

RETIREMENT PLAN FOR THE FIREFIGHTERS
AND POLICE OFFICERS OF THE CITY OF VALPARAISO

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2016

DETERMINES THE CONTRIBUTION
FOR THE 2016/17 FISCAL YEAR



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March 12, 2017

Introduction

This report presents the results of the October 1, 2016 actuarial valuation for the Retirement Plan for the Firefighters and Police Officers of the City of Valparaiso. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2016 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2016/17 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table IV-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the normal cost rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2016/17 plan year. The minimum required contribution rate is 19.55% of covered payroll, which represents an increase of 1.49% of payroll from the prior valuation.

The normal cost rate is 18.81%, which is 1.44% of payroll greater than the normal cost rate that was developed in the prior valuation. Table I-C provides a breakdown of the sources of change in the normal cost rate. Significantly, the rate decreased by 0.43% of payroll due to investment gains, decreased by another 1.18% of payroll due to demographic experience, and increased by 3.05% of payroll due to the assumption change that is described below. The market value of assets earned 7.99% during the 2015/16 plan year, whereas a 7.50% annual investment return was required to maintain a stable contribution rate.



Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City must contribute an amount equal to the annual normal cost of the plan plus an adjustment as necessary to reflect interest on any delayed payment of the contribution beyond the valuation date. On this basis, the City's 2016/17 minimum required contribution will be equal to 19.55% multiplied by the total pensionable earnings for the 2016/17 fiscal year for the active employees who are covered by the plan and reduced by the portion of the Chapter 175/185 contribution that is allowed to be recognized during the 2016/17 plan year.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is \$3,040,248. As illustrated in Table I-A, current assets are sufficient to cover \$2,054,730 of this amount, the employer's 2016/17 expected contribution will cover \$81,586 of this amount, and future employee contributions are expected to cover \$94,735 of this amount, leaving \$809,197 to be covered by future employer funding beyond the 2016/17 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Advance Employer Contribution

The City has made contributions to the plan in excess of the minimum amount that was required to be contributed pursuant to Chapter 112. In this report, the excess contributions are referred to as an "advance employer contribution." As of October 1, 2016, the advance employer contribution is \$177,196, which reflects the advance employer contribution of \$104,628 as of October 1, 2015 plus \$72,568 of actual employer contributions in excess of the minimum required contribution for the 2015/16 plan year as shown in Table II-F.

The City may apply all or any portion of the advance employer contribution towards the minimum required contribution for the 2016/17 plan year or for any later plan year. The minimum required contribution for that plan year will be reduced dollar-for-dollar by the amount of the advance employer contribution that is applied in this manner.

Alternatively, at any time, the City may apply all or any portion of the advance employer contribution as an *extra* contribution in excess of the minimum required contribution. In this case, the immediate application of the entire balance of the advance employer contribution as of October 1, 2016 would reduce the normal cost rate to 15.06% of payroll and would reduce the minimum required contribution for the 2016/17 plan year to 15.66% of payroll.

Excess Chapter 175/185 Contributions

As of October 1, 2016, the plan has no accumulated excess Chapter 175/185 contributions, as shown in Table II-F. The accumulated excess Chapter 175/185 contribution as of October 1, 2016 is equal to the accumulated excess Chapter 175/185 contribution balance of zero as of October 1, 2015 plus the total distribution received during the 2015/16 plan year minus the portion of the distribution that is allowed to be used to offset the City's minimum required contribution. The total Chapter 175/185 distribution received during the 2015/16 plan year was \$83,011, which consisted of \$24,212 of regular Chapter 175 distributions, \$8,118 of supplemental Chapter 175 distributions, and \$50,681 of Chapter 185 distributions. All of the 2015/16 distribution was allowed to be applied as an offset to the City's



minimum required contribution for that period. Tables II-G and II-H provide a history of the Chapter 175/185 contributions and the portion that is allowed to be recognized.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-F provide information concerning the assets of the trust fund. Tables III-A through III-G provide statistical information concerning the plan's participant population. In particular, Table III-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables IV-A through V-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of October 1, 2016, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Assumption Change

Pursuant to the requirements of State law, the mortality basis has been changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to a full generational projection using Scale BB of the RP-2000 Blue Collar Mortality Table. This change increased the minimum required contribution for the 2016/17 plan year by 3.17% of payroll.

Certification

This actuarial valuation was prepared 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, other than the required changes in actuarial assumptions discussed above, the techniques and assumptions used are reasonable and meet the requirements and intent of 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 change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,



Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

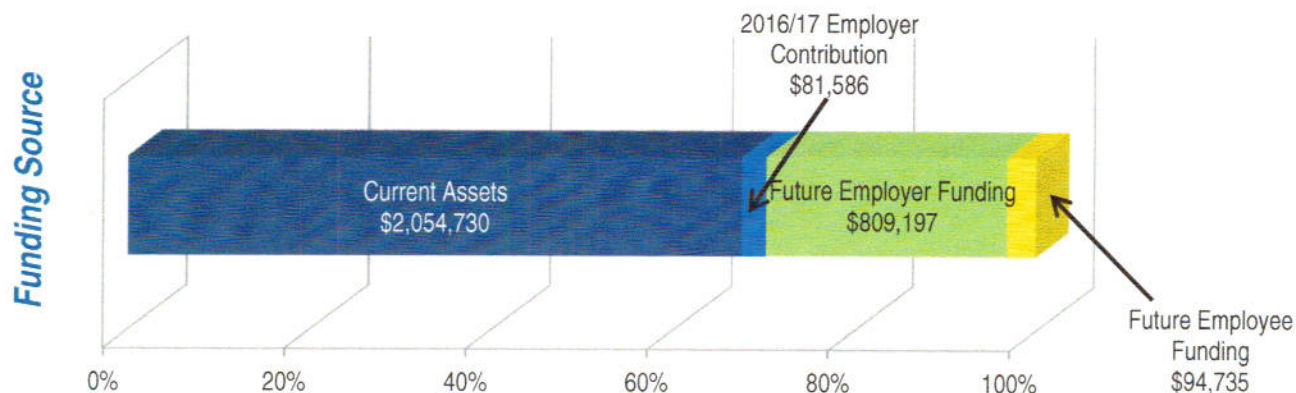
Enrolled Actuary No. 17-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Minimum Required Contribution

Table I-A



For the 2016/17 Plan Year

Present Value of Future Benefits	\$2,933,671
Present Value of Future Administrative Expenses	\$106,577
Actuarial Value of Assets	(\$2,054,730)
Present Value of Future Employee Contributions	(\$94,735)
Present Value of Future Normal Costs	\$890,783
<hr/>	
Present Value of Future Payroll	÷ \$4,736,747
Normal Cost Rate	= 18.8058%
Expected Payroll	x \$417,258
<hr/>	
Normal Cost	\$78,469
Adjustment to Reflect Monthly Employer Contributions	\$3,117
Preliminary Employer Contribution for the 2016/17 Plan Year	\$81,586
<hr/>	
Expected Payroll for the 2016/17 Plan Year	÷ \$417,258

