

CITY OF TARPON SPRINGS  
POLICE OFFICERS' PENSION PLAN

ACTUARIAL VALUATION REPORT  
AS OF OCTOBER 1, 2015

CONTRIBUTIONS APPLICABLE TO THE PLAN/  
FISCAL YEAR ENDED SEPTEMBER 30, 2017

February 16, 2016

Board of Trustees  
City of Tarpon Springs  
Police Officers' Pension Plan  
324 E. Pine St.  
Tarpon Springs, FL 34688-5004

Re: City of Tarpon Springs  
Police Officers' Pension Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Tarpon Springs Police Officers' Pension Plan. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City and the Board of Trustees, financial reports prepared by the Plan's Custodian Bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this

review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

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

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Tarpon Springs, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Tarpon Springs Police Officers' Pension Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By:



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

DHL/lke

Enclosures

## TABLE OF CONTENTS

Section	Title	Page
I	<u>Introduction</u>	
	a. Summary of Report	5
	b. Changes Since Prior Valuation	7
	c. Requirements of Chapter 112, Part VII, Florida Statutes	8
II	<u>Valuation Information</u>	
	a. Reconciliation of Unfunded Actuarial Accrued Liabilities	13
	b. Detailed Actuarial (Gain)/Loss Analysis	14
	c. Actuarial Assumptions and Methods	15
	d. Valuation Notes	17
	e. Partial History of Premium Tax Refunds	19
	f. Excess State Monies Reserve	20
III	Trust Fund	21
IV	<u>Member Statistics</u>	
	a. Statistical Data	27
	b. Age and Service Distribution	28
	c. Valuation Participant Reconciliation	29
V	Summary of Plan Provisions	30

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Tarpon Springs Police Officers' Pension Plan, performed as of October 1, 2015, has been completed, and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended September 30, 2017.

The contribution requirements, compared with those developed in the March 27, 2015 Actuarial Impact Statement, are as follows:

Valuation Date	10/1/2015	10/1/2014
Applicable Plan/Fiscal Yr. End	<u>9/30/2017</u>	<u>9/30/2016</u>
Total Required Contribution <sup>1</sup>		
% of Total Annual Payroll	23.94%	25.75%
Member Contributions (Est.)		
% of Total Annual Payroll	8.00%	8.00%
City and State Required Contribution		
% of Total Annual Payroll	15.94%	17.75%
State Contribution <sup>2</sup>	207,814	207,814
% of Total Annual Payroll	6.30%	6.30%
Balance from City <sup>2</sup>		
% of Total Annual Payroll	9.64%	11.45%

<sup>1</sup> The City must contribute an amount equal to the applicable Normal Cost (adjusted for interest) less the applicable State Contribution and Member Contributions. The Total Required Contribution for the fiscal year ending September 30, 2017 reflects this statutory funding requirement (Chapter 112.66(13)).

<sup>2</sup> The City may use up to \$212,510 in State Contributions for determining its minimum funding requirements (under the traditional interpretation of Chapter 99-1, Florida Statutes). For budgeting purposes, the required Sponsor Contribution (City and State) is 15.94% of Pensionable Earnings for the fiscal year ending September 30, 2017. The precise City requirement for the year is this amount, less actual State Contributions (up to the maximum \$212,510).

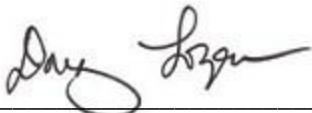
Additionally, the City has a prepaid contribution of \$124,241.19 that may be utilized for the fiscal year ending September 30, 2016.

Experience since the prior valuation has been more favorable than expected, relative to the Plan's actuarial assumptions. The primary sources of favorable experience included a 9.83% investment return (Actuarial Asset Basis), exceeding the 7.9% assumption, and greater than anticipated turnover and retiree mortality. There were no significant sources of adverse actuarial experience.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

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

By:   
\_\_\_\_\_  
Tyler A. Koftan

## CHANGES SINCE PRIOR VALUATION

### Plan Changes

Since the prior valuation, Ordinance 2015-05 was adopted which implemented the following Plan changes:

- Salary for service earned on or after June 20, 2012 was limited to not include more than 300 hours of overtime per calendar year.
- The Plan's definition of Salary was changed to include the lesser of the amount of sick or annual leave time accrued on June 20, 2012 or the actual amount of sick or annual leave time for which the retiree receives payment at the time of retirement.

