly Compensation.

Members who terminate employment 100% vested prior to reaching the Early Retirement Date age requirements may elect to receive an Early Retirement Benefit once the age requirements are met, provided Employee Contributions remain in the Plan.

Members who terminate employment 100% vested prior the Normal Retirement Date but on or after their Early Retirement Date but do not commence receipt of an Early Retirement Benefit at that time will receive a monthly retirement income not less than the monthly retirement income which can be provided by the single-sum value of the monthly early retirement income which would have been payable if he had retired immediately upon termination, accumulated with interest from termination to the date the monthly retirement income payments are to commence.

Members who recover from Disability Retirement and who were eligible for an Early Retirement Benefit at the date of disability may elect to receive this benefit upon recovery from disability.

Disability Retirement: This benefit is payable from the first day of the month coincident with or next following the date the Retirement Committee approves the Member's Disability Retirement. The benefit is payable in the form of a 10 year certain and continuous annuity. The last payment is that due next preceding the earlier of (1) the date of recovery prior to the Normal Retirement Date and (2) the later of the date of death or the 120th payment. The amount of monthly retirement income is determined as follows:

(a) Non-Line of Duty: Members with less than 10 years of Credited Service upon disability receive a monthly retirement income which can be provided by the greater of (i) the single-sum value of the Accrued Benefit and (ii) 2 x Basic Compensation paid in the Plan Year immediately preceding disability. The monthly retirement income which can be provided by (ii) is limited to 60% x Anticipated Monthly Retirement Income at the Normal Retirement Date.

(b) Non-Line of Duty: Members with 10 years of Credited Service or more upon disability receive a monthly retirement income which is the greater of (i) the monthly retirement income which can be provided by the single-sum value of the Accrued Benefit and (ii) 30% x Basic Compensation paid in the Plan Year immediately preceding disability where the single-sum value of this monthly amount does not exceed 100 x the Anticipated Monthly Retirement Income at the Normal Retirement Date.

(c) Line of Duty: Members receive a monthly retirement income which is 50% x Basic Compensation paid in the Plan Year immediately preceding disability where the single-sum value of this monthly amount does not exceed 100 x the Anticipated Monthly Retirement Income at the Normal Retirement Date.

Members who recover from disability and re-enter the service of the City within 30 days of recovery will be deemed to have continuous service except that the period beginning with the first month for which Disability Retirement income was received and ending with the date of service re-entry is not considered as Credited Service.

Anticipated Monthly Retirement Income at the Normal Retirement Date: Determined as described for the Accrued Benefit, but instead using Anticipated Credited Service and Anticipated Average Monthly Compensation. Anticipated Credited Service is employee service computed in years and completed calendar months as if the member remains employed to the Normal Retirement Date. Anticipated Average Monthly Compensation is computed assuming that the last complete Plan Year of Basic Compensation is paid in each Plan Year, without change, to the Normal Retirement Date.

Survivor Benefit at Death of Disabled Member Prior to Disability Retirement: The designated beneficiary of a disabled Member who dies prior to receipt of Disability Retirement benefits is eligible to receive a monthly retirement income payable in the form of a 10 year certain and continuous annuity payable commencing on the first of the month coincident with or next following the date of the disabled Member's death. The designated beneficiary will receive a monthly retirement income which can be provided by the greater of (i) the single-sum value of the Accrued Benefit and (ii) 2 x Basic Compensation paid in the Plan Year immediately preceding disability not more than 100 x Anticipated Monthly Retirement Income at the Normal Retirement Date.

Survivor Benefit at Death of Vested Terminated Members: The designated beneficiary of vested Member who dies prior to retirement is eligible to receive a monthly retirement income payable in the form of a 10 year certain and continuous annuity payable commencing on the first of the month coincident with or next following the Member's death, which can be provided by the single-sum value of the Member's Accrued Benefit or Early Retirement Benefit.

Survivor Benefit at Death of Active Employee Prior to Normal Retirement Date: The designated beneficiary of a Member who dies while in active service prior to the Normal Retirement Date is eligible to receive, commencing on the first of the month coincident with or next following the Member's death, a monthly retirement income (payable in the form of a 10 year certain and continuous annuity) which can be provided by the greater of (i) the single-sum value of the Accrued Benefit as of the date of death, not less than the single-sum value of the Early Retirement Benefit which would have been payable if the Member had retired early on the date of death, and (ii) 2 x Basic Compensation paid in the Plan Year immediately preceding death not more than 100 x Anticipated Monthly Retirement Income at the Normal Retirement Date.