Minimum Required Contribution Rate 19.55%

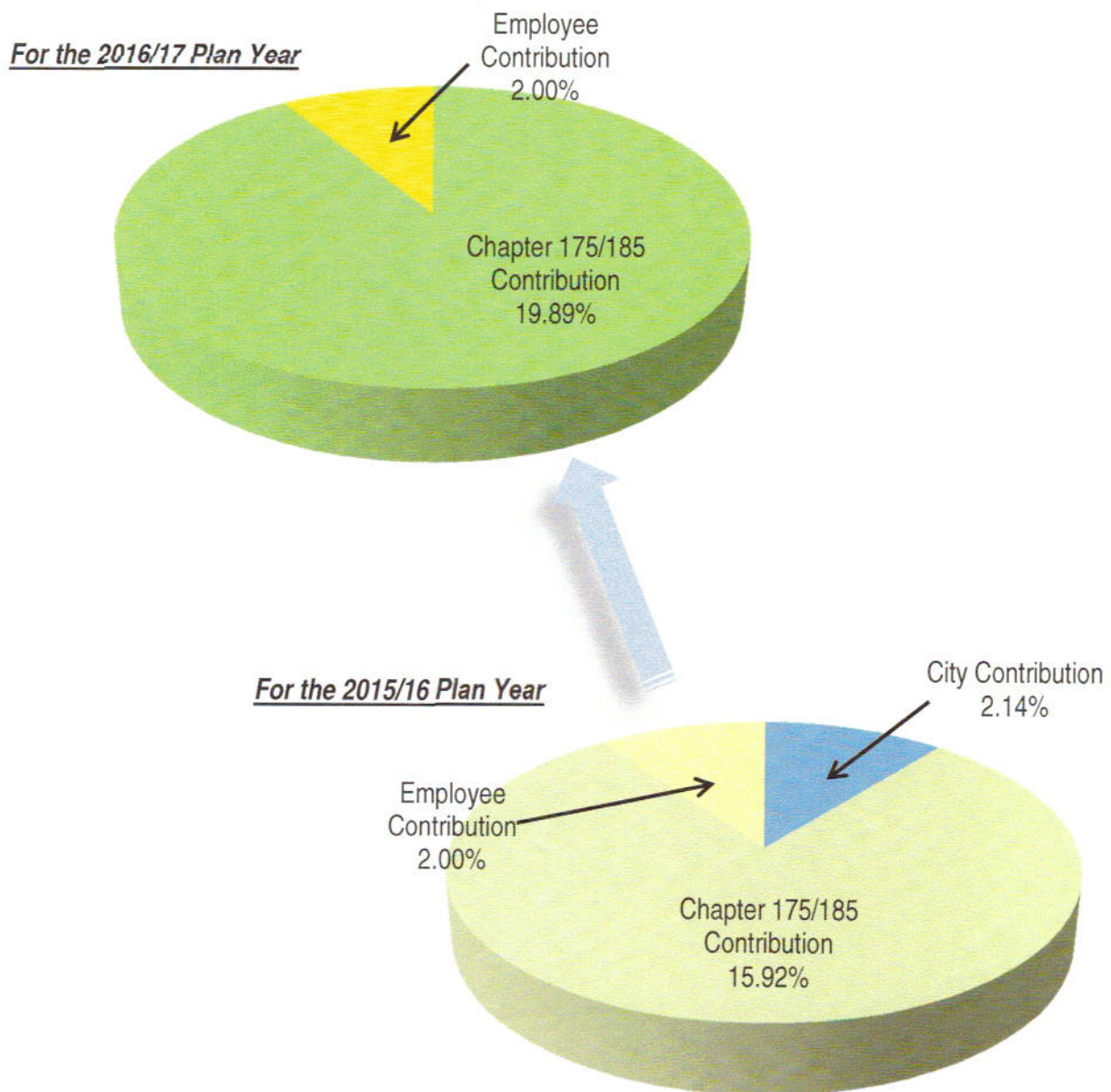
(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)



Minimum Required Contribution

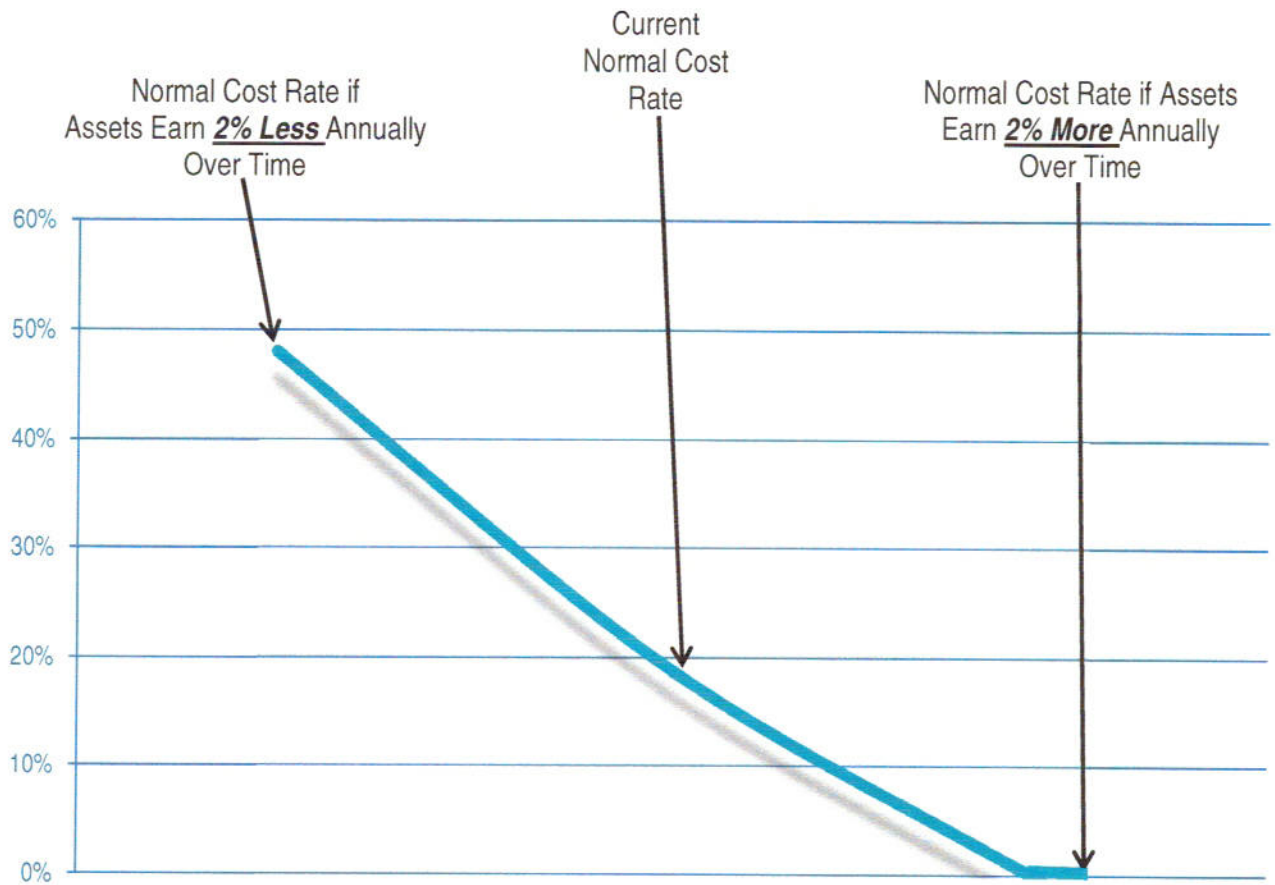
Table I-A
(continued)

The minimum required contribution rate of 19.55% includes both the City contribution and the allowable Chapter 175/185 contribution. In addition, employees are required to contribute 2.00% of pensionable earnings. The actual City contribution rate is expected to be approximately 0.00% based on the allowable Chapter 175/185 contribution for the previous year. The chart below shows the expected contribution rate by source for the 2016/17 plan year based on the expected payroll. A comparative chart shows the contribution rate by source for the previous plan year.



Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the normal cost rate to changes in the long-term investment return.



Gain and Loss Analysis

Table I-C

Previous normal cost rate	17.37%
Increase (decrease) due to investment gains and losses	-0.43%
Increase (decrease) due to demographic experience	-1.18%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	3.05%
Increase (decrease) due to actuarial method changes	0.00%
Current normal cost rate	<u>18.81%</u>



Present Value of Future Benefits

Table I-D

	<u>Old Assumptions w/o Amendment</u>	<u>Old Assumptions w/ Amendment</u>	<u>New Assumptions w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$2,464,810	\$2,464,810	\$2,593,813
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$2,464,810	\$2,464,810	\$2,593,813
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<i><u>Due a Refund of Contributions</u></i>	\$5,338	\$5,338	\$5,338
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$224,812	\$224,812	\$233,716
Disability retirements	\$97,508	\$97,508	\$100,804
Beneficiaries receiving DROP participants	\$0	\$0	\$0
Sub-total	\$322,320	\$322,320	\$334,520
<i><u>Grand Total</u></i>	<u>\$2,792,468</u>	<u>\$2,792,468</u>	<u>\$2,933,671</u>
Present Value of Future Payroll	\$4,736,747	\$4,736,747	\$4,736,747
Present Value of Future Employee Contribs.	\$94,735	\$94,735	\$94,735
Present Value of Future Employer Contribs.	\$714,054	\$714,054	\$890,783



Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$807,701	\$807,701	\$840,564
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$807,701	\$807,701	\$840,564
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<i><u>Due a Refund of Contributions</u></i>	\$5,338	\$5,338	\$5,338
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$224,812	\$224,812	\$233,716
Disability retirements	\$97,508	\$97,508	\$100,804
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$322,320	\$322,320	\$334,520
<i><u>Grand Total</u></i>	<u>\$1,135,359</u>	<u>\$1,135,359</u>	<u>\$1,180,422</u>
<i><u>Funded Percentage</u></i>	196.58%	196.58%	189.08%



Present Value of Vested Benefits

Table I-F

	<u>Old Assumptions w/o Amendment</u>	<u>Old Assumptions w/ Amendment</u>	<u>New Assumptions w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$691,920	\$691,920	\$719,435
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$691,920	\$691,920	\$719,435
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<i><u>Due a Refund of Contributions</u></i>	\$5,338	\$5,338	\$5,338
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$224,812	\$224,812	\$233,716
Disability retirements	\$97,508	\$97,508	\$100,804
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$322,320	\$322,320	\$334,520
<i><u>Grand Total</u></i>	<u>\$1,019,578</u>	<u>\$1,019,578</u>	<u>\$1,059,293</u>



Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$1,174,426	\$1,174,426	\$1,227,929
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,174,426	\$1,174,426	\$1,227,929
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<i><u>Due a Refund of Contributions</u></i>	\$5,338	\$5,338	\$5,338
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$224,812	\$224,812	\$233,716
Disability retirements	\$97,508	\$97,508	\$100,804
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$322,320	\$322,320	\$334,520
<i><u>Grand Total</u></i>	<u>\$1,502,084</u>	<u>\$1,502,084</u>	<u>\$1,567,787</u>



Actuarial Value of Assets

Table II-A

Market Value of Assets as of October 1, 2016	\$2,231,926
Minus DROP account balances	\$0
Minus advance employer contributions	(\$177,196)
Minus excess Chapter 175/185 contributions	\$0
Actuarial Value of Assets as of October 1, 2016	<u>\$2,054,730</u>

Historical Actuarial Value of Assets	
October 1, 2007	\$380,393
October 1, 2008	\$396,185
October 1, 2009	\$512,330
October 1, 2010	\$711,445
October 1, 2011	\$850,835
October 1, 2012	\$1,124,489
October 1, 2013	\$1,462,799
October 1, 2014	\$1,796,393
October 1, 2015	\$1,829,567
October 1, 2016	\$2,054,730

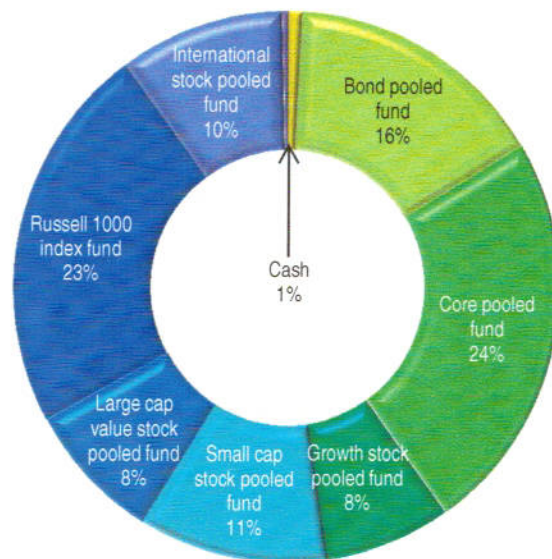


Market Value of Assets

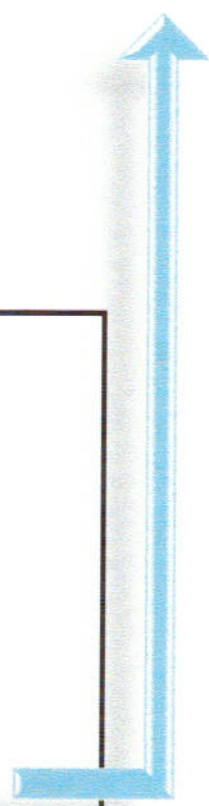
Table II-B

As of October 1, 2016

Market Value of Assets	<u>\$2,231,926</u>
Cash	\$17,787
Bond pooled fund	\$346,849
Core pooled fund	\$529,167
Growth stock pooled fund	\$168,978
Small cap stock pooled fund	\$251,243
Large cap value stock pooled fund	\$182,318
Russell 1000 index fund	\$509,157
International stock pooled fund	\$217,892
Employer contribution receivable	\$7,587
Employee contribution receivable	\$948