### Actuarial Assumption/Method Changes

In conjunction with this valuation of the Plan, the payroll growth assumption has been decreased from 2.70% to 1.76% in order to comply with the provisions of Part VII of Chapter 112, Florida Statutes.

Additionally, to account for the change in the pensionable lump sum payments, we changed the assumption for final salary load from a flat 20% to one individually determined based upon the balances as of 2012 provided by the City.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	45	46
Service Retirees	21	21
DROP Retirees	3	0
Beneficiaries	3	2
Disability Retirees	3	3
Terminated Vested	<u>7</u>	<u>6</u>
Total	82	78
Total Annual Payroll	\$3,301,221	\$3,276,876
Payroll Under Assumed Ret. Age	3,301,221	3,276,876
Annual Rate of Payments to:		
Service Retirees	755,386	776,881
DROP Retirees	182,749	0
Beneficiaries	65,632	29,458
Disability Retirees	34,942	34,942
Terminated Vested	34,846	13,605
B. Assets		
Actuarial Value <sup>1</sup>	24,409,448	22,153,260
Market Value <sup>1</sup>	23,692,133	23,686,144
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	14,389,977	15,622,475
Disability Benefits	517,385	499,367
Death Benefits	122,072	113,261
Vested Benefits	629,293	650,832
Refund of Contributions	168,166	172,237
Service Retirees	8,620,036	8,786,173
DROP Retirees <sup>1</sup>	2,238,785	0
Beneficiaries	720,311	268,931
Disability Retirees	385,637	389,691
Terminated Vested	321,744	200,595
Excess State Monies Reserve	<u>0</u>	<u>0</u>
Total	28,113,406	26,703,562



C. Liabilities - (Continued)	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	18,173,744	17,259,003
Present Value of Future Member Contributions	1,453,900	1,380,720
Normal Cost (Retirement)	598,353	564,256
Normal Cost (Disability)	66,362	62,453
Normal Cost (Death)	18,667	17,387
Normal Cost (Vesting)	48,352	48,907
Normal Cost (Refunds)	<u>28,641</u>	<u>30,927</u>
Total Normal Cost	760,375	723,930
Present Value of Future Normal Costs	4,079,461	3,681,630
Accrued Liability (Retirement)	11,155,057	12,739,457
Accrued Liability (Disability)	172,487	203,055
Accrued Liability (Death)	29,161	32,399
Accrued Liability (Vesting)	354,506	360,035
Accrued Liability (Refunds)	36,221	41,596
Accrued Liability (Inactives) <sup>1</sup>	12,286,513	9,645,390
Excess State Monies Reserve	<u>0</u>	<u>0</u>
Total Actuarial Accrued Liability	24,033,945	23,021,932
Unfunded Actuarial Accrued Liability (UAAL)	(375,503)	868,672
Funded Ratio (AVA / AL)	101.6%	96.2%
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives <sup>1</sup>	12,286,513	9,645,390
Actives	7,022,029	8,097,179
Member Contributions	<u>2,012,115</u>	<u>2,264,811</u>
Total	21,320,657	20,007,380
Non-vested Accrued Benefits	<u>703,271</u>	<u>789,982</u>
Total Present Value Accrued Benefits	22,023,928	20,797,362
Funded Ratio (MVA / PVAB)	107.6%	113.9%
 Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	495,339	
Benefits Paid	(877,118)	
Interest	1,608,345	
Other	<u>0</u>	
Total	1,226,566	

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

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll <sup>2</sup>	23.94	22.96
Administrative Expenses (with interest) % of Total Annual Payroll <sup>2</sup>	1.15	0.87
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years (as of 10/1/2015, with interest) % of Total Annual Payroll <sup>2</sup>	(2.66)	1.92
Total Required Contribution % of Total Annual Payroll <sup>2</sup>	22.43	25.75
Expected Member Contributions % of Total Annual Payroll <sup>2</sup>	8.00	8.00
Expected City & State Contribution % of Total Annual Payroll <sup>2</sup>	14.43	17.75

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
Total Required Contribution	985,356
City and State Requirement	722,857
Actual Contributions Made:	
Members (excluding buyback)	262,499
City	515,043
State	<u>207,814</u>
Total	985,356

G. Net Actuarial (Gain)/Loss (1,089,999)

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015 and 9/30/2014.