Survivor Benefit at Death of Active Employee After Normal Retirement Date: The designated beneficiary of a Member who dies while in active service after the Normal Retirement Date is eligible to receive, commencing on the first of the month coincident with or next following the Member's death, a monthly retirement income (payable in the form of a 10 year certain and continuous annuity) which can be provided by the single-sum value of the Late Retirement Benefit.

Optional Forms of Retirement Income: In addition to the life only form of annuity, also available under the terms of the Plan are the 10 year certain and continuous annuity and the joint and 50%, 66 2/3%, 75%, or 100% survivor annuity. With the joint and survivor options, the member may also elect the pop-up feature. The Plan also allows for other amounts and forms of retirement income that will meet the circumstances of the Participant, in the opinion of the Retirement Committee, and will not substantially affect the actuarial soundness of the Plan. Ordinance 1641-2013 was adopted December 18, 2013. Members may no longer be paid their retirement income in a lump sum under Section 3.1, Option 3.

Deferred Retirement Option Program (DROP): Members are eligible to enter the DROP at age 55 with 25 years of service. The Accrued Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates with interest in the DROP account and is payable as a single-lump sum (or as an actuarially equivalent annuity) upon DROP exit. The DROP account earns interest at a rate equal to the funds net rate of investment return minus administration fees, unless the DROP participant, as a one-time irrevocable option, elects a self-directed DROP as approved by the board of trustees. The maximum DROP participation duration is 5 years and participation will end if the employee resigns, dies or is terminated with cause prior to completion of the 5 years.

Description of Assumptions and Methods

Assumed Rate of Investment Return: 7.9% per year, net of investment expenses (changed from 8.0% per year, net of investment expenses used in the prior actuarial valuation)

Inflation: 2.5% per year

Salary Increase – Individual: 6.0% per year

Salary Increase – Total Payroll: Based on individual salary increase assumptions and other decrements assumed in the valuation of Plan liabilities.

The payroll growth assumption used to amortize unfunded accrued liability as a level percent of payroll is 0.9% (changed from 1.1% used in the prior actuarial valuation).

Mortality: The mortality table was the RP-2000 Combined Mortality Table where Scale AA was applied to reflect mortality improvements to the valuation year. The mortality table has been revised to the mortality assumption used for not special risk employees in the valuation of the Florida Retirement System (FRS) as of July 1, 2015, as required by state statute. The mortality rates are as follows:

Healthy mortality:	Males: 50% RP-00 Annuitant White Collar + 50% RP-00 Annuitant Blue Collar
	Females: 100% RP-00 Annuitant White Collar
	Both male and female rates fully generational using Scale BB
Disabled mortality:	Males: 100% RP-00 Disabled Retiree Set Back 4 Years
	Females: 100% RP-00 Disabled Retiree Set Forward 2 Years
	No mortality improvement is assumed for disabled lives.

Retirement: Members are assumed to retire at a rate of 100% at either 65 and 10 years of service or 55 and 25 years of service, whichever decrement produces the higher liability.

Termination: Sex distinct rates as used for regular employees in the Florida Retirement System actuarial valuation report as of July 1, 2005. Linear interpolation has been used between the rates shown in five year age increments, as follows:

Male Age by Service Values:

Age	0	1	2	3	4	5	6	7	8	9	>=10
20	32.8%	31.8%	25.2%	18.4%	15.8%	13.3%	12.4%	11.7%	11.0%	10.5%	10.9%
25	27.2%	23.2%	19.1%	14.6%	12.7%	11.0%	9.4%	8.8%	7.7%	6.6%	6.9%
30	25.8%	19.2%	15.5%	13.2%	11.8%	10.0%	8.6%	7.5%	6.4%	5.8%	5.2%
35	25.8%	17.9%	14.2%	12.6%	10.9%	9.7%	8.3%	7.2%	6.2%	5.6%	4.7%
40	24.4%	15.8%	12.0%	10.7%	9.0%	8.4%	7.5%	6.6%	5.8%	5.5%	3.3%
45	24.4%	15.7%	11.6%	10.3%	8.8%	7.7%	7.2%	6.3%	5.7%	5.4%	3.0%
50	23.4%	15.2%	10.7%	9.4%	7.9%	6.9%	6.1%	5.6%	5.1%	4.8%	3.3%
55	27.4%	18.4%	14.1%	12.4%	9.9%	8.9%	6.4%	5.5%	4.9%	5.0%	5.0%
60	27.4%	18.4%	14.1%	12.3%	9.7%	8.8%	6.3%	5.4%	4.8%	4.9%	5.9%
65+	27.4%	18.4%	14.1%	12.3%	9.7%	8.8%	6.3%	5.4%	4.8%	4.9%	4.1%