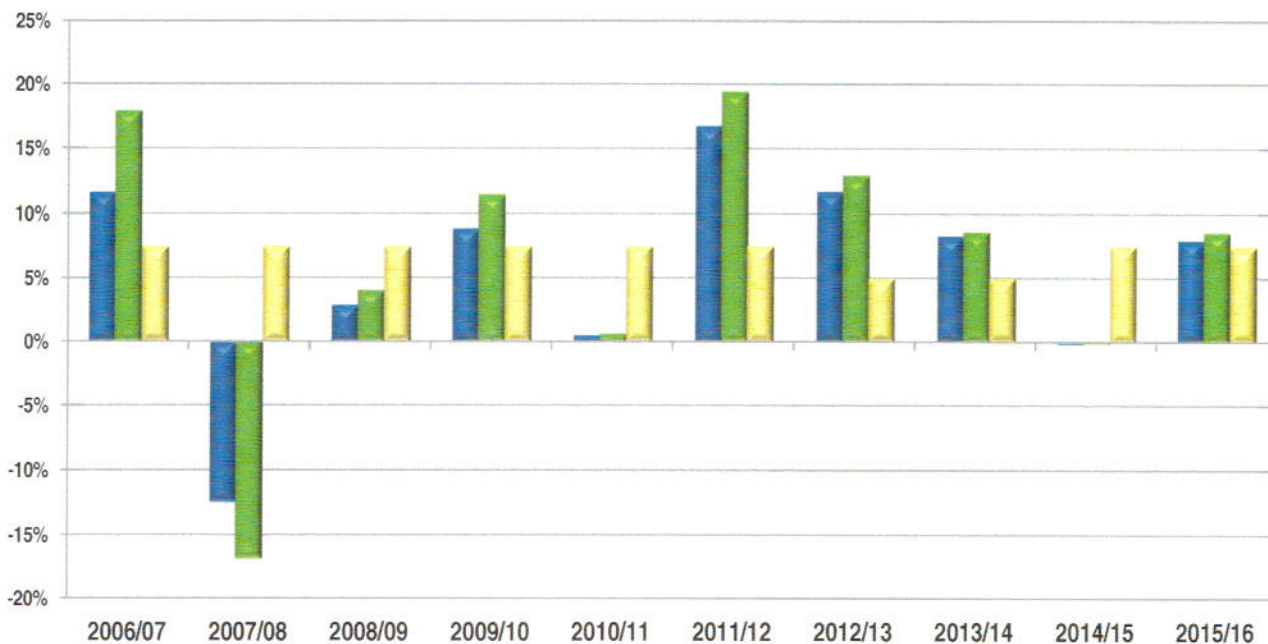


Historical Market Value of Assets	
October 1, 2007	\$505,731
October 1, 2008	\$571,408
October 1, 2009	\$690,187
October 1, 2010	\$868,654
October 1, 2011	\$989,370
October 1, 2012	\$1,280,770
October 1, 2013	\$1,559,076
October 1, 2014	\$1,812,495
October 1, 2015	\$1,934,195
October 1, 2016	\$2,231,926



Investment Return

Table II-C



Annual Investment Returns

- Market Value Return
- Actuarial Value Return
- Assumed Return

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2006/07	11.70%	17.94%	7.50%
2007/08	-12.45%	-16.86%	7.50%
2008/09	2.90%	4.06%	7.50%
2009/10	8.91%	11.49%	7.50%
2010/11	0.53%	0.63%	7.50%
2011/12	16.71%	19.44%	7.50%
2012/13	11.71%	12.93%	5.00%
2013/14	8.32%	8.62%	5.00%
2014/15	-0.14%	-0.15%	7.50%
2015/16	7.99%	8.60%	7.50%
10yr. Avg.	5.31%	6.16%	7.00%



Asset Reconciliation

Table II-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2015	\$1,934,195	\$1,829,567
<i>Increases Due To:</i>		
Employer Contributions	\$83,738	\$83,738
Chapter 175/185 Contributions	\$83,011	\$83,011
Employee Contributions	\$10,430	\$10,430
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$177,179</u>	<u>\$177,179</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$160,112	
Total Investment Income	<u>\$160,112</u>	\$160,112
Other Income	\$0	
Total Income	<u>\$337,291</u>	<u>\$337,291</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	(\$29,574)	(\$29,574)
Refund of Employee Contributions	(\$465)	(\$465)
DROP Credits		\$0
Total Benefit Payments	<u>(\$30,039)</u>	<u>(\$30,039)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$9,521)	(\$9,521)
Advance Employer Contribution		(\$72,568)
Excess Chapter 175/185 Contribution		\$0
Total Expenses	<u>(\$39,560)</u>	<u>(\$112,128)</u>
As of October 1, 2016	<u><u>\$2,231,926</u></u>	<u><u>\$2,054,730</u></u>



Historical Trust Fund Detail

Table II-E

Income

<u>Plan Year</u>	<u>Employer Contribs.</u>	<u>Chapter Contribs.</u>	<u>Employee Contribs.</u>	<u>Service Purchase Contribs.</u>	<u>Interest / Dividends</u>	<u>Realized Gains / Losses</u>	<u>Unrealized Gains / Losses</u>	<u>Other Income</u>
2006/07	\$32,403	\$7,619	\$7,027	\$0	\$0	\$0	\$51,020	\$0
2007/08	\$38,072	\$108,885	\$7,614	\$0	\$0	\$0	-\$71,474	\$0
2008/09	\$37,995	\$66,936	\$7,593	\$0	\$0	\$0	\$18,057	\$0
2009/10	\$57,801	\$60,138	\$7,196	\$0	\$0	\$0	\$66,478	\$0
2010/11	\$58,088	\$62,996	\$7,256	\$0	\$0	\$0	\$4,920	\$0
2011/12	\$59,824	\$63,127	\$7,477	\$0	\$0	\$0	\$175,024	\$0
2012/13	\$65,880	\$65,803	\$8,088	\$0	\$0	\$0	\$157,135	\$0
2013/14	\$76,499	\$69,967	\$9,563	\$0	\$0	\$0	\$134,621	\$0
2014/15	\$82,834	\$70,759	\$10,255	\$0	\$0	\$0	-\$2,633	\$0
2015/16	\$83,738	\$83,011	\$10,430	\$0	\$0	\$0	\$160,112	\$0

Expenses

<u>Plan Year</u>	<u>Monthly Benefit Payments</u>	<u>Contrib. Refunds</u>	<u>Admin. Expenses</u>	<u>Invest. Expenses</u>	<u>Other Actuarial Adjustments</u>		
					<u>DROP Credits</u>	<u>Advance Employer Contribs.</u>	<u>Excess Chapter Contribs.</u>
2006/07	\$7,487	\$723	\$1,883	\$0	\$0	-\$5,661	-\$47,252
2007/08	\$7,487	\$2,175	\$7,758	\$0	\$0	\$49,885	\$0
2008/09	\$7,487	\$1,999	\$2,316	\$0	\$0	\$2,634	\$0
2009/10	\$7,487	\$0	\$5,659	\$0	\$0	-\$20,648	\$0
2010/11	\$7,487	\$2,163	\$2,894	\$0	\$0	-\$18,674	\$0
2011/12	\$7,487	\$0	\$6,565	\$0	\$0	\$17,746	\$0
2012/13	\$7,487	\$4,743	\$6,370	\$0	\$0	-\$60,004	\$0
2013/14	\$21,923	\$10,074	\$5,234	\$0	\$0	-\$80,175	\$0
2014/15	\$29,141	\$0	\$10,374	\$0	\$0	\$88,526	\$0
2015/16	\$29,574	\$465	\$9,521	\$0	\$0	\$72,568	\$0

Note: Information was not available to separate the investment expenses from the investment income nor was information available to separate the investment income by source.



