

CITY OF OVIEDO  
FIREFIGHTERS' PENSION TRUST FUND

SECTION 112.664, FLORIDA STATUTES  
COMPLIANCE

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were 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, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

By:



Date: 4/4/2016

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



When reviewing the following schedules, please note the following:

- 1) The purpose of producing this report is solely to satisfy the requirements set forth by Section 112.664, Florida Statutes, and is mandatory for every Florida public pension fund, excluding the Florida Retirement System (FRS).
- 2) None of the schedules shown have any impact on the funding requirements of the Plan. These schedules are for statutory compliance purposes only.
- 3) In the schedules that follow, the columns labeled “ACTUAL” represent the final recorded GASB 67/68 results. The columns labeled “HYPOTHETICAL” illustrate what the results would have been if different assumptions were used.
- 4) It is our opinion that the Plan’s actual assumptions utilized in the October 1, 2015 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

	ACTUAL	HYPOTHETICAL		
	7.75% RP-2000 Static 9/30/2015	7.75% RP-2000 Generational 9/30/2015	5.75% RP-2000 Generational 9/30/2015	9.75% RP-2000 Generational 9/30/2015
<b><u>GASB 67: Schedule of Changes in Net Pension Liability</u></b>				
<b><u>Total Pension Liability</u></b>				
Service Cost	550,448	573,625	913,310	371,850
Interest	1,045,163	1,085,216	1,082,691	1,053,091
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(341,180)	(376,682)	(433,448)	(331,238)
Changes of Assumptions	224,555	253,577	347,166	183,031
Contributions - Buy Back	829	829	829	829
Benefit Payments, Including Refunds of Employee Contributions	(236,053)	(236,053)	(236,053)	(236,053)
Net Change in Total Pension Liability	1,243,762	1,300,512	1,674,495	1,041,510
Total Pension Liability - Beginning	12,632,115	13,109,606	17,249,567	10,277,087
Total Pension Liability - Ending (a)	<u>\$ 13,875,877</u>	<u>\$ 14,410,118</u>	<u>\$ 18,924,062</u>	<u>\$ 11,318,597</u>
<b><u>Plan Fiduciary Net Position</u></b>				
Contributions - Employer	199,738	199,738	199,738	199,738
Contributions - State	281,879	281,879	281,879	281,879
Contributions - Employee	203,092	203,092	203,092	203,092
Contributions - Buy Back	829	829	829	829
Net Investment Income	123,073	123,073	123,073	123,073
Benefit Payments, Including Refunds of Employee Contributions	(236,053)	(236,053)	(236,053)	(236,053)
Administrative Expenses	(42,279)	(42,279)	(42,279)	(42,279)
Net Change in Plan Fiduciary Net Position	530,279	530,279	530,279	530,279
Plan Fiduciary Net Position - Beginning	10,257,373	10,257,373	10,257,373	10,257,373
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,787,652</u>	<u>\$ 10,787,652</u>	<u>\$ 10,787,652</u>	<u>\$ 10,787,652</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,088,225</u>	<u>\$ 3,622,466</u>	<u>\$ 8,136,410</u>	<u>\$ 530,945</u>

**GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015**

Pension Expense	<u>\$ 294,609</u>	<u>\$ 353,783</u>	<u>\$ 852,956</u>	<u>\$ (35,361)</u>
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## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.75% and RP-2000 Static Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2015	10,787,652	-	232,269	-	827,043	11,382,426
2016	11,382,426	-	619,245	-	858,142	11,621,323
2017	11,621,323	-	743,160	-	871,855	11,750,018
2018	11,750,018	-	743,542	-	881,814	11,888,290
2019	11,888,290	-	746,566	-	892,413	12,034,137
2020	12,034,137	-	751,646	-	903,519	12,186,010
2021	12,186,010	-	793,488	-	913,668	12,306,190
2022	12,306,190	-	813,332	-	922,213	12,415,071
2023	12,415,071	-	817,656	-	930,484	12,527,899
2024	12,527,899	-	922,628	-	935,160	12,540,431
2025	12,540,431	-	922,600	-	936,133	12,553,964
2026	12,553,964	-	909,007	-	937,708	12,582,665
2027	12,582,665	-	920,469	-	939,488	12,601,684
2028	12,601,684	-	928,306	-	940,659	12,614,037
2029	12,614,037	-	938,333	-	941,227	12,616,931
2030	12,616,931	-	951,593	-	940,938	12,606,276
2031	12,606,276	-	1,034,493	-	936,900	12,508,683
2032	12,508,683	-	1,066,870	-	928,082	12,369,895
2033	12,369,895	-	1,071,317	-	917,153	12,215,731
2034	12,215,731	-	1,102,393	-	904,001	12,017,339
2035	12,017,339	-	1,086,123	-	889,257	11,820,473
2036	11,820,473	-	1,114,072	-	872,916	11,579,317
2037	11,579,317	-	1,118,935	-	854,038	11,314,420
2038	11,314,420	-	1,093,966	-	834,476	11,054,930
2039	11,054,930	-	1,072,543	-	815,196	10,797,583
2040	10,797,583	-	1,048,451	-	796,185	10,545,317
2041	10,545,317	-	1,020,336	-	777,724	10,302,705
2042	10,302,705	-	984,822	-	760,298	10,078,181
2043	10,078,181	-	951,861	-	744,174	9,870,494
2044	9,870,494	-	915,444	-	729,490	9,684,540
2045	9,684,540	-	877,763	-	716,539	9,523,316
2046	9,523,316	-	836,727	-	705,634	9,392,223
2047	9,392,223	-	794,581	-	697,107	9,294,749
2048	9,294,749	-	752,882	-	691,169	9,233,036
2049	9,233,036	-	710,438	-	688,031	9,210,629
2050	9,210,629	-	668,148	-	687,933	9,230,414
2051	9,230,414	-	626,123	-	691,095	9,295,386
2052	9,295,386	-	585,141	-	697,718	9,407,963
2053	9,407,963	-	545,216	-	707,990	9,570,737
2054	9,570,737	-	506,665	-	722,099	9,786,171
2055	9,786,171	-	469,813	-	740,223	10,056,581
2056	10,056,581	-	434,683	-	762,541	10,384,439
2057	10,384,439	-	401,359	-	789,241	10,772,321
2058	10,772,321	-	369,753	-	820,527	11,223,095
2059	11,223,095	-	339,770	-	856,624	11,739,949
2060	11,739,949	-	311,295	-	897,783	12,326,437
2061	12,326,437	-	284,203	-	944,286	12,986,520
2062	12,986,520	-	258,375	-	996,443	13,724,588
2063	13,724,588	-	233,724	-	1,054,599	14,545,463
2064	14,545,463	-	210,196	-	1,119,128	15,454,395
2065	15,454,395	-	187,782	-	1,190,439	16,457,052
2066	16,457,052	-	166,496	-	1,268,970	17,559,526

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.75% and RP-2000 Static Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2067	17,559,526	-	146,378	-	1,355,191	18,768,339
2068	18,768,339	-	127,491	-	1,449,606	20,090,454
2069	20,090,454	-	109,910	-	1,552,751	21,533,295
2070	21,533,295	-	93,720	-	1,665,199	23,104,774
2071	23,104,774	-	79,002	-	1,787,559	24,813,331
2072	24,813,331	-	65,803	-	1,920,483	26,668,011
2073	26,668,011	-	54,138	-	2,064,673	28,678,546
2074	28,678,546	-	43,986	-	2,220,883	30,855,443
2075	30,855,443	-	35,288	-	2,389,929	33,210,084
2076	33,210,084	-	27,953	-	2,572,698	35,754,829
2077	35,754,829	-	21,865	-	2,770,152	38,503,116
2078	38,503,116	-	16,886	-	2,983,337	41,469,567
2079	41,469,567	-	12,877	-	3,213,392	44,670,082
2080	44,670,082	-	9,695	-	3,461,556	48,121,943
2081	48,121,943	-	7,206	-	3,729,171	51,843,908
2082	51,843,908	-	5,287	-	4,017,698	55,856,319
2083	55,856,319	-	3,828	-	4,328,716	60,181,207
2084	60,181,207	-	2,736	-	4,663,938	64,842,409
2085	64,842,409	-	1,930	-	5,025,212	69,865,691
2086	69,865,691	-	1,344	-	5,414,539	75,278,886
2087	75,278,886	-	923	-	5,834,078	81,112,041
2088	81,112,041	-	626	-	6,286,159	87,397,574
2089	87,397,574	-	419	-	6,773,296	94,170,451
2090	94,170,451	-	276	-	7,298,199	101,468,374
2091	101,468,374	-	180	-	7,863,792	109,331,986
2092	109,331,986	-	116	-	8,473,224	117,805,094
2093	117,805,094	-	73	-	9,129,892	126,934,913
2094	126,934,913	-	46	-	9,837,454	136,772,321
2095	136,772,321	-	28	-	10,599,854	147,372,147
2096	147,372,147	-	17	-	11,421,341	158,793,471
2097	158,793,471	-	11	-	12,306,494	171,099,954
2098	171,099,954	-	6	-	13,260,246	184,360,194
2099	184,360,194	-	4	-	14,287,915	198,648,105
2100	198,648,105	-	2	-	15,395,228	214,043,331
2101	214,043,331	-	1	-	16,588,358	230,631,688
2102	230,631,688	-	1	-	17,873,956	248,505,643
2103	248,505,643	-	-	-	19,259,187	267,764,830