<sup>2</sup> Contributions developed as of 10/1/2015 are expressed as a percentage of total annual payroll at 10/1/2015 of \$3,301,221.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	(375,503) <sup>1</sup>

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	7.50%	7.00%
Year Ended	9/30/2014	6.60%	7.00%
Year Ended	9/30/2013	0.36%	7.00%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	9.83%	7.90%
Year Ended	9/30/2014	9.85%	7.90%
Year Ended	9/30/2013	9.17%	7.90%


(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$3,301,221
	10/1/2005	2,772,865
(b) Total Increase		19.05%
(c) Number of Years		10.00
(d) Average Annual Rate		1.76%

<sup>1</sup> Based on current State law and the existing UAAL bases, the UAAL will never be positive.

STATEMENT BY ENROLLED ACTUARY

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

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

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2014	\$868,672
(2) Sponsor Normal Cost developed as of October 1, 2014	461,780
(3) Expected administrative expenses for the year ended September 30, 2015	27,330
(4) Expected interest on (1), (2) and (3)	106,185
(5) Sponsor contributions to the System during the year ended September 30, 2015	722,857
(6) Expected interest on (5)	26,614
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	714,496
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	(1,089,999)
(10) Unfunded Accrued Liability as of October 1, 2015	(375,503)

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2015 Amount</u>	<u>Amortization Amount</u>
	10/1/1988	3	(\$31,071)	(\$10,969)
	10/1/1993	8	(7,810)	(1,188)
	10/1/1999	14	1,016,560	103,359
	10/1/2004	19	1,477,677	125,225
	10/1/2005	20	756,609	62,382
	10/1/2006	21	(536,566)	(43,137)
	10/1/2007	22	(656,876)	(51,598)
actuarial loss	10/1/2008	3	204,169	72,080
method change	10/1/2008	13	(410,415)	(43,809)
actuarial loss	10/1/2009	4	88,139	24,007
assum. change	10/1/2009	14	334,137	33,973
actuarial gain	10/1/2010	5	(1,111)	(249)
actuarial loss	10/1/2011	6	206,833	39,711
actuarial gain	10/1/2012	7	(413,443)	(69,932)
actuarial gain	10/1/2013	8	(701,683)	(106,709)
actuarial gain	10/1/2014	9	(510,253)	(70,854)
benefit change	10/1/2014	29	(100,400)	(6,992)
actuarial gain	10/1/2015	10	<u>(1,089,999)</u>	<u>(139,892)</u>
			(375,503)	(84,592)

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$868,672
(2) Expected UAAL as of October 1, 2015	714,496
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(428,969)
Salary Increases	24,281
Active Decrements	(268,385)
Inactive Mortality	(246,450)
Other	<u>(170,476)</u>
Increase in UAAL due to (Gain)/Loss	(1,089,999)
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2015	(\$375,503)

## ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	<p>RP 2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years.</p> <p>We believe this sufficiently accounts for future mortality improvements.</p>
<u>Termination Rate</u>	<p>See Table below (1304). This is based on an experience study for the period 2002 – 2008.</p>
<u>Disability Rate</u>	<p>See Table below (1205). 75% of Disability Retirements and 75% of Active Employment Deaths are assumed to be service-related. This assumption was developed from those used by other plans containing Florida municipal Police Officers.</p>
<u>Marriage Rates</u>	<p>100% of Plan Members are assumed to be married, with husbands 3 years older than their wives.</p>
<u>Retirement Age</u>	<p>Earlier of age 50 with 10 years of calculation service or 25 years of calculation service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption is supported by an experience study performed in 2008.</p>
<u>Early Retirement</u>	<p>Commencing with the earliest Early Retirement Age (45), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. We feel that this assumption is reasonable based on Plan provisions.</p>
<u>Salary Increases</u>	<p>7% per year up to the assumed retirement age; see Table below. Projected salary in the year of retirement is increased individually to account for non-regular compensation. This assumption is supported by an experience study for the period 1998 – 2008.</p>