Other Reconciliations

Table II-F

Advance Employer Contribution

Advance Employer Contribution as of October 1, 2015	<u>\$104,628</u>
Additional Employer Contribution	\$166,749
Minimum Required Contribution	<u>(\$94,181)</u>
Net Increase in Advance Employer Contribution	\$72,568
Advance Employer Contribution as of October 1, 2016	<u>\$177,196</u>

Excess Chapter 175/185 Contribution

Excess Chapter 175/185 Contribution as of October 1, 2015	<u>\$0</u>
Additional Chapter 175/185 Contribution	\$83,011
Allowable Chapter 175/185 Contribution	<u>(\$83,011)</u>
Net Increase in Excess Chapter 175/185 Contribution	\$0
Excess Chapter 175/185 Contribution as of October 1, 2016	<u>\$0</u>

DROP Account Reconciliation

DROP Balance as of October 1, 2015	<u>\$0</u>
DROP Benefits Paid	\$0
DROP Investment Return	\$0
DROP Expense Charge	<u>\$0</u>
Net DROP Credit	\$0
DROP Balance as of October 1, 2016	<u>\$0</u>



Allowable Chapter 175/185 Contribution

Table II-G

1997 Base Amounts

Chapter 175 Regular Distribution	\$3,918
Chapter 175 Supplemental Distribution	\$1,756
Chapter 185 Distribution	\$44,475

Qualifying Benefit Improvements

Ordinance 545	\$48,996
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Historical Chapter 175/185 Contributions

Table II-H

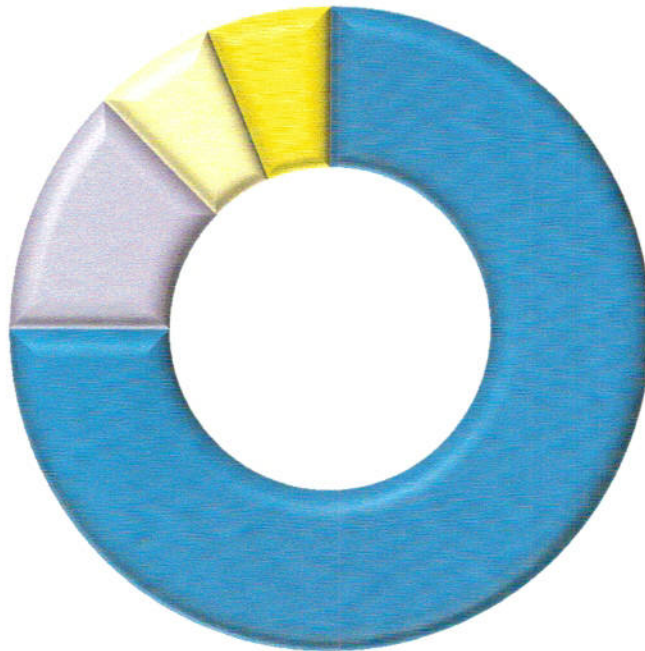
	Total Accumulated Excess Chapter 175/185 Contribution			
				\$0
	<u>Chapter 175 Regular Distribution</u>	<u>Chapter 175 Supplemental Distribution</u>	<u>Chapter 185 Distribution</u>	<u>Allowable Amount</u>
1998 Distribution	\$5,447	\$0	\$13,711	(\$17,629)
1999 Distribution	\$6,013	\$2,974	\$0	(\$5,674)
2000 Distribution	\$6,058	\$3,431	\$0	(\$5,674)
2001 Distribution	\$8,267	\$3,183	\$815	(\$6,489)
2002 Distribution	\$8,557	\$4,583	\$19,460	(\$25,134)
2003 Distribution	\$0	\$4,768	\$24,314	(\$26,070)
2004 Distribution	\$9,715	\$0	\$24,800	(\$28,718)
2005 Distribution	\$12,696	\$5,611	\$27,345	(\$33,019)
2006 Distribution	\$0	\$7,619	\$0	(\$54,871)
2007 Distribution	\$34,339	\$13,606	\$60,940	(\$108,885)
2008 Distribution	\$15,908	\$14,414	\$36,614	(\$66,936)
2009 Distribution	\$16,123	\$8,473	\$35,542	(\$60,138)
2010 Distribution	\$17,016	\$7,943	\$38,037	(\$62,996)
2011 Distribution	\$17,689	\$8,143	\$37,295	(\$63,127)
2012 Distribution	\$18,687	\$9,605	\$37,511	(\$65,803)
2013 Distribution	\$19,433	\$10,109	\$40,425	(\$69,967)
2014 Distribution	\$18,631	\$10,747	\$41,381	(\$70,759)
2015 Distribution	\$24,212	\$8,118	\$50,681	(\$83,011)
Interest Adjustment				\$3,911



Summary of Participant Data

Table III-A

As of October 1, 2016

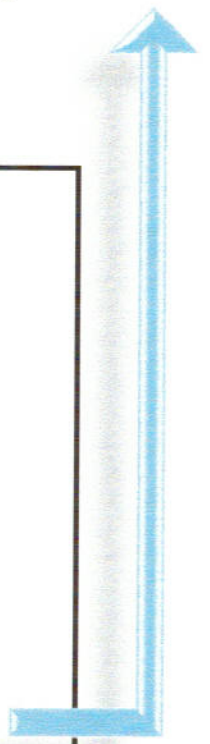


Participant Distribution by Status

<u>Actively Employed Participants</u>		
◆	Active Participants	12
◆	DROP Participants	0
<u>Inactive Participants</u>		
◆	Deferred Vested Participants	0
◆	Due a Refund of Contributions	2
◆	Deferred Beneficiaries	0
<u>Participants Receiving a Benefit</u>		
◆	Service Retirements	1
◆	Disability Retirements	1
◆	Beneficiaries Receiving	0
Total Participants		16

Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2007	9	0	3	1	13
October 1, 2008	N/A	N/A	N/A	N/A	N/A
October 1, 2009	11	0	0	1	12
October 1, 2010	N/A	N/A	N/A	N/A	N/A
October 1, 2011	10	0	2	1	13
October 1, 2012	10	0	2	1	13
October 1, 2013	N/A	N/A	N/A	N/A	N/A
October 1, 2014	11	0	1	2	14
October 1, 2015	12	0	2	2	16
October 1, 2016	12	0	2	2	16



Data Reconciliation

Table III-B

	<u>Active</u>	<u>DROP</u>	<u>Deferred Vested</u>	<u>Due a Refund</u>	<u>Def. Benef.</u>	<u>Service Retiree</u>	<u>Disabled Retiree</u>	<u>Benef. Rec'v.</u>	<u>Total</u>
<u>October 1, 2015</u>	12	0	0	2	0	1	1	0	16
<u>Change in Status</u>									
Re-employed									
Terminated	(1)			1					
Retired									
<u>Participation Ended</u>									
Transferred Out									
Cashed Out				(1)					(1)
Died									
<u>Participation Began</u>									
Newly Hired	1								1
Transferred In									
New Beneficiary									
<u>Other Adjustment</u>									
<u>October 1, 2016</u>	12	0	0	2	0	1	1	0	16

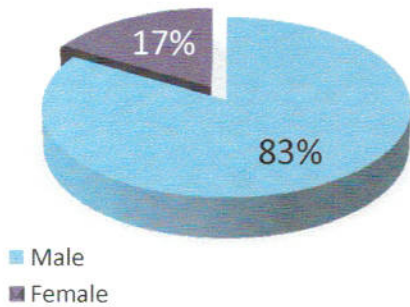


Active Participant Data

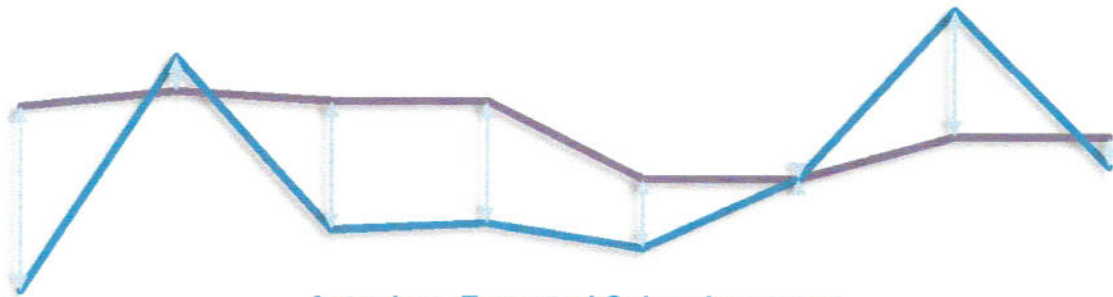
Table III-C

As of October 1, 2016

Gender Mix



Average Age	42.1 years
Average Service	6.1 years
Total Annualized Compensation for the Prior Year	\$502,058
Total Expected Compensation for the Current Year	\$417,258
Average Increase in Compensation for the Prior Year	3.44%
Expected Increase in Compensation for the Current Year	4.50%