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2  
Hypothetical Assumptions: 7.75% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2015	10,787,652	-	231,887	-	827,057	11,382,822
2016	11,382,822	-	619,196	-	858,175	11,621,801
2017	11,621,801	-	743,345	-	871,885	11,750,341
2018	11,750,341	-	743,817	-	881,829	11,888,353
2019	11,888,353	-	746,731	-	892,412	12,034,034
2020	12,034,034	-	751,877	-	903,502	12,185,659
2021	12,185,659	-	793,942	-	913,623	12,305,340
2022	12,305,340	-	813,909	-	922,125	12,413,556
2023	12,413,556	-	818,381	-	930,338	12,525,513
2024	12,525,513	-	924,011	-	934,922	12,536,424
2025	12,536,424	-	924,805	-	935,737	12,547,356
2026	12,547,356	-	920,236	-	936,761	12,563,881
2027	12,563,881	-	935,875	-	937,436	12,565,442
2028	12,565,442	-	946,362	-	937,150	12,556,230
2029	12,556,230	-	959,224	-	935,938	12,532,944
2030	12,532,944	-	975,745	-	933,493	12,490,692
2031	12,490,692	-	1,063,600	-	926,814	12,353,906
2032	12,353,906	-	1,100,721	-	914,775	12,167,960
2033	12,167,960	-	1,110,071	-	900,002	11,957,891
2034	11,957,891	-	1,148,835	-	882,219	11,691,275
2035	11,691,275	-	1,138,290	-	861,965	11,414,950
2036	11,414,950	-	1,173,269	-	839,194	11,080,875
2037	11,080,875	-	1,185,180	-	812,842	10,708,537
2038	10,708,537	-	1,167,562	-	784,669	10,325,644
2039	10,325,644	-	1,154,104	-	755,516	9,927,056
2040	9,927,056	-	1,137,766	-	725,258	9,514,548
2041	9,514,548	-	1,119,049	-	694,014	9,089,513
2042	9,089,513	-	1,091,981	-	662,123	8,659,655
2043	8,659,655	-	1,066,364	-	629,802	8,223,093
2044	8,223,093	-	1,037,718	-	597,078	7,782,453
2045	7,782,453	-	1,006,174	-	564,151	7,340,430
2046	7,340,430	-	971,837	-	531,225	6,899,818
2047	6,899,818	-	935,010	-	498,504	6,463,312
2048	6,463,312	-	897,049	-	466,146	6,032,409
2049	6,032,409	-	857,556	-	434,281	5,609,134
2050	5,609,134	-	816,970	-	403,050	5,195,214
2051	5,195,214	-	775,463	-	372,580	4,792,331
2052	4,792,331	-	733,729	-	342,974	4,401,576
2053	4,401,576	-	692,165	-	314,301	4,023,712
2054	4,023,712	-	651,317	-	286,599	3,658,994
2055	3,658,994	-	611,569	-	259,874	3,307,299
2056	3,307,299	-	573,199	-	234,104	2,968,204
2057	2,968,204	-	536,447	-	209,248	2,641,005
2058	2,641,005	-	501,423	-	185,248	2,324,830
2059	2,324,830	-	468,096	-	162,036	2,018,770
2060	2,018,770	-	436,287	-	139,549	1,722,032
2061	1,722,032	-	405,849	-	117,731	1,433,914
2062	1,433,914	-	376,552	-	96,537	1,153,899
2063	1,153,899	-	348,432	-	75,925	881,392
2064	881,392	-	321,165	-	55,863	616,090
2065	616,090	-	294,768	-	36,325	357,647
2066	357,647	-	269,330	-	17,281	105,598

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2  
 Hypothetical Assumptions: 7.75% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2067	105,598	-	244,460	-	-	-

Number of Years Expected Benefit Payments Sustained: 52.43

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
Hypothetical Assumptions: 5.75% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2015	10,787,652	-	231,887	-	613,623	11,169,388
2016	11,169,388	-	619,196	-	624,438	11,174,630
2017	11,174,630	-	743,345	-	621,170	11,052,455
2018	11,052,455	-	743,817	-	614,131	10,922,769
2019	10,922,769	-	746,731	-	606,591	10,782,629
2020	10,782,629	-	751,877	-	598,385	10,629,137
2021	10,629,137	-	793,942	-	588,350	10,423,545
2022	10,423,545	-	813,909	-	575,954	10,185,590
2023	10,185,590	-	818,381	-	562,143	9,929,352
2024	9,929,352	-	924,011	-	544,372	9,549,713
2025	9,549,713	-	924,805	-	522,520	9,147,428
2026	9,147,428	-	920,236	-	499,520	8,726,712
2027	8,726,712	-	935,875	-	474,880	8,265,717
2028	8,265,717	-	946,362	-	448,071	7,767,426
2029	7,767,426	-	959,224	-	419,049	7,227,251
2030	7,227,251	-	975,745	-	387,514	6,639,020
2031	6,639,020	-	1,063,600	-	351,165	5,926,585
2032	5,926,585	-	1,100,721	-	309,133	5,134,997
2033	5,134,997	-	1,110,071	-	263,348	4,288,274
2034	4,288,274	-	1,148,835	-	213,547	3,352,986
2035	3,352,986	-	1,138,290	-	160,071	2,374,767
2036	2,374,767	-	1,173,269	-	102,818	1,304,316
2037	1,304,316	-	1,185,180	-	40,924	160,060
2038	160,060	-	1,167,562	-	-	-

Number of Years Expected Benefit Payments Sustained: 23.14

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.75% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 4  
Hypothetical Assumptions: 9.75% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2015	10,787,652	-	231,887	-	1,040,492	11,596,257
2016	11,596,257	-	619,196	-	1,100,449	12,077,510
2017	12,077,510	-	743,345	-	1,141,319	12,475,484
2018	12,475,484	-	743,817	-	1,180,099	12,911,766
2019	12,911,766	-	746,731	-	1,222,494	13,387,529
2020	13,387,529	-	751,877	-	1,268,630	13,904,282
2021	13,904,282	-	793,942	-	1,316,963	14,427,303
2022	14,427,303	-	813,909	-	1,366,984	14,980,378
2023	14,980,378	-	818,381	-	1,420,691	15,582,688
2024	15,582,688	-	924,011	-	1,474,267	16,132,944
2025	16,132,944	-	924,805	-	1,527,878	16,736,017
2026	16,736,017	-	920,236	-	1,586,900	17,402,681
2027	17,402,681	-	935,875	-	1,651,137	18,117,943
2028	18,117,943	-	946,362	-	1,720,364	18,891,945
2029	18,891,945	-	959,224	-	1,795,202	19,727,923
2030	19,727,923	-	975,745	-	1,875,905	20,628,083
2031	20,628,083	-	1,063,600	-	1,959,388	21,523,871
2032	21,523,871	-	1,100,721	-	2,044,917	22,468,067
2033	22,468,067	-	1,110,071	-	2,136,521	23,494,517
2034	23,494,517	-	1,148,835	-	2,234,710	24,580,392
2035	24,580,392	-	1,138,290	-	2,341,097	25,783,199
2036	25,783,199	-	1,173,269	-	2,456,665	27,066,595
2037	27,066,595	-	1,185,180	-	2,581,215	28,462,630
2038	28,462,630	-	1,167,562	-	2,718,188	30,013,256
2039	30,013,256	-	1,154,104	-	2,870,030	31,729,182
2040	31,729,182	-	1,137,766	-	3,038,129	33,629,545
2041	33,629,545	-	1,119,049	-	3,224,327	35,734,823
2042	35,734,823	-	1,091,981	-	3,430,911	38,073,753
2043	38,073,753	-	1,066,364	-	3,660,206	40,667,595
2044	40,667,595	-	1,037,718	-	3,914,502	43,544,379
2045	43,544,379	-	1,006,174	-	4,196,526	46,734,731
2046	46,734,731	-	971,837	-	4,509,259	50,272,153
2047	50,272,153	-	935,010	-	4,855,953	54,193,096
2048	54,193,096	-	897,049	-	5,240,096	58,536,143
2049	58,536,143	-	857,556	-	5,665,468	63,344,055
2050	63,344,055	-	816,970	-	6,136,218	68,663,303
2051	68,663,303	-	775,463	-	6,656,868	74,544,708
2052	74,544,708	-	733,729	-	7,232,340	81,043,319
2053	81,043,319	-	692,165	-	7,867,981	88,219,135
2054	88,219,135	-	651,317	-	8,569,614	96,137,432
2055	96,137,432	-	611,569	-	9,343,586	104,869,449
2056	104,869,449	-	573,199	-	10,196,828	114,493,078
2057	114,493,078	-	536,447	-	11,136,923	125,093,554
2058	125,093,554	-	501,423	-	12,172,177	136,764,308
2059	136,764,308	-	468,096	-	13,311,700	149,607,912
2060	149,607,912	-	436,287	-	14,565,502	163,737,127
2061	163,737,127	-	405,849	-	15,944,585	179,275,863
2062	179,275,863	-	376,552	-	17,461,040	196,360,351
2063	196,360,351	-	348,432	-	19,128,148	215,140,067
2064	215,140,067	-	321,165	-	20,960,500	235,779,402
2065	235,779,402	-	294,768	-	22,974,122	258,458,756
2066	258,458,756	-	269,330	-	25,186,599	283,376,025