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 50</u>
20	12.4%	0.14%	13.1%
30	10.5	0.18	25.8
40	5.7	0.30	50.8
50	1.5	1.00	100.0

<u>Interest Rate</u>	7.9% per year, compounded annually net of investment related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.
<u>Payroll Growth</u>	1.76% per year (previously 2.70%). This is limited in order to comply with the provisions of Part VII of Chapter 112, Florida Statutes.
<u>Administrative Expenses</u>	\$36,428 annually. This is equal to the non-investment- related expenses from the prior year.
<u>Asset Smoothing Methodology</u>	The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minimis bias that is above or below the Market Value of Assets.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method.



## VALUATION NOTES

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

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

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

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

(a) The normal cost accrual rate equals

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

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

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

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

beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

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

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1993	76,064.36	_____%
1994	82,728.34	8.8%
1995	90,288.95	9.1%
1996	103,492.65	14.6%
1997	114,211.65	10.4%
1998	120,237.16	5.3%
1999	116,440.92	-3.2%
2000	115,119.99	-1.1%
2001	114,815.87	-0.3%
2002	142,487.69	24.1%
2003	158,745.48	11.4%
2004	172,017.47	8.4%
2005	184,920.00	7.5%
2006	190,437.69	3.0%
2007	203,738.08	7.0%
2008	195,436.47	-4.1%
2009	199,747.68	2.2%
2010	194,614.15	-2.6%
2011	187,045.43	-3.9%
2012	192,555.79	2.9%
2013	198,510.20	3.1%
2014	200,055.74	0.8%
2015	207,813.50	3.9%

EXCESS STATE MONIES RESERVE

	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount <sup>1</sup></u>	<u>Excess State Monies Reserve</u>
1999	\$116,440.92	\$120,237.16	\$0.00
2000	115,119.99	120,237.16	0.00
2001	114,815.87	120,237.16	0.00
2002	142,487.69	212,510.16	0.00
2003	158,745.48	212,510.16	0.00
2004	172,017.47	212,510.16	0.00
2005	184,920.00	212,510.16	0.00
2006	190,437.69	212,510.16	0.00
2007	203,738.08	212,510.16	0.00
2008	195,436.47	212,510.16	0.00
2009	199,747.68	212,510.16	0.00
2010	194,614.15	212,510.16	0.00
2011	187,045.43	212,510.16	0.00
2012	192,555.79	212,510.16	0.00
2013	198,510.20	212,510.16	0.00
2014	200,055.74	212,510.16	0.00
2015	207,813.50	212,510.16	<u>0.00</u>
		Total:	\$0.00

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

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	850,761.52	850,761.52
Total Cash and Equivalents	850,761.52	850,761.52
Receivables:		
Member Buy-Back Contributions	2,372.00	2,372.00
Investment Income	57,924.61	57,924.61
Total Receivable	60,296.61	60,296.61
Investments:		
U. S. Bonds and Bills	5,478,790.29	5,533,541.90
Federal Agency Guaranteed Securities	2,161,875.85	2,155,338.20
Corporate Bonds	959,695.30	969,440.65
Stocks	12,148,440.31	12,157,918.62
Mutual Funds:		
Equity	1,908,809.55	2,090,308.74
Total Investments	22,657,611.30	22,906,548.11
Total Assets	23,568,669.43	23,817,606.24
<u>LIABILITIES</u>		
Payables:		
Prior Refunds	1,231.93	1,231.93
Prepaid City Contribution	124,241.19	124,241.19
Total Liabilities	125,473.12	125,473.12
NET POSITION RESTRICTED FOR PENSIONS	23,443,196.31	23,692,133.12