Actual vs. Expected Salary Increases

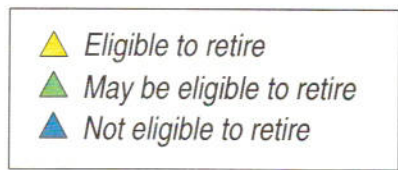
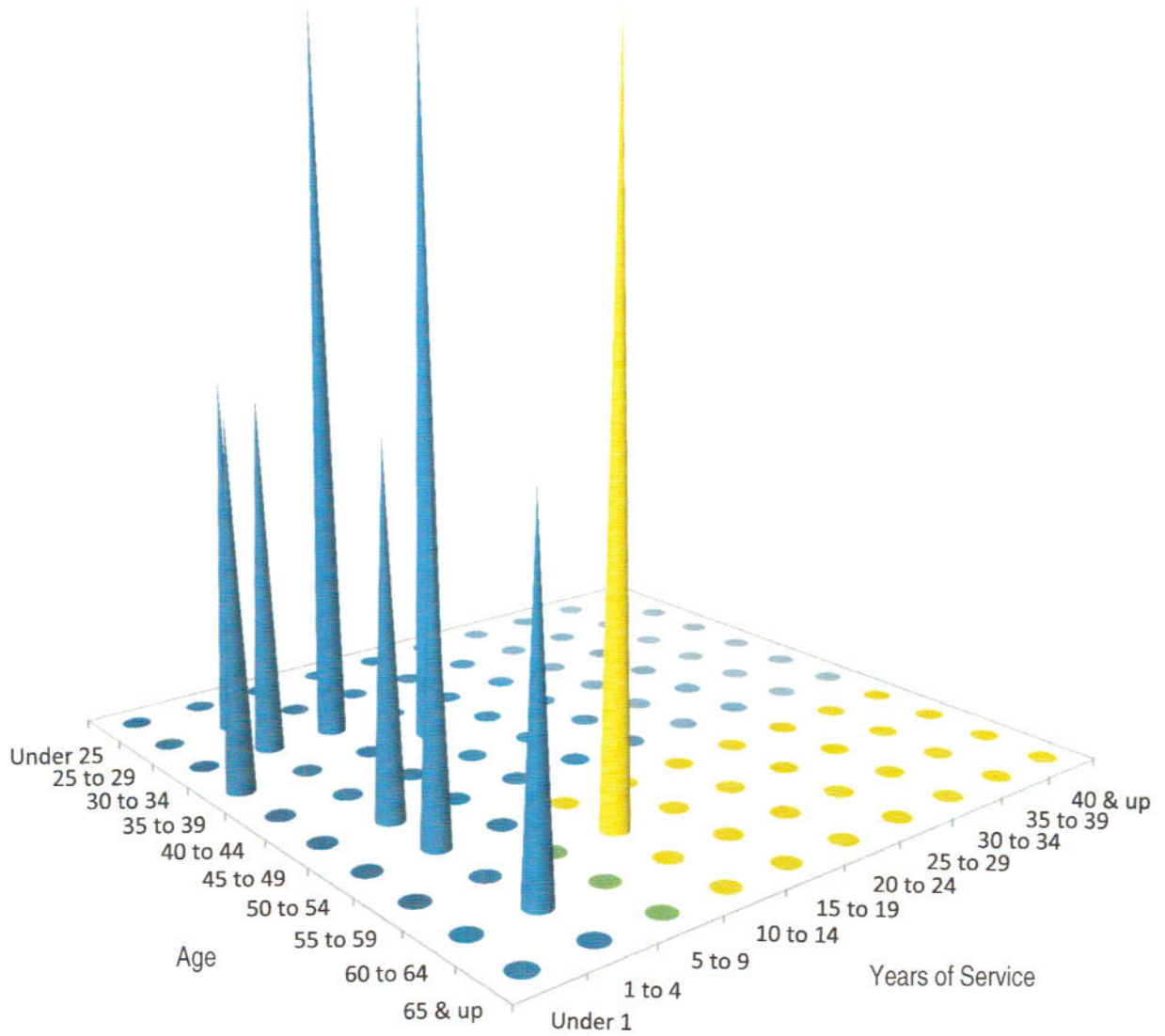
Active Participant Statistics From Prior Valuations

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2007	41.3	2.9	\$37,321	5.38%	5.47%
October 1, 2008	N/A	N/A	N/A	6.00%	4.68%
October 1, 2009	38.2	3.5	\$35,794	5.56%	-1.00%
October 1, 2010	N/A	N/A	N/A	6.10%	7.29%
October 1, 2011	37.6	4.6	\$32,525	5.75%	1.19%
October 1, 2012	38.6	5.6	\$37,390	5.75%	1.41%
October 1, 2013	N/A	N/A	N/A	3.00%	0.52%
October 1, 2014	39.4	4.8	\$38,257	3.00%	3.01%
October 1, 2015	41.1	5.4	\$40,791	4.50%	8.95%
October 1, 2016	42.1	6.1	\$41,838	4.50%	3.44%