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 4  
Hypothetical Assumptions: 9.75% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2067	283,376,025	-	244,460	-	27,617,245	310,748,810
2068	310,748,810	-	220,310	-	30,287,269	340,815,769
2069	340,815,769	-	196,904	-	33,219,938	373,838,803
2070	373,838,803	-	174,289	-	36,440,787	410,105,301
2071	410,105,301	-	152,797	-	39,977,818	449,930,322
2072	449,930,322	-	132,380	-	43,861,753	493,659,695
2073	493,659,695	-	113,347	-	48,126,295	541,672,643
2074	541,672,643	-	95,940	-	52,808,406	594,385,109
2075	594,385,109	-	80,115	-	57,948,643	652,253,637
2076	652,253,637	-	66,071	-	63,591,509	715,779,075
2077	715,779,075	-	53,723	-	69,785,841	785,511,193
2078	785,511,193	-	43,070	-	76,585,242	862,053,365
2079	862,053,365	-	34,126	-	84,048,539	946,067,778
2080	946,067,778	-	26,615	-	92,240,311	1,038,281,474
2081	1,038,281,474	-	20,449	-	101,231,447	1,139,492,472
2082	1,139,492,472	-	15,530	-	111,099,759	1,250,576,701
2083	1,250,576,701	-	11,619	-	121,930,662	1,372,495,744
2084	1,372,495,744	-	8,571	-	133,817,917	1,506,305,090
2085	1,506,305,090	-	6,253	-	146,864,441	1,653,163,278
2086	1,653,163,278	-	4,500	-	161,183,200	1,814,341,978
2087	1,814,341,978	-	3,191	-	176,898,187	1,991,236,974
2088	1,991,236,974	-	2,236	-	194,145,496	2,185,380,234
2089	2,185,380,234	-	1,548	-	213,074,497	2,398,453,183
2090	2,398,453,183	-	1,053	-	233,849,134	2,632,301,264
2091	2,632,301,264	-	705	-	256,649,339	2,888,949,898
2092	2,888,949,898	-	465	-	281,672,592	3,170,622,025
2093	3,170,622,025	-	301	-	309,135,633	3,479,757,357
2094	3,479,757,357	-	191	-	339,276,333	3,819,033,499
2095	3,819,033,499	-	119	-	372,355,760	4,191,389,140
2096	4,191,389,140	-	73	-	408,660,438	4,600,049,505
2097	4,600,049,505	-	44	-	448,504,825	5,048,554,286
2098	5,048,554,286	-	27	-	492,234,042	5,540,788,301
2099	5,540,788,301	-	16	-	540,226,859	6,081,015,144
2100	6,081,015,144	-	9	-	592,898,976	6,673,914,111
2101	6,673,914,111	-	6	-	650,706,626	7,324,620,731
2102	7,324,620,731	-	3	-	714,150,521	8,038,771,249
2103	8,038,771,249	-	2	-	783,780,197	8,822,551,444
2104	8,822,551,444	-	1	-	860,198,766	9,682,750,209
2105	9,682,750,209	-	1	-	944,068,145	10,626,818,353
2106	10,626,818,353	-	-	-	1,036,114,789	11,662,933,142

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.75% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.75% RP-2000 Static	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$675,591	\$734,661	\$1,281,098	\$329,520
Total Required Contribution (% of Payroll)	21.8%	23.7%	41.4%	10.7%
Expected Member Contribution	216,318	216,318	216,318	216,318
Expected State Money	277,583	277,583	277,583	277,583
Expected Sponsor Contribution (Fixed \$)	\$181,690	\$240,760	\$787,197	\$0
Expected Sponsor Contribution (% of Payroll)	5.8%	7.7%	25.4%	0.0%

**ASSETS**

Actuarial Value	11,195,572	11,195,572	11,195,572	11,195,572
Market Value	10,787,652	10,787,652	10,787,652	10,787,652

**LIABILITIES**

## Present Value of Benefits

## Active Members

Retirement Benefits	15,303,706	16,024,694	24,343,907	11,215,785
Disability Benefits	189,823	198,824	292,333	142,595
Death Benefits	99,759	68,814	94,120	51,894
Vested Benefits	0	0	0	0
Refund of Contributions	48,052	48,060	51,008	45,421
Service Retirees	2,092,807	2,144,790	2,637,472	1,796,840
Beneficiaries	0	0	0	0
Disability Retirees	390,548	400,474	500,759	332,350
Terminated Vested	119,736	125,597	195,105	84,422
Share Plan	0	0	0	0
<b>Total:</b>	<b>18,244,431</b>	<b>19,011,253</b>	<b>28,114,704</b>	<b>13,669,307</b>

Present Value of Future Salaries	29,156,868	29,195,912	33,871,315	25,573,123
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Present Value of Future Member Contributions	2,040,981	2,043,714	2,370,992	1,790,119
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Total Normal Cost	414,678	441,110	815,219	217,108
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Present Value of Future Normal Costs (Entry Age Normal)	4,907,663	5,162,630	9,930,508	2,791,795
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Total Actuarial Accrued Liability	14,331,903	14,843,759	19,179,332	11,872,649
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Unfunded Actuarial Accrued Liability (UAAL)	3,136,331	3,648,187	7,983,760	677,077
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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.75% RP-2000 Static	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<b><u>PENSION COST</u></b>				
Normal Cost (with interest)	430,747	458,203	838,657	227,692
Administrative Expenses (with interest)	43,917	43,917	43,495	44,340
Payment Required To Amortize UAAL (with interest)	200,927	232,541	398,946	57,488
Total Required Contribution	\$675,591	\$734,661	\$1,281,098	\$329,520

CITY OF OVIEDO  
FIREFIGHTERS' PENSION TRUST FUND

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2015

CONTRIBUTIONS APPLICABLE TO THE PLAN  
FISCAL YEAR ENDING SEPTEMBER 30, 2017

December 30, 2015

Board of Trustees  
c/o Ms. Sheila Hutcheson, Plan Administrator  
3860 Grantline Road  
Mims, FL 32754

Re: City of Oviedo  
Firefighters' Pension Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Oviedo Firefighters' Pension Trust Fund. 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 175, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

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

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Oviedo, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Oviedo Firefighters' Pension Trust Fund. 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. Actuarial Assumptions and Methods	14
	c. Valuation Notes	17
	d. Partial History of Premium Tax Refunds	18
III	Trust Fund	19
IV	<u>Member Statistics</u>	
	a. Statistical Data	24
	b. Age and Service Distribution	25
	c. Valuation Participant Reconciliation	26
V	Summary of Plan Provisions	27
VI	Governmental Accounting Standards Board Statements Disclosure Information	30

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Oviedo Firefighters' Pension Trust Fund, 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 applicable funding requirements, compared with the amounts developed in the October 1, 2014 actuarial valuation, are as follows:

Valuation Date	10/1/15	10/1/14
Applicable Plan/Fiscal Year End	<u>9/30/17</u>	<u>9/30/16</u>
Total Required Contribution % of Total Annual Payroll	21.8%	24.7%
Member Contributions (Est.) % of Total Annual Payroll	7.0%	7.0%
City and State Required Contribution % of Total Annual Payroll	14.8%	17.7%
State Contribution (est.) <sup>1</sup> % of Total Annual Payroll	277,583 9.0%	277,583 9.0%
Balance from City <sup>2</sup> % of Total Annual Payroll	<b>5.8%</b>	<b>8.7%</b>

<sup>1</sup> By way of mutual consent with the Plan Membership, pursuant to the provisions of Chapter 2015-39, Florida Statutes, the City may use the amount of State Monies received in fiscal 2013 (\$273,286.09) plus 50% of annual monies received in excess of this amount. The remaining 50% excess is allocated to the Share Plan, beginning with the fiscal year ending September 30, 2016.