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

ADDITIONS

Contributions:			
Member		262,498.98	
Buy-Back		2,372.00	
City		515,043.07	
State		207,813.50	
Total Contributions			987,727.55
Investment Income:			
Net Realized Gain (Loss)	1,301,063.02		
Unrealized Gain (Loss)	(1,768,920.00)		
Net Increase in Fair Value of Investments		(467,856.98)	
Interest & Dividends		532,041.96	
Less Investment Expense <sup>1</sup>		(132,377.39)	
Net Investment Income			(68,192.41)
Total Additions			919,535.14
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		836,504.36	
Lump Sum DROP Distributions		0.00	
Refunds of Member Contributions		40,613.37	
Total Distributions			877,117.73
Administrative Expense			36,428.39
Total Deductions			913,546.12
Net Increase in Net Position			5,989.02
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			23,686,144.10
End of the Year			23,692,133.12

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

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

REVENUES

Contributions:		
Member	262,498.98	
Buy-Back	2,372.00	
City	515,043.07	
State	207,813.50	
 Total Contributions		 987,727.55
Earnings from Investments:		
Interest & Dividends	532,041.96	
Net Realized Gain (Loss)	1,301,063.02	
Change in Actuarial Value	481,279.13	
 Total Earnings and Investment Gains		 2,314,384.11

EXPENDITURES

Distributions to Members:		
Benefit Payments	836,504.36	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	40,613.37	
 Total Distributions		 877,117.73
Expenses:		
Investment related <sup>1</sup>	132,377.39	
Administrative	36,428.39	
 Total Expenses		 168,805.78
 Change in Net Assets for the Year		 2,256,188.15
 Net Assets Beginning of the Year		 22,153,260.17
 Net Assets End of the Year <sup>2</sup>		 24,409,448.32

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

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

ACTUARIAL ASSET VALUATION  
SEPTEMBER 30, 2015

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*	
09/30/2012	17.83%	
09/30/2013	10.70%	
09/30/2014	11.89%	
09/30/2015	-0.29%	
Annualized Rate of Return for prior four (4) years:		9.83%
(A) 10/01/2014 Actuarial Assets:		\$22,153,260.17
(I) Net Investment Income:		
1. Interest and Dividends	532,041.96	
2. Realized Gains (Losses)	1,301,063.02	
3. Change in Actuarial Value	481,279.13	
4. Investment Related Expenses	(132,377.39)	
Total		2,182,006.72
(B) 10/01/2015 Actuarial Assets:		\$24,409,448.32
Actuarial Asset Rate of Return = $2I/(A+B-I)$ :		9.83%
10/01/2015 Limited Actuarial Assets:		\$24,409,448.32
10/01/2015 Market Value of Assets:		\$23,692,133.12
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$428,969.00

\*Market Value Basis, net of investment related expenses.



DEFERRED RETIREMENT OPTION PLAN ACTIVITY  
October 1, 2014 to September 30, 2015

Beginning of the Year Balance	0.00
Plus Additions	67,918.51
Investment Return Earned	(2,649.25)
Less Distributions	0.00
End of the Year Balance	65,269.26

Assumption:

Election option assumption for new DROP participant is the Normal Form, therefore, Investment Return Earned is not included.

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

(1)	Total Required Contribution Rate	30.03%
(2)	Pensionable Payroll Derived from Member Contributions	\$3,281,237.25
(3)	Total Required Contribution (1) x (2)	985,355.55
(4)	Less Actual Member Contributions	(262,498.98)
(5)	Less Allowable State Contribution	<u>(207,813.50)</u>
(6)	Equals Required City Contribution for Fiscal 2015	515,043.07
(7)	Less 2014 Prepaid Contribution	(127,981.57)
(8)	Less Actual City Contributions	<u>(511,302.69)</u>
(9)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2015	(\$124,241.19)

STATISTICAL DATA <sup>1</sup>

	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>
<u>Actives</u>				
Number	44	46	46	45
Average Current Age	42.2	41.8	42.5	41.6
Average Age at Employment	30.7	30.2	30.2	32.2
Average Past Service	11.5	11.6	12.3	9.4
Average Annual Salary	\$68,439	\$66,819	\$71,236	\$73,360
<u>Service Retirees</u>				
Number			21	21
Average Current Age			60.8	61.1
Average Annual Benefit			\$36,994	\$35,971
<u>DROP Retirees</u>				
Number			0	3
Average Current Age			N/A	53.1
Average Annual Benefit			N/A	\$60,916
<u>Beneficiaries</u>				
Number			2	3
Average Current Age			66.2	59.4
Average Annual Benefit			\$14,729	\$21,877
<u>Disability Retirees</u>				
Number			3	3
Average Current Age			53.3	54.3
Average Annual Benefit			\$11,647	\$11,647
<u>Terminated Vested <sup>2</sup></u>				
Number			2	2
Average Current Age			59.0	54.2
Average Annual Benefit			\$6,803	\$17,423

<sup>1</sup> Prior to 10/1/2015, averages were salary weighted.