Active Age-Service Distribution

Table III-D



Active Age-Service-Salary Table

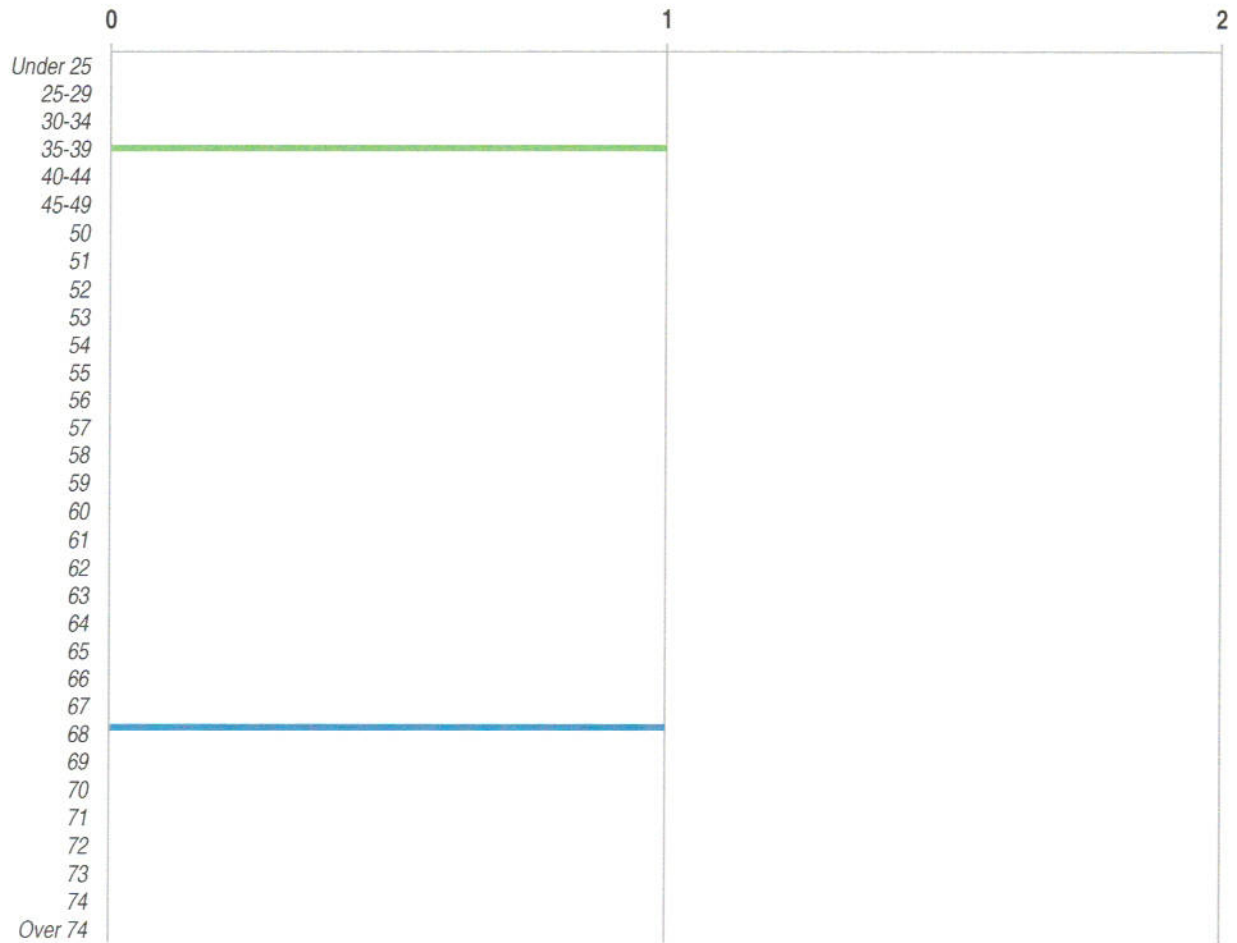
Table III-E

Attained Age	Completed Years of Service										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up		
Under 25	0	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	1	0	0	0	0	0	0	0	0	0	1
Avg.Pay	0	34,917	0	0	0	0	0	0	0	0	0	34,917
30 to 34	0	1	2	0	0	0	0	0	0	0	0	3
Avg.Pay	0	35,556	37,044	0	0	0	0	0	0	0	0	36,548
35 to 39	1	0	0	2	0	0	0	0	0	0	0	3
Avg.Pay	29,648	0	0	46,998	0	0	0	0	0	0	0	41,214
40 to 44	0	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0	0
45 to 49	0	1	0	0	0	0	0	0	0	0	0	1
Avg.Pay	0	37,814	0	0	0	0	0	0	0	0	0	37,814
50 to 54	0	1	0	0	0	0	0	0	0	0	0	1
Avg.Pay	0	33,490	0	0	0	0	0	0	0	0	0	33,490
55 to 59	0	0	0	2	0	0	0	0	0	0	0	2
Avg.Pay	0	0	0	51,384	0	0	0	0	0	0	0	51,384
60 to 64	0	1	0	0	0	0	0	0	0	0	0	1
Avg.Pay	0	59,782	0	0	0	0	0	0	0	0	0	59,782
65 & up	0	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	5	2	4	0	0	0	0	0	0	0	12
Avg.Pay	29,648	40,312	37,044	49,191	0	0	0	0	0	0	0	41,838



Inactive Participant Data

Table III-F



Age at Retirement

- Service Retirements
- Disability Retirements
- DROP Participants

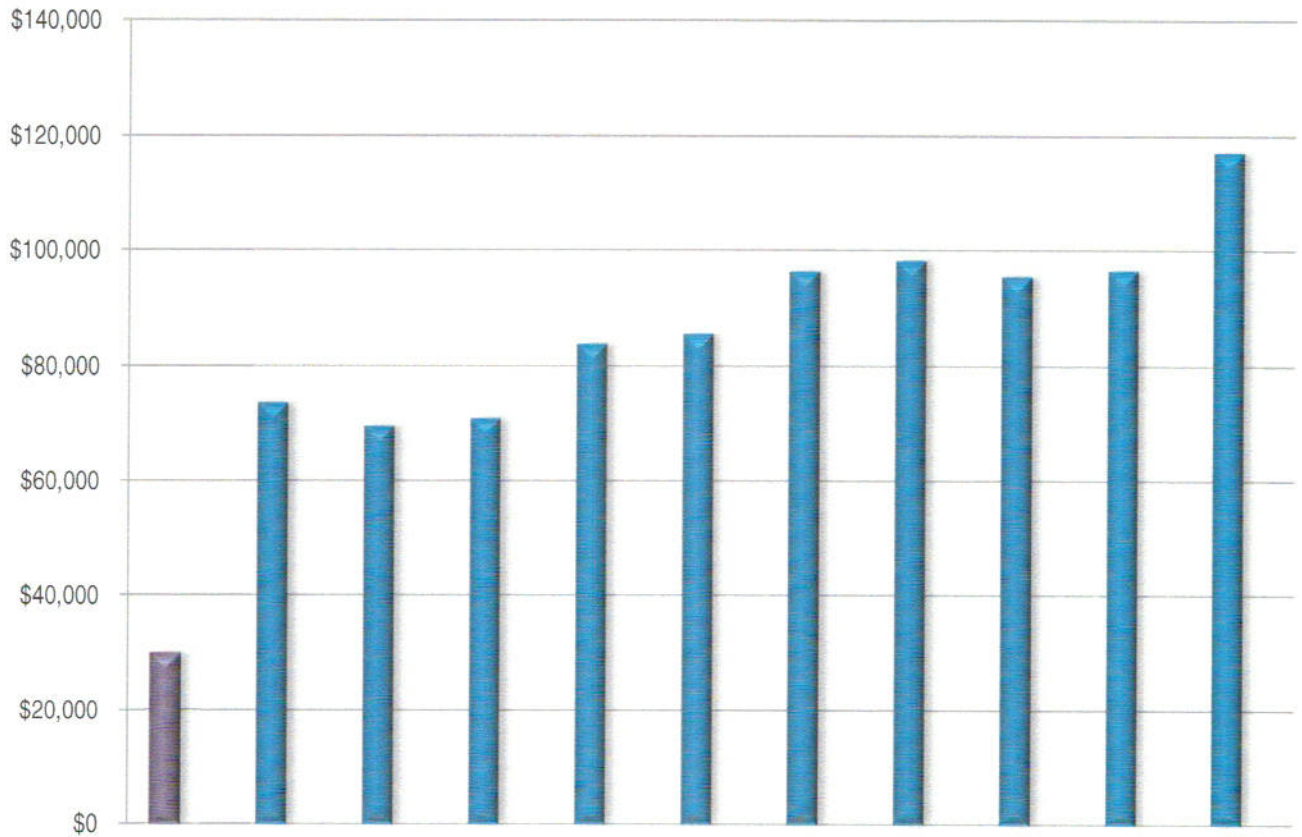
Average Monthly Benefit

Service Retirements	\$1,877.36
Disability Retirements	\$623.94
Beneficiaries Receiving	<i>Not applicable</i>
DROP Participants	<i>Not applicable</i>
Deferred Vested Participants	<i>Not applicable</i>
Deferred Beneficiaries	<i>Not applicable</i>



Projected Benefit Payments

Table III-G



Actual

For the period October 1, 2015 through September 30, 2016 \$30,039

Projected

For the period October 1, 2016 through September 30, 2017 \$73,707
 For the period October 1, 2017 through September 30, 2018 \$69,696
 For the period October 1, 2018 through September 30, 2019 \$71,043
 For the period October 1, 2019 through September 30, 2020 \$84,014
 For the period October 1, 2020 through September 30, 2021 \$85,637
 For the period October 1, 2021 through September 30, 2022 \$96,414
 For the period October 1, 2022 through September 30, 2023 \$98,273
 For the period October 1, 2023 through September 30, 2024 \$95,498
 For the period October 1, 2024 through September 30, 2025 \$96,535
 For the period October 1, 2025 through September 30, 2026 \$117,217



Summary of Actuarial Methods and Assumptions

Table IV-A

NOTE: The following assumptions and methods have been selected and approved by the Board of Trustees based in part on the advice of the plan's enrolled actuary in accordance with the authority granted to the Board under the pension ordinances and State law.