<sup>2</sup> For budgeting purposes, the required Sponsor Contribution (City and State) is 17.7% of Pensionable Earnings for the fiscal year ending September 30, 2016, and 14.8% of Pensionable Earnings for the fiscal year ending September 30, 2017. The precise City requirement for each year is the applicable percentage, less State Monies described above. Please also note that the City has access to a prepaid contribution of \$173,852 that is available for the current year funding requirements.

Experience during the last 12 months was less favorable than expected, on the basis of the Plan's actuarial assumptions. The primary components of unfavorable experience included a 1.86% investment return (gross-of-fees, Market Value basis), falling short of the 7.00% assumption, and lower than expected employee turnover. These losses were partially offset by average increases in pensionable compensation that were less than the assumption by more than 4%.

In spite of the net unfavorable experience for the year, funding requirements have decreased as a result of changes to certain actuarial assumptions, based on Board approval of results from the July 25<sup>th</sup>, 2014 Experience Study. Details of these changes are set forth in the body of this report.

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:   
Drew D. Ballard, EA, MAAA

## PLAN CHANGES SINCE PRIOR VALUATION

Ordinance 1631, adopted and effective December 7, 2015, established a Local Law Plan with the following changes:

- Prior military and firefighter service buyback provision.
- A Deferred Retirement Option Plan (DROP).
- A Share Plan.

A letter dated November 2, 2015 indicating no actuarial impact was submitted for the above changes.

## ACTUARIAL ASSUMPTION/METHOD CHANGES SINCE PRIOR VALUATION

Based on results of the July 25, 2014 Experience Study (specific to Oviedo Fire), the following assumption and method changes have been modified in conjunction with this valuation of the Plan:

- Normal and Early Retirement Rates
- Investment Return
- Salary Scale
- Termination Rates
- Actuarial Asset Value

Details regarding the above changes are set forth in the body of this report.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assumptions New Method <u>10/1/2015</u>	New Assumptions Old Method <u>10/1/2015</u>	Old Assumptions Old Method <u>10/1/2015</u>	<u>10/1/2014</u>
<b>A. Participant Data</b>				
Number Included				
Actives	52	52	52	51
Service Retirees	4	4	4	4
Beneficiaries	0	0	0	0
Disability Retirees	2	2	2	2
Terminated Vested	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	60	60	60	59
Total Annual Payroll	\$3,090,252	\$3,090,252	\$3,105,533	\$3,029,446
Payroll Under Assumed Ret. Age	3,090,252	3,090,252	3,105,533	3,029,446
Annual Rate of Payments to:				
Service Retirees	178,294	178,294	178,294	178,294
Beneficiaries	0	0	0	0
Disability Retirees	32,718	32,718	32,718	32,718
Terminated Vested	28,981	28,981	28,981	15,029
<b>B. Assets</b>				
Actuarial Value	11,195,572	10,787,652	10,787,652	10,257,373
Market Value	10,787,652	10,787,652	10,787,652	10,257,373
<b>C. Liabilities</b>				
Present Value of Benefits				
Actives				
Retirement Benefits	15,303,706	15,303,706	12,729,139	11,859,817
Disability Benefits	189,823	189,823	272,246	261,920
Death Benefits	99,759	99,759	148,027	140,424
Vested Benefits	0	0	2,635,372	2,587,921
Refund of Contributions	48,052	48,052	67,455	71,699
Service Retirees	2,092,807	2,092,807	2,246,263	2,269,337
Beneficiaries	0	0	0	0
Disability Retirees	390,548	390,548	421,365	424,867
Terminated Vested	119,736	119,736	139,693	118,654
Share Plan	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	18,244,431	18,244,431	18,659,560	17,734,639

C. Liabilities - (Continued)	New Assumptions	New Assumptions	Old Assumptions	
	New Method <u>10/1/2015</u>	Old Method <u>10/1/2015</u>	Old Method <u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	29,156,868	29,156,868	25,828,643	25,915,277
Present Value of Future Member Contributions	2,040,981	2,040,981	1,808,005	1,814,069
Total Normal Cost (FIL Method)	414,678	414,678	396,647	347,932
Present Value of Future Normal Costs (EAN)	4,907,663	4,907,663	4,294,038	4,320,342
Total Actuarial Accrued Liability	14,331,903	14,331,903	15,360,659	14,758,271
Unfunded Actuarial Accrued Liability (UAAL)	3,136,331	3,544,251	4,573,007	4,500,898
Funded Ratio (AVA / AL)	78.1%	75.3%	70.2%	69.5%
D. Actuarial Present Value of Accrued Benefits				
Vested Accrued Benefits				
Inactives	2,603,091	2,603,091	2,807,321	2,812,858
Actives	5,795,817	5,795,817	6,164,208	5,230,949
Member Contributions	<u>1,818,479</u>	<u>1,818,479</u>	<u>1,818,479</u>	<u>1,630,929</u>
Total	10,217,387	10,217,387	10,790,008	9,674,736
Non-vested Accrued Benefits	<u>254,700</u>	<u>254,700</u>	<u>197,530</u>	<u>497,701</u>
Total Present Value Accrued Benefits	10,472,087	10,472,087	10,987,538	10,172,437
Funded Ratio (MVA / PVAB)	103.0%	103.0%	98.2%	100.8%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:				
Plan Amendments	0	0	0	
Assumption Changes	0	(515,451)	0	
New Accrued Benefits	0	0	347,345	
Benefits Paid	0	0	(236,053)	
Interest	0	0	703,809	
Other	<u>0</u>	<u>0</u>	<u>0</u>	
Total	0	(515,451)	815,101	

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

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll <sup>1</sup>	13.9	13.9	13.2	11.9
Administrative Expenses (with interest) % of Total Annual Payroll <sup>1</sup>	1.4	1.4	3.9	3.6
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years (as of 10/1/2015, with interest) % of Total Annual Payroll <sup>1</sup>	6.5	7.5	9.3	9.2
Total Required Contribution % of Total Annual Payroll <sup>1</sup>	21.8	22.8	26.4	24.7
Expected Member Contributions % of Total Annual Payroll <sup>1</sup>	7.0	7.0	7.0	7.0
Expected City & State Contribution % of Total Annual Payroll <sup>1</sup>	14.8	15.8	19.4	17.7

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
Total Required Contribution	684,709
City and State Requirement	481,618
Actual Contributions Made:	
Members (excluding buyback)	203,091
City	199,739
State	<u>281,879</u>
Total	684,709

G. Net Actuarial (Gain)/Loss

N/A

<sup>1</sup> Contributions developed as of 10/1/2015 are expressed as a percentage of total annual payroll at 10/1/2015 of \$3,090,252 under the New Assumptions columns and \$3,105,533 under the Old Assumptions column.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	3,136,331
2016	3,170,973
2017	3,202,050
2024	3,274,984
2031	2,909,596
2037	1,698,875
2044	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	1.27%	6.00%
Year Ended	9/30/2014	2.30%	6.00%
Year Ended	9/30/2013	3.15%	6.00%

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

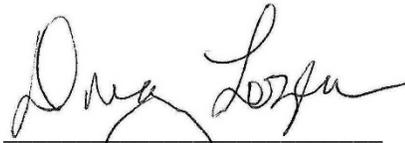
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	1.86%	7.00%
Year Ended	9/30/2014	11.81%	8.00%
Year Ended	9/30/2013	11.51%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$3,090,252
	10/1/2005	1,955,238
(b) Total Increase		58.05%
(c) Number of Years		10.00
(d) Average Annual Rate		4.68%

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	\$4,500,898
(2) Sponsor Normal Cost developed as of October 1, 2014	135,871
(3) Expected expenses for the year ended September 30, 2015	103,976
(4) Expected interest on (1), (2) and (3)	328,213
(5) Sponsor contributions to the System during the year ended September 30, 2015	481,618
(6) Expected interest on (5)	14,333
(7) Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	4,573,007
(8) Change to UAAL due to Assumption Change	(1,028,756)
(9) Change to UAAL due to Method Change	(407,920)
(9) Unfunded Accrued Liability as of October 1, 2015	3,136,331