Female Age by Service Values:

Age	0	1	2	3	4	5	6	7	8	9	>=10
20	31.9%	28.6%	23.3%	18.3%	15.4%	15.3%	12.4%	11.9%	11.6%	11.3%	11.6%
25	28.0%	22.0%	18.0%	14.7%	12.9%	12.2%	10.5%	9.7%	8.6%	7.9%	5.3%
30	26.7%	18.8%	15.3%	13.2%	11.3%	10.7%	9.5%	8.5%	7.9%	7.2%	5.4%
35	26.7%	17.7%	14.2%	12.6%	10.9%	10.2%	9.2%	8.2%	7.5%	6.9%	4.6%
40	25.7%	15.5%	12.1%	10.6%	9.1%	8.0%	7.2%	6.6%	6.0%	5.5%	3.3%
45	25.7%	15.4%	11.9%	10.3%	8.8%	7.7%	7.0%	6.4%	5.8%	5.3%	3.0%
50	24.4%	14.8%	11.5%	9.2%	8.4%	7.0%	6.5%	5.8%	5.5%	5.1%	3.2%
55	27.8%	17.6%	13.7%	11.3%	9.7%	8.3%	7.0%	6.3%	6.0%	5.6%	5.4%
60	27.8%	17.6%	13.7%	11.2%	9.6%	8.2%	6.9%	6.2%	5.9%	5.4%	7.2%
65+	27.8%	17.6%	13.7%	11.2%	9.6%	8.2%	6.9%	6.2%	5.9%	5.4%	4.1%

<u>Disability:</u> Sex distinct rates as used for regular employees in the Florida Retirement System actuarial valuation report as of July 1, 2005. Linear interpolation has been used between the rates shown in five year age increments, as follows:

	Line-of-Duty			Not Line-of-Duty	
Age	Male	Female	Age	Male	Female
20	0.004%	0.001%	20	0.000%	0.000%
25	0.006%	0.002%	25	0.030%	0.010%
30	0.010%	0.007%	30	0.058%	0.026%
35	0.018%	0.010%	35	0.073%	0.049%
40	0.029%	0.016%	40	0.102%	0.075%
45	0.044%	0.022%	45	0.188%	0.165%
50	0.069%	0.035%	50	0.313%	0.285%
55	0.095%	0.049%	55	0.523%	0.478%
60	0.099%	0.044%	60	0.687%	0.599%
65+	0.004%	0.001%	65+	0.239%	0.150%

<u>Funding Method:</u> Entry Age Normal (level percent of salary)

Glossary of Actuarial Terms

Present Value of Benefits (PVB): The present value, as of the valuation date, of all benefits that will become payable by the Plan for the current group of members in the census.

Normal Cost (NC): The value of the portion of the total benefit for active members which accrues in the year following the valuation date. Under the Entry Age Normal (Level Percent of Salary) funding method, the NC is a constant fraction of salary from the member's date of entry into the Plan to the member's assumed date of termination, retirement, disability or death.

Accrued Liability (AL): This is the portion of the PVB attributable to the past at the valuation date. For active members, AL is the annual NC accumulated from date of entry to the valuation date for each member. For retired and terminated members, the PVB and the AL are equal. The AL is the estimated liability owed by the pension fund at the valuation date.

Unfunded Accrued Liability (UAL): Any excess of the Accrued Liability over the fund assets. A negative UAL indicates fund assets are greater than the Accrued Liability, otherwise known as a surplus.

Actuarial Value of Assets: The value of assets used in the actuarial valuation of the Plan which is compared to the AL to determine the UAL and minimum funding requirements. A method may be used to smooth out short term volatility in the fair market value of assets.