1. **Actuarial Cost Method**

Aggregate cost method. Under this actuarial cost method, a funding cost is developed for the plan as a level percentage of payroll. The level funding percentage is calculated as the excess of the total future benefit liability over accumulated assets and future employee contributions, with this excess spread over the expected future payroll for current active participants. The normal cost is equal to the level funding percentage multiplied by the expected payroll for the year immediately following the valuation date. The actuarial accrued liability is equal to the accumulated assets. Therefore, under the aggregate cost method, no unfunded accrued liability is developed.

2. **Asset Method**

The actuarial value of assets is equal to the market value of assets.

3. **Interest (or Discount) Rate**

7.50% per annum

4. **Salary Increases**

Plan compensation is assumed to increase at the rate of 4.50% per annum, unless actual plan compensation is known for a prior plan year.

5. **Decrements**

- Pre-retirement mortality: None is assumed.
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Blue Collar Mortality Table, with full generational improvements in mortality using Scale BB
- Disability: None is assumed.
- Termination: None is assumed.
- Retirement: Retirement is assumed to occur at normal retirement age.



Summary of Actuarial Methods and Assumptions

Table IV-A

(continued)

6. **Form of Payment**

Future retirees have been assumed to select the 10-year certain and life annuity.

7. **Expenses**

Administrative expenses are assumed to be equal to 2.25% of covered payroll. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.



Changes in Actuarial Methods and Assumptions

Table IV-B

Since the completion of the previous valuation, the mortality basis was changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to a full generational projection using Scale BB of the RP-2000 Blue Collar Mortality Table as required by State law.



Summary of Plan Provisions

Table V-A

1. Monthly Accrued Benefit

3% of Average Final Compensation multiplied by Credited Service

2. Normal Retirement Age and Benefit

- **Age**

Age 55 with at least six years of Credited Service; or
Age 52 with at least 25 years of Credited Service

- **Amount**

Monthly Accrued Benefit

- **Form of Payment**

Actuarially increased single life annuity (optional);
10-year certain and life annuity (normal form of payment);
Actuarially reduced 50% joint and contingent annuity (optional);
Actuarially reduced 66²/₃% joint and contingent annuity (optional);
Actuarially reduced 75% joint and contingent annuity (optional);
Actuarially reduced 100% joint and contingent annuity (optional);
Any other actuarially equivalent form of payment approved by the Board; or
Actuarially equivalent lump sum distribution (automatic if the single sum value of the participant's benefit is less than or equal to \$5,000 or the monthly annuity is less than \$100)

(Note: A participant may change his joint annuitant up to two times after retirement.)

3. Early Retirement Age and Benefit

- **Age**

Age 50 with at least 10 years of Credited Service

- **Amount**

Monthly Accrued Benefit (payable at Normal Retirement Age); or
Monthly Accrued Benefit reduced by 3% for each year by which the participant's Early Retirement Date precedes his Normal Retirement Date (payable at Early Retirement Age)

- **Form of Payment**

Same as for Normal Retirement



Summary of Plan Provisions

Table V-A

(continued)

4. **Service Incurred Disability Eligibility and Benefit**

- **Eligibility**

The participant is eligible if his disability was incurred during the course of his employment with the City.

- **Condition**

The Board must find that the participant has a physical or mental condition resulting from bodily injury, disease, or a mental disorder which renders him incapable of employment as a police officer.

- **Amount Payable**

A monthly 10-year certain and life annuity equal to the larger of (a) or (b), as follows, but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other City-provided disability compensation from exceeding his Average Monthly Earnings:

- (a) Monthly Accrued Benefit; or
- (b) 42% of Average Final Compensation

5. **Non-Service Incurred Disability Eligibility and Benefit**

- **Eligibility**

The participant must have earned at least 10 years of Credited Service if his disability was incurred other than during the course of his employment with the City.

- **Condition**

Same as for a Service Incurred Disability Benefit

- **Amount Payable**

A monthly 10-year certain and life annuity equal to the larger of (a) or (b), as follows, but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other City-provided disability compensation from exceeding his Average Monthly Earnings:

- (a) Monthly Accrued Benefit; or
- (b) 25% of Average Final Compensation

6. **Delayed Retirement Age and Benefit**

- **Age**

After Normal Retirement Age

- **Amount**

Monthly Accrued Benefit

- **Form of Payment**

Same as for Normal Retirement



Summary of Plan Provisions

Table V-A

(continued)

7. Deferred Vested Benefit

- **Age**
Any age with at least six years of Credited Service
- **Amount**
Monthly Accrued Benefit (payable at Normal Retirement Age); or
Monthly Accrued Benefit reduced by 3% for each year by which the participant's Early Retirement Date precedes his Normal Retirement Date (payable at Early Retirement Age)
- **Form of Payment**
Same as for Normal Retirement

8. Pre-Retirement Death Benefit

In the case of the death of a vested participant prior to retirement, his beneficiary will receive the participant's Monthly Accrued Benefit payable for 10 years beginning on the participant's early or normal retirement date. In the case of the death of a non-vested participant prior to retirement, his beneficiary will receive the participant's Accumulated Contributions in lieu of any other benefits payable from the plan.

9. Average Final Compensation

Average of the highest five years of Compensation out of the last 10 years of employment

10. Compensation

For firefighters, fixed monthly compensation (or actual compensation for a volunteer firefighter); for police officers, total cash remuneration; annual compensation in excess of \$200,000 (as indexed) is excluded in accordance with Internal Revenue Code (IRC) §401(a)(17).

11. Credited Service

The elapsed time from the participant's date of hire until his date of termination, retirement, or death.

12. Participation Requirement

All police officers and firefighters of the City of Valparaiso, Florida automatically become a participant in the plan on their date of hire.



Summary of Plan Provisions

Table V-A

(continued)

13. Accumulated Contributions

The Employee Contributions accumulated with no interest; if the participant terminates his employment with less than six years of Credited Service, he receives his Accumulated Contributions in lieu of any other benefits payable from the plan.

14. Participant Contribution

2.00% of earnings (pre-tax basis)

15. Definition of Actuarially Equivalent

- **Interest Rate**

7.50% per annum

- **Mortality Table**

The unisex mortality table promulgated by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 417(e)(3)

16. Automatic Cost-of-Living Adjustment

All monthly benefits include an automatic cost-of-living adjustment equal to 2% compounded annually.

17. Plan Effective Date

January 1, 1996

18. Deferred Retirement Option Plan (DROP)

Those participants who have attained Normal Retirement Age may elect to participate in the DROP for a period of up to five years following their Normal Retirement Age. Interest accrues on the DROP accounts at the rate of 6.50% per annum.



Summary of Plan Amendments

Table V-B

No significant plan changes have been adopted since the completion of the previous valuation.