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2015 Amount</u>	<u>Amortization Amount</u>
Initial Liability	4/1/2002	26	\$1,908,302	\$121,864
Amendment	10/1/2005	20	413,370	30,672
Amendment	10/1/2006	21	474,310	34,165
Amendment	10/1/2008	23	644,407	44,011
Assumption	10/1/2010	25	183,632	11,974
Assumption	10/1/2014	29	948,986	57,348
Assumption	10/1/2015	20	(1,028,756)	(76,334)
Method	10/1/2015	20	<u>(407,920)</u>	<u>(30,268)</u>
			3,136,331	193,432

## 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>Based on studies of public safety pension plans, we believe this assumption sufficiently accommodates expected future mortality improvements.</p>
<u>Interest Rate</u>	<p>7.75 % per year, compounded annually, net of investment-related expenses. This assumption is consistent with the Plan's asset allocation and long term expected returns by asset class.</p> <p>The assumption was 7.00% gross of investment-related expenses for the October 1, 2014 valuation.</p>
<u>Normal Retirement</u>	<p>Earlier of 1) Age 55 with 10 years of Credited Service, and 2) Age 52 with 25 years of Credited Service. Active Members eligible for Normal Retirement on the valuation date are assumed to continue employment for one additional year.</p> <p>The above rates are considered reasonable based on Plan provisions.</p> <p>Rates for the October 1, 2014 valuations were 10.0% per year eligible for Normal Retirement (with 100% at Age 52 with 25 Years of Service). Also, any member who has reached Normal Retirement Age on the valuation date is assumed to continue employment for one additional year.</p>
<u>Early Retirement</u>	<p>Commencing with the earliest Early Retirement Age (age 50 with 10 years of Credited Service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% (10% for the prior valuation) per year. This assumption is also considered reasonable for the given Plan provisions.</p>
<u>Payroll Growth</u>	<p>3% per year. This assumption is consistent with the current ten-year payroll growth average.</p>
<u>Expenses</u>	<p>\$42,279, based on administrative expenses incurred in the prior fiscal year. The prior valuation utilized administrative plus investment-related expenses.</p>
<u>Funding Method</u>	<p>Frozen Entry Age Actuarial Cost Method.</p>

Salary Increases

<u>Years of Service</u>	<u>Salary Increase</u>
Less than 1 Year	13.0%
1-15	5.5%
16-20	4.0%
21+	3.0%

The above rates are based on results of the July 25, 2014 Experience Study.

Rates utilized in the October 1, 2014 valuation are shown below.

<u>Years of Service</u>	<u>Salary Increase</u>
0	10.0%
1	8.0%
2-4	7.0%
5+	5.5%

Disability Rate

See table below (1201). Additionally, it is assumed that 75% of Disability occurrences are duty-related.

<u>Age</u>	<u>Disability Probability</u>
20	0.03%
30	0.04%
40	0.07%
50	0.18%

The above rates are consistent with those utilized by other Florida public safety Plans.

Termination Rates

<u>Service</u>	<u>Termination Probability</u>
Less than 1 Year	20.0%
1-5 Years	5.0%
6-9 Years	3.0%
10+ Years	0.0%

The above rates are based on results of the July 25, 2014 Experience Study.

Rates utilized in the October 1, 2014 valuation are shown below.

<u>Service</u>	<u>Termination Probability</u>
0-2 Years	15.0%
3+ Years	5.0%

## Asset Methodology

In conjunction with this valuation of the plan, the Actuarial Value of Assets is based on a four-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased in over a four-year period.

For the October 1, 2015 valuation, one-fourth of the difference between the actual and expected net investment earnings for fiscal 2015 is recognized. The remainder of the difference will be phased on over the next three valuations.

Assets in the prior valuation were based on Fair Market Value, gross of investment-related Expenses.

## VALUATION NOTES

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

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

Normal (Current Year's) Cost Rate is determined in the aggregate as the ratio of (a) and (b) as follows:

- (a) The present value of benefits for all Plan participants, less the actuarial value of assets, less the Unfunded Actuarial Accrued Liability (UAAL).
- (b) The present value of future compensation over the anticipated number of years of participation, determined as of the valuation date.

The Normal Cost dollar requirement is the ratio of (a) and (b), multiplied by the Total Annual Payroll as of the valuation date.

Frozen Initial Liability Funding Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the

Unfunded Actuarial Accrued Liability (UAAL). The UAAL is reconciled each valuation with charges and credits as follows:

- (a) Charges: the Normal Cost for the prior year, in addition to interest (at the prior year valuation assumption) on the Normal Cost and prior year's UAAL balance.
- (b) Credits: Sponsor contributions with interest at the prior year valuation assumption.

New UAAL bases will be created only for changes in methods, assumptions, or benefits. Actuarial gains and losses are funded as part of the Normal Cost.

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 initial base is amortized over 40 years). The required amount is adjusted for interest according to the timing of sponsor contributions during the year.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
2003	106,867.02	_____%
2004	98,319.59	-8.0%
2005	131,124.94	33.4%
2006	150,235.20	14.6%
2007	147,560.86	-1.8%
2008	209,595.71	42.0%
2009	245,233.78	17.0%
2010	204,825.95	-16.5%
2011	264,069.77	28.9%
2012	273,592.19	3.6%
2013	273,286.09	-0.1%
2014	280,765.05	2.7%
2015	281,878.94	0.4%

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	201,012.07	201,012.07
Total Cash and Equivalents	201,012.07	201,012.07
Receivables:		
Investment Income	9,433.91	9,433.91
Total Receivable	9,433.91	9,433.91
Investments:		
Stocks	4,861,780.85	5,526,333.03
Mutual Funds:		
Fixed Income	4,339,533.70	4,159,226.98
Pooled/Common/Commingled Funds:		
Real Estate	1,023,426.48	1,065,498.41
Total Investments	10,224,741.03	10,751,058.42
Total Assets	10,435,187.01	10,961,504.40
<u>LIABILITIES</u>		
Payables:		
Prepaid City Contribution	173,852.18	173,852.18
Total Liabilities	173,852.18	173,852.18
NET POSITION RESTRICTED FOR PENSIONS	10,261,334.83	10,787,652.22

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

ADDITIONS

Contributions:			
Member		203,091.69	
Buy-Back		828.64	
City		199,738.50	
State		281,878.94	
Total Contributions			685,537.77
Investment Income:			
Net Realized Gain (Loss)	747,487.59		
Unrealized Gain (Loss)	(854,564.43)		
Net Increase in Fair Value of Investments		(107,076.84)	
Interest & Dividends		303,791.00	
Less Investment Expense <sup>1</sup>		(73,640.38)	
Net Investment Income			123,073.78
Total Additions			808,611.55
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		211,011.96	
Refunds of Member Contributions		25,041.21	
Total Distributions			236,053.17
Administrative Expense			42,279.37
Total Deductions			278,332.54
Net Increase in Net Position			530,279.01
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			10,257,373.21
End of the Year			10,787,652.22

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

ACTUARIAL ASSET VALUATION  
September 30, 2015

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a four year period. In the first year, 25% of the gain or loss is recognized. In the second year 50%, in the third year 75%, and in the fourth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/Loss	<u>Gains/(Losses) Not Yet Recognized</u>			
		Amounts Not Yet Recognized by Valuation Year			
		2015	2016	2017	2018
09/30/2012	N/A				
09/30/2013	N/A				
09/30/2014	N/A				
09/30/2015	(543,894)	(407,920)	(271,947)	(135,973)	0
Total		(407,920)	(271,947)	(135,973)	0

<u>Development of Investment Gain/(Loss)</u>	
Market Value of Assets, including Prepaid Contributions, 09/30/2014	10,395,428
Contributions Less Benefit Payments, Admin & Investment Expenses	369,362
Expected Investment Earnings*	740,608
Actual Investment Earnings	196,714
2015 Actuarial Investment Gain/(Loss)	<u>(543,894)</u>

\*Expected Investment Earnings =  $0.07 * (10,395,428 + 0.5 * 369,362)$

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, 09/30/2015	10,787,652
(2) Gains/(Losses) Not Yet Recognized	(407,920)
(3) Actuarial Value of Assets, 09/30/2015, (1) - (2)	<u>11,195,572</u>
(A) 09/30/2014 Actuarial Assets, including Prepaid Contributions:	10,395,428
(I) Net Investment Income:	
1. Interest and Dividends	303,791
2. Realized Gains (Losses)	747,488
3. Change in Actuarial Value	(446,644)
Total	<u>604,634</u>
(B) 09/30/2015 Actuarial Assets, including Prepaid Contributions:	11,369,424
Actuarial Asset Rate of Return = $2I/(A+B-I)$ :	5.71%
Market Value of Assets Rate of Return:	1.86%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(135,973)
10/01/2015 Limited Actuarial Assets, not including Prepaid:	11,195,572