<sup>2</sup> Excludes non-vested terminated Members awaiting a refund of Member Contributions.

## AGE AND SERVICE DISTRIBUTION

### PAST SERVICE

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

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	46
b. Terminations	
i. Vested (partial or full) with deferred benefits	(2)
ii. Non-vested or full lump sum distribution received	(2)
c. Deaths	
i. Beneficiary receiving benefits	(1)
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>(3)</u>
g. Continuing participants	38
h. New entrants	<u>7</u>
i. Total active life participants in valuation	45

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

	Service Retirees, Vested Receiving <u>Benefits</u>	<u>DROP Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested Deferred <sup>1</sup>	<u>Total</u>
a. Number prior valuation	21	0	2	3	6	32
Retired	1	0	0	0	(1)	0
DROP	0	3	0	0	0	3
Vested Deferred	0	0	0	0	2	2
Death, With Survivor	0	0	1	0	0	1
Death, No Survivor	(1)	0	0	0	0	(1)
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	21	3	3	3	7	37

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

TARPON SPRINGS POLICE  
SUMMARY OF PLAN PROVISIONS

(THROUGH ORDINANCE 2015-05)

CREDITED SERVICE	Years and completed months of service with the City as a Police Officer.
AVERAGE MONTHLY EARNINGS	Average pensionable earnings during the five (5) best years of the last ten (10) years of Credited Service.
NORMAL RETIREMENT	
Eligibility	Earlier of 1.) Age 50 and the completion of 10 years of Credited Service, or 2.) the completion of 25 years of Credited Service, regardless of age.
Benefit Amount	3% of Average Monthly Earnings times Credited Service
Form of Benefit	10 years certain and life thereafter (options available). 100% is continued to Spouse
Minimum Monthly Benefit	\$450
EARLY RETIREMENT	
Eligibility	Age 45 and the completion of 10 years of Credited Service
Benefit Amount	Accrued benefit, reduced 3% per year that the commencement of benefits precedes Normal Retirement.
DISABILITY	
Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	
Service Incurred:	50% of Average Monthly Earnings.

Non-Service Incurred:	Benefit accrued to date of disability but not less than 25% of Average Monthly Earnings.
Duration	Payable for life with 120 monthly payments guaranteed or until recovery (as determined by the Board).
<b>BENEFIT ADJUSTMENT</b>	Members retiring (including disability retirees) after October 1, 2000 receive a 2.1% increase in their benefits every fifth year.
<b>DEATH</b>	
Service Incurred	Spouse receives 50% of Average Monthly Earnings.
Non-Service Incurred	
Vested	Spouse receives 25% of Average Monthly Earnings.
Non-Vested	Refund of Member Contributions.
<b>VESTING (TERMINATION)</b>	
Less than 10 years of Credited Service	Refund of Member Contributions without interest.
10 years or more	Accrued benefit payable at age 50 or later, on a reduced basis if to commence prior to Normal Retirement Date or Refund of Member Contributions.
<b>CONTRIBUTIONS</b>	
Employee	8.0% of Earnings.
Premium Tax	0.85% tax on premiums for applicable insurance policies.
City	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years.
<b>BOARD OF TRUSTEES</b>	<ul style="list-style-type: none"> <li>a) Two Commission appointees,</li> <li>b) Two Members of the System elected by a majority of the other covered Police Officers, and</li> <li>c) A fifth Member elected by the other 4 and appointed by Commission.</li> </ul>

DEFERRED RETIREMENT  
OPTION PLAN (DROP)

Eligibility	Satisfaction of requirements for Normal Retirement
Participation	Not to exceed 60 months
Rate of Return	Net rate of return, less 0.25% administrative expense.
Distribution	Lump sum (options available) at termination of employment.