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

REVENUES

Contributions:		
Member	203,091.69	
Buy-Back	828.64	
City	199,738.50	
State	281,878.94	
 Total Contributions		 685,537.77
Earnings from Investments:		
Interest & Dividends	303,791.00	
Net Realized Gain (Loss)	747,487.59	
Change in Actuarial Value	(446,644.43)	
 Total Earnings and Investment Gains		 604,634.16

EXPENDITURES

Distributions to Members:		
Benefit Payments	211,011.96	
Refunds of Member Contributions	25,041.21	
 Total Distributions		 236,053.17
Expenses:		
Investment related <sup>1</sup>	73,640.38	
Administrative	42,279.37	
 Total Expenses		 115,919.75
 Change in Net Assets for the Year		 938,199.01
 Net Assets Beginning of the Year		 10,257,373.21
 Net Assets End of the Year <sup>2</sup>		 11,195,572.22

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

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

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

(1) Total Required Contribution Rate	23.6%
(2) Pensionable Payroll Derived from Member Contributions	\$2,901,309.86
(3) Total Required Contribution (1) x (2)	684,709.13
(4) Less Actual Member Contributions	(203,091.69)
(5) Less Allowable State Contribution	<u>(281,878.94)</u>
(6) Equals Required City Contribution for Fiscal 2015	199,738.50
(7) Less 2014 Prepaid Contribution	(138,054.68)
(8) Less Actual City Contributions	<u>(235,536.00)</u>
(9) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2015	(\$173,852.18)

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	52	52	51	52
Average Current Age	40.2	40.7	39.7	37.8
Average Age at Employment	27.7	27.5	26.8	26.6
Average Past Service	12.5	13.3	12.9	11.2
Average Annual Salary	\$56,207	\$60,954	\$59,401	\$59,487
<u>Service Retirees</u>				
Number	1	1	4	4
Average Current Age	59.8	60.8	55.4	56.4
Average Annual Benefit	\$13,342	\$13,342	\$44,574	\$44,574
<u>Beneficiaries</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Disability Retirees</u>				
Number	1	2	2	2
Average Current Age	49.4	44.8	45.8	46.8
Average Annual Benefit	\$13,977	\$16,359	\$16,359	\$16,359
<u>Terminated Vested</u>				
Number	0	1	2	2
Average Current Age	N/A	38.7	39.7	37.4
Average Annual Benefit	N/A	\$15,029	\$15,029	\$14,491

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

## 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	2	3	2	0	0	0	0	0	0	0	0	7
25 - 29	0	0	0	3	1	1	0	0	0	0	0	5
30 - 34	0	0	0	0	1	2	7	0	0	0	0	10
35 - 39	0	0	0	0	0	1	9	0	0	0	0	10
40 - 44	0	0	0	0	0	0	2	2	0	0	0	4
45 - 49	0	0	0	0	0	0	4	2	0	0	0	6
50 - 54	0	0	0	0	0	0	1	1	0	3	0	5
55 - 59	0	0	0	0	0	0	0	1	1	0	1	3
60 - 64	0	0	0	0	0	0	1	1	0	0	0	2
65+	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>24</b>	<b>7</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>52</b>

## VALUATION PARTICIPANT RECONCILIATION

### 1. Active lives

a. Number in prior valuation 10/1/2014	51
b. Terminations	
i. Vested (partial or full) with deferred benefits	(1)
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>0</u>
f. DROP	0
f. Continuing participants	50
g. New entrants	<u>2</u>
h. Total active life participants in valuation	52

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

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

SUMMARY OF PLAN PROVISIONS  
(Through Ordinance No. 1631)

<u>Latest Amendment</u>	December 7, 2015
<u>Eligibility</u>	Employees who are classified as full-time or Volunteer Firefighters shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Firefighter.
<u>Salary</u>	Fixed compensation received from the City of Oviedo.
<u>Average Final Compensation</u>	Average Salary for the highest 5 years during the 10 years immediately preceding retirement or termination (determined separately for full-time and volunteer service).
<u>Member Contributions</u>	7.0% of Salary.
<u>City and State Contributions</u>	Remaining amount necessary to pay current costs and amortize past service cost, if any, as provided in Part VII of Chapter 112, <u>Florida Statutes</u> .
<u>Normal Retirement</u>	
Date	Earlier of age 55 and 10 years of Credited Service, or age 52 and 25 years of Credited Service.
Benefit	3.0% of Average Final Compensation times Credited Service.
Form of Benefit	Ten Year Certain and Life Annuity (options available)
<u>Early Retirement</u>	
Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3.0% per year.

Vesting

Schedule	100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred) or 25% of Average Final Compensation (Not Service Incurred).
Duration	Payable for life (with a 10 year guarantee) or until recovery (as determined by the Board; optional forms available).

Death Benefits

Pre-Retirement	
Vested	Monthly accrued benefit payable to designated beneficiary for 10 years at the otherwise Normal or Early Retirement Date.
Non-Vested	Refund of accumulated contributions without interest.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 36 months.
Rate of Return	At the Member's election, either 1.) net investment return credited each quarter (not less than 0%, nor greater than 10%), or 2.) a fixed annual effective rate of 3.0%, compounded and credited monthly. The Member has the option of changing the investment crediting option once during the period of DROP participation.
Distribution	Cash lump sum (options available) at termination of employment.

Supplemental Benefit:  
Chapter 175 Share Accounts

Effective September 30, 2016, excess Premium tax monies received pursuant to Chapter 175, Florida Statutes will be allocated to individual Member (including DROP participants) share accounts based on years of Credited Service.

Excess Monies	To assist with Plan funding, the City may use the amount of Premium Tax Monies received in fiscal 2013 (\$273,286.09) plus 50% of annual monies received in excess of this amount. The remaining 50% excess is allocated to the Share Plan, beginning with the fiscal year ending September 30, 2016.
Investment Earnings	Plan earnings, net of investment-related expenses.
Expenses	Based on expenses related to administration of the Share Plan, debited against individual accounts on a pro-rata basis.

Board of Trustees

- a. Two Commission appointees,
- b. Two Members of the Department elected by the Membership, and
- c. Fifth Member elected by other 4 and appointed by Commission.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	201,012
Total Cash and Equivalents	201,012
Receivables:	
Investment Income	9,434
Total Receivable	9,434
Investments:	
Stocks	5,526,333
Mutual Funds:	
Fixed Income	4,159,227
Real Estate	1,065,498
Total Investments	10,751,058
Total Assets	10,961,504
<u>LIABILITIES</u>	
Payables:	
Unearned Revenue	173,852
Total Liabilities	173,852
NET POSITION RESTRICTED FOR PENSIONS	10,787,652

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

ADDITIONS

## Contributions:

Member	203,092	
Buy-Back	829	
City	199,738	
State	281,879	
<b>Total Contributions</b>		<b>685,538</b>
 Investment Income:		
Net Increase in Fair Value of Investments	(107,078)	
Interest & Dividends	303,791	
Less Investment Expense <sup>1</sup>	(73,640)	
<b>Net Investment Income</b>		<b>123,073</b>
<b>Total Additions</b>		<b>808,611</b>

DEDUCTIONS

## Distributions to Members:

Benefit Payments	211,012	
Refunds of Member Contributions	25,041	
<b>Total Distributions</b>		<b>236,053</b>
 Administrative Expense		 42,279
<b>Total Deductions</b>		<b>278,332</b>
<b>Net Increase in Net Position</b>		<b>530,279</b>

## NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		10,257,373
End of the Year		10,787,652

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

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

Plan Description

*Plan Administration*

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a. Two Commission appointees,
- b. Two Members of the Department elected by the Membership, and
- c. A fifth Member elected by other four and appointed by Commission.

*Plan Membership as of October 1, 2014:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	6
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	51
	59
	59

*Benefits Provided*

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

Normal Retirement:

Date: The earlier of age 55 and 10 years of Credited Service, or age 52 and 25 years of Credited Service.

Benefit: 3.0% of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 50 and 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting (Termination):

Schedule: 100% after 10 years of Credited Service.

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

Disability:

Eligibility: Service Incurred Covered from Date of Employment. Non-Service Incurred 10 years of Credited Service.

Benefit: Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred) or 25% of Average Final Compensation (Not Service Incurred).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years at the otherwise Normal or Early Retirement Date.

Non-Vested: Refund of accumulated contributions without interest.

Supplemental Benefit Chapter 175 Share Accounts:

Effective September 30, 2016, excess Premium tax monies received pursuant to Chapter 175, Florida Statutes will be allocated to individual Member (including DROP participants) share accounts based on years of Credited Service.

Excess Monies: To assist with Plan funding, the City may use the amount of Premium Tax Monies received in fiscal 2013 (\$273,286.09) plus 50% of annual monies received in excess of this amount. The remaining 50% excess is allocated to the Share Plan, beginning with the fiscal year ending September 30, 2016.

Investment Earnings: Plan earnings, net of investment-related expenses.

Expenses: Based on expenses related to administration of the Share Plan, debited against individual accounts on a pro-rata basis.

*Contributions*

Member Contributions 7.0% of Salary.

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

Investments

*Investment Policy:*

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	55%
International	15%
Broad Market Income	30%
Total	100%

*Concentrations:*

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

*Rate of Return:*

For the year ended September 30, 2015 the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 1.17 percent.

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

## NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 13,875,877
Plan Fiduciary Net Position	<u>\$ (10,787,652)</u>
Sponsor's Net Pension Liability	<u>\$ 3,088,225</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	77.74%

*Actuarial Assumptions:*

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

Inflation	3.00%	
Salary Increases	Service based	
Discount Rate	7.75%	
Investment Rate of Return	7.75%	

Mortality Rates: RP 2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. Based on studies of public safety pension plans, we believe this assumption sufficiently accommodates expected future mortality improvements.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study performed on July 25, 2014, for the period 2004-2013.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.5%
International	8.5%
Broad Market Income	2.5%

**Discount Rate:**

The Discount Rate used to measure the Total Pension Liability was 7.75 percent.

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

	1% Decrease	Current Discount Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 4,950,900	\$ 3,088,225	\$ 1,529,764

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

	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	550,448	585,000	541,667
Interest	1,045,163	941,288	835,095
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(341,180)	-	-
Changes of assumptions	224,555	-	-
Contributions - Buy Back	829	-	-
Benefit Payments, including Refunds of Employee Contributions	(236,053)	(150,549)	(34,824)
Net Change in Total Pension Liability	1,243,762	1,375,739	1,341,938
Total Pension Liability - Beginning	12,632,115	11,256,376	9,914,438
Total Pension Liability - Ending (a)	<u>\$ 13,875,877</u>	<u>\$ 12,632,115</u>	<u>\$ 11,256,376</u>
Plan Fiduciary Net Position			
Contributions - Employer	199,738	325,118	467,981
Contributions - State	281,879	280,765	273,286
Contributions - Employee	203,092	206,887	209,229
Contributions - Buy Back	829	-	-
Net Investment Income	123,073	1,052,994	848,892
Benefit Payments, including Refunds of Employee Contributions	(236,053)	(150,549)	(34,824)
Administrative Expense	(42,279)	(35,600)	(41,252)
Net Change in Plan Fiduciary Net Position	530,279	1,679,615	1,723,312
Plan Fiduciary Net Position - Beginning	10,257,373	8,577,758	6,854,446
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,787,652</u>	<u>\$ 10,257,373</u>	<u>\$ 8,577,758</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,088,225</u>	<u>\$ 2,374,742</u>	<u>\$ 2,678,618</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	77.74%	81.20%	76.20%
Covered Employee Payroll*	\$ 3,406,171	\$ 2,955,529	\$ 2,988,980
Net Pension Liability as a percentage of Covered Employee Payroll	90.67%	80.35%	89.62%

**Notes to Schedule***Changes of assumptions:*

For Fiscal year 2015, amounts reported as changes of assumptions were based on results of the July 25, 2014 Experience Study, the following assumption and method changes have been modified:

- Normal and Early Retirement Rates
- Investment Return
- Salary Scale
- Termination Rates
- Actuarial Asset Value

\* For the Fiscal years 2013 and 2014, the Covered Employee Payroll figures were based on Pensionable Salary.

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	481,617	605,883	741,267
Contributions in relation to the Actuarially Determined Contributions	481,617	605,883	741,267
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll*	\$ 3,406,171	\$ 2,955,529	\$ 2,988,980
Contributions as a percentage of Covered Employee Payroll	14.14%	20.50%	24.80%

\* For the Fiscal years 2013 and 2014, the Covered Employee Payroll figures were based on Pensionable Salary.

Notes to Schedule

Valuation Date: 10/01/2013  
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Frozen Entry Age Actuarial Cost Method.  
 Amortization Method: Level Percentage of Pay, Closed.  
 Remaining Amortization Period: 30 Years (as of 10/01/2013)  
 Asset Methodology: Fair Market Value, net of investment-related expenses.  
 Inflation: 3%.  
 Salary Increases: 6.00% per year until the assumed retirement age.  
 Payroll Growth: 3% per year.  
 Interest Rate: 8.00% per year, compounded annually, net of investment related expenses.  
 Retirement Age: Earlier of Age 55 with 10 years of credited service or Age 52 with 25 years of credited service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.  
 Early Retirement: Commencing with the earliest Early Retirement Age (age 50 with 10 years of Credited Service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5.00% per year.  
 Termination Rates: See table below.  
 Disability Rates: See table below.  
 Mortality: RP-2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10.00% margin for future mortality improvements.

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	6.00%	0.03%
30	5.00%	0.04%
40	2.60%	0.07%
50	0.80%	0.18%

SCHEDULE OF INVESTMENT RETURNS  
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return			
Net of Investment Expense	1.17%	11.81%	11.50%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2016)

General Information about the Pension Plan

*Plan Description*

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a. Two Commission appointees,
- b. Two Members of the Department elected by the Membership, and
- c. A fifth Member elected by other four and appointed by Commission.

Employees who are classified as full-time or Volunteer Firefighters shall participate in the System as a condition of employment.

*Plan Membership as of October 1, 2014:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	6
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	51
	59
	59

*Benefits Provided*

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

Normal Retirement:

Date: The earlier of age 55 and 10 years of Credited Service, or age 52 and 25 years of Credited Service.

Benefit: 3.0% of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 50 and 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting (Termination):

Schedule: 100% after 10 years of Credited Service.

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

Disability:

Eligibility: Service Incurred Covered from Date of Employment. Non-Service Incurred 10 years of Credited Service.

Benefit: Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred) or 25% of

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years at the otherwise Normal or Early Retirement Date.

Non-Vested: Refund of accumulated contributions without interest.

Supplemental Benefit Chapter 175 Share Accounts:

Effective September 30, 2016, excess Premium tax monies received pursuant to Chapter 175, Florida Statutes will be allocated to individual Member (including DROP participants) share accounts based on years of Credited Service.

Excess Monies: To assist with Plan funding, the City may use the amount of Premium Tax Monies received in fiscal 2013 (\$273,286.09) plus 50% of annual monies received in excess of this amount. The remaining 50% excess is allocated to the Share Plan, beginning with the fiscal year ending September 30, 2016.

Investment Earnings: Plan earnings, net of investment-related expenses.

Expenses: Based on expenses related to administration of the Share Plan, debited against individual accounts on a pro-rata basis.

*Contributions*

Member Contributions 7.0% of Salary.

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

Net Pension Liability

The measurement date is September 30, 2015.

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

The reporting period is October 1, 2015 through September 30, 2016.

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

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

*Actuarial Assumptions:*

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

Inflation	3.00%
Salary Increases	Service based
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rates: RP 2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. Based on studies of public safety pension plans, we believe this assumption sufficiently accommodates expected future mortality improvements.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study performed on July 25, 2014, for the period 2004-2013.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	55%	7.50%
International	15%	8.50%
Broad Market Income	30%	2.50%
Total	100%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.75 percent.

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2014	\$ 12,632,115	\$ 10,257,373	\$ 2,374,742
Changes for a Year:			
Service Cost	550,448	-	550,448
Interest	1,045,163	-	1,045,163
Differences between Expected and Actual Experience	(341,180)	-	(341,180)
Changes of assumptions	224,555	-	224,555
Changes of benefit terms	-	-	-
Contributions - Employer	-	199,738	(199,738)
Contributions - State	-	281,879	(281,879)
Contributions - Employee	-	203,092	(203,092)
Contributions - Buy Back	829	829	-
Net Investment Income	-	123,073	(123,073)
Benefit Payments, including Refunds of Employee Contributions	(236,053)	(236,053)	-
Administrative Expense	-	(42,279)	42,279
Net Changes	1,243,762	530,279	713,483
Balances at September 30, 2015	\$ 13,875,877	\$ 10,787,652	\$ 3,088,225

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 4,950,900	\$ 3,088,225	\$ 1,529,764

*Pension Plan Fiduciary Net Position.*

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

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

For the year ended September 30, 2016 the Sponsor will recognize a Pension Expense of \$237,980.

On September 30, 2016 the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between Expected and Actual Experience	-	312,749
Changes of assumptions	205,843	-
Net difference between Projected and Actual Earnings on Pension Plan investments	366,019	-
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ 571,862</u>	<u>\$ 312,749</u>

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

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

Year ended September 30:	
2017	\$ 64,702
2018	\$ 64,701
2019	\$ 64,701
2020	\$ 133,042
2021	\$ (9,719)
Thereafter	\$ (58,314)

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	550,448	585,000	541,667
Interest	1,045,163	941,288	835,095
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(341,180)	-	-
Changes of assumptions	224,555	-	-
Contributions - Buy Back	829	-	-
Benefit Payments, including Refunds of Employee Contributions	(236,053)	(150,549)	(34,824)
Net Change in Total Pension Liability	1,243,762	1,375,739	1,341,938
Total Pension Liability - Beginning	12,632,115	11,256,376	9,914,438
Total Pension Liability - Ending (a)	<u>\$ 13,875,877</u>	<u>\$ 12,632,115</u>	<u>\$ 11,256,376</u>
Plan Fiduciary Net Position			
Contributions - Employer	199,738	325,118	467,981
Contributions - State	281,879	280,765	273,286
Contributions - Employee	203,092	206,887	209,229
Contributions - Buy Back	829	-	-
Net Investment Income	123,073	1,052,994	848,892
Benefit Payments, including Refunds of Employee Contributions	(236,053)	(150,549)	(34,824)
Administrative Expense	(42,279)	(35,600)	(41,252)
Net Change in Plan Fiduciary Net Position	530,279	1,679,615	1,723,312
Plan Fiduciary Net Position - Beginning	10,257,373	8,577,758	6,854,446
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,787,652</u>	<u>\$ 10,257,373</u>	<u>\$ 8,577,758</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,088,225</u>	<u>\$ 2,374,742</u>	<u>\$ 2,678,618</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	77.74%	81.20%	76.20%
Covered Employee Payroll*	\$ 3,406,171	\$ 2,955,529	\$ 2,988,980
Net Pension Liability as a percentage of Covered Employee Payroll	90.67%	80.35%	89.62%

**Notes to Schedule***Changes of assumptions:*

For Fiscal year 2015, amounts reported as changes of assumptions were based on results of the July 25, 2014 Experience Study, the following assumption and method changes have been modified:

- Normal and Early Retirement Rates
- Investment Return
- Salary Scale
- Termination Rates
- Actuarial Asset Value

\* For the Fiscal years 2013 and 2014, the Covered Employee Payroll figures were based on Pensionable Salary.

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	481,617	605,883	741,267
Contributions in relation to the Actuarially Determined Contributions	481,617	605,883	741,267
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll*	\$ 3,406,171	\$ 2,955,529	\$ 2,988,980
Contributions as a percentage of Covered Employee Payroll	14.14%	20.50%	24.80%

\* For the Fiscal years 2013 and 2014, the Covered Employee Payroll figures were based on Pensionable Salary.

Notes to Schedule

Valuation Date: 10/01/2013

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Frozen Entry Age Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	30 Years (as of 10/01/2013)
Asset Methodology:	Fair Market Value, net of investment-related expenses.
Inflation:	3%.
Salary Increases:	6.00% per year until the assumed retirement age.
Payroll Growth:	3% per year.
Interest Rate:	8.00% per year, compounded annually, net of investment related expenses.
Retirement Age:	Earlier of Age 55 with 10 years of credited service or Age 52 with 25 years of credited service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with the earliest Early Retirement Age (age 50 with 10 years of Credited Service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5.00% per year.
Termination Rates:	See table below.
Disability Rates:	See table below.
Mortality:	RP-2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10.00% margin for future mortality improvements.

Termination and Disability Rate Table:	% Terminating During the Year	% Becoming Disabled During the Year
Age		
20	6.00%	0.03%
30	5.00%	0.04%
40	2.60%	0.07%
50	0.80%	0.18%

FINAL COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,678,618	\$ -	\$ 325,118	\$ -
Employer Contributions made after September 30, 2014	-	-	199,738	-
Total Pension Liability Factors:				
Service Cost	585,000	-	-	585,000
Interest	941,288	-	-	941,288
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	-	-	-
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(150,549)	-	-	(150,549)
Net change	<u>1,375,739</u>	<u>-</u>	<u>199,738</u>	<u>1,375,739</u>
Plan Fiduciary Net Position:				
Contributions - Employer	325,118	-	(325,118)	-
Contributions - State	280,765	-	-	(280,765)
Contributions - Employee	206,887	-	-	(206,887)
Net Investment Income	711,285	-	-	(711,285)
Difference between projected and actual earnings on Pension Plan investments	341,709	341,709	-	-
Current year amortization	-	(68,342)	-	(68,342)
Benefit Payments	(150,549)	-	-	150,549
Administrative Expenses	(35,600)	-	-	35,600
Net change	<u>1,679,615</u>	<u>273,367</u>	<u>(325,118)</u>	<u>(1,081,130)</u>
Ending Balance	<u>\$ 2,374,742</u>	<u>\$ 273,367</u>	<u>\$ 199,738</u>	<u>\$ 294,609</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,374,742	\$ 273,367	\$ 199,738	\$ -
Employer Contributions made after September 30, 2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	550,448	-	-	550,448
Interest	1,045,163	-	-	1,045,163
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	829	-	-	829
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(341,180)	341,180	-	-
Current year amortization of experience difference	-	(28,431)	-	(28,431)
Change in assumptions about future economic or demographic factors or other inputs	224,555	-	224,555	-
Current year amortization of change in assumptions	-	-	(18,712)	18,712
Benefit Payments	(236,053)	-	-	(236,053)
Net change	<u>1,243,762</u>	<u>312,749</u>	<u>205,843</u>	<u>1,350,668</u>
Plan Fiduciary Net Position:				
Contributions - Employer	199,738	-	(199,738)	-
Contributions - State	281,879	-	-	(281,879)
Contributions - Employee	203,092	-	-	(203,092)
Contributions - Buy Back	829	-	-	(829)
Net Investment Income	836,878	-	-	(836,878)
Pension Plan investments	(713,805)	-	713,805	-
Current year amortization	-	(68,342)	(142,762)	74,420
Benefit Payments	(236,053)	-	-	236,053
Administrative Expenses	(42,279)	-	-	42,279
Net change	<u>530,279</u>	<u>(68,342)</u>	<u>371,305</u>	<u>(969,926)</u>
Ending Balance	<u>\$ 3,088,225</u>	<u>\$ 517,774</u>	<u>TBD</u>	<u>\$ 380,742</u>

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

**Oveido Firefighters' Retirement System**  
**Asset Allocation**  
As of September 30, 2015

Asset Allocation Attributes	Sep-2015		Sep-2014		Sep-2013		Sep-2012		Sep-2011		Sep-2010	
	(\$)	%	(\$)	%	(\$)	%	(\$)	%	(\$)	%	(\$)	%
	<b>Total Equity</b>	<b>7,035,103</b>	<b>64.18</b>	<b>7,328,874</b>	<b>70.51</b>	<b>6,147,389</b>	<b>70.61</b>	<b>4,646,388</b>	<b>67.24</b>	<b>3,159,021</b>	<b>64.69</b>	<b>2,882,193</b>
Total Domestic Equity	5,662,763	51.66	6,022,487	57.94	4,887,424	56.14	3,749,667	54.27	2,523,243	51.67	2,280,944	54.41
Total International Equity	1,372,340	12.52	1,306,386	12.57	1,259,965	14.47	896,721	12.98	635,778	13.02	601,248	14.34
<b>Total Fixed Income</b>	<b>2,791,088</b>	<b>25.46</b>	<b>3,002,299</b>	<b>28.88</b>	<b>2,527,550</b>	<b>29.03</b>	<b>2,236,294</b>	<b>32.36</b>	<b>1,682,879</b>	<b>34.46</b>	<b>1,253,146</b>	<b>29.90</b>
Total Domestic Fixed Income	2,298,098	20.97	2,498,487	24.04	2,105,680	24.19	1,898,650	27.48	1,442,701	29.54	1,253,146	29.90
Total Global Fixed Income	492,991	4.50	503,811	4.85	421,870	4.85	337,643	4.89	240,178	4.92	-	0.00
<b>Total Real Estate</b>	<b>1,065,498</b>	<b>9.72</b>	<b>-</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>
<b>Total Cash Composite</b>	<b>69,093</b>	<b>0.63</b>	<b>63,427</b>	<b>0.61</b>	<b>30,706</b>	<b>0.35</b>	<b>26,960</b>	<b>0.39</b>	<b>41,665</b>	<b>0.85</b>	<b>56,478</b>	<b>1.35</b>
<b>Total Fund</b>	<b>10,960,783</b>	<b>100.00</b>	<b>10,394,599</b>	<b>100.00</b>	<b>8,705,646</b>	<b>100.00</b>	<b>6,909,643</b>	<b>100.00</b>	<b>4,883,564</b>	<b>100.00</b>	<b>4,191,816</b>	<b>100.00</b>

Comparative Performance Net of Fees

