

CITY OF PANAMA CITY  
SUPPLEMENTAL RETIREMENT PLAN  
FOR DESIGNATED GENERAL EMPLOYEES

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2014

DETERMINES THE CONTRIBUTION  
FOR THE 2015/16 FISCAL YEAR



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January 28, 2015

## Introduction

This report presents the results of the October 1, 2014 actuarial valuation for the City of Panama City Supplemental Retirement Plan for Designated General Employees. 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, 2014 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2015/16 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27), 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 V-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 2015/16 plan year. The minimum required contribution rate is 7.31% of covered payroll, which represents an increase of 1.01% of payroll from the prior valuation.

The normal cost rate is 6.98%, which is 0.90% 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 0.39% of payroll due to investment gains and increased by 1.29% of payroll due to demographic experience. The market value of assets earned 8.60% during the 2013/14 plan year, whereas a 7.00% annual



investment return was required to maintain a stable contribution rate. The demographic loss occurred primarily because pay increases were greater than assumed.

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 2015/16 minimum required contribution will be equal to 7.31% multiplied by the total pensionable earnings for the 2015/16 fiscal year for the active employees who are covered by the plan.

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 \$3,940,138. As illustrated in Table I-A, current assets are sufficient to cover \$2,746,790 of this amount, the employer's 2014/15 expected contribution will cover \$74,156 of this amount, the employer's 2015/16 expected contribution will cover \$86,034 of this amount, and future employee contributions are expected to cover \$467,621 of this amount, leaving \$565,537 to be covered by future employer funding beyond the 2015/16 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

### 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-C provide information needed by both the plan's and the employer's accountants in order to prepare the relevant financial statements that cover the period October 1, 2013 through September 30, 2014. Tables III-A through III-F provide information concerning the assets of the trust fund. Tables IV-A through IV-G provide statistical information concerning the plan's participant population. In particular, Table IV-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 V-A through VI-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, 2014, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

### 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, 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.

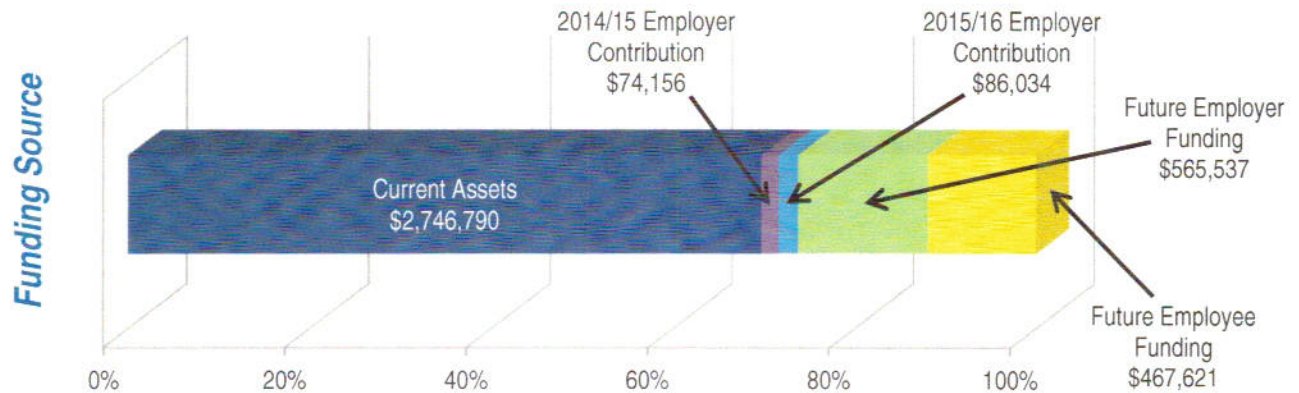
Enrolled Actuary No. 14-04927

*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 2015/16 Plan Year

Present Value of Future Benefits	\$3,853,436
Present Value of Future Administrative Expenses	\$86,702
Actuarial Value of Assets	(\$2,746,790)
Present Value of Future Employee Contributions	(\$467,621)
Present Value of Future Normal Costs	\$725,727
Present Value of Future Payroll	÷ \$10,391,568
Normal Cost Rate	= 6.9838%
Expected Payroll	x \$1,177,075
Normal Cost	\$82,205
Adjustment to Reflect Monthly Employer Contributions	\$3,052
Expected Employer Contribution for the 2014/15 Plan Year	(\$74,156)
Remaining Contribution Due/(Credit) for the 2014/15 Plan Year	\$11,101
	x 0.07
One Year's Interest Charge/(Credit) on the Remaining Contribution	\$777
Preliminary Employer Contribution for the 2015/16 Plan Year	\$86,034
Expected Payroll for the 2014/15 Plan Year	÷ \$1,177,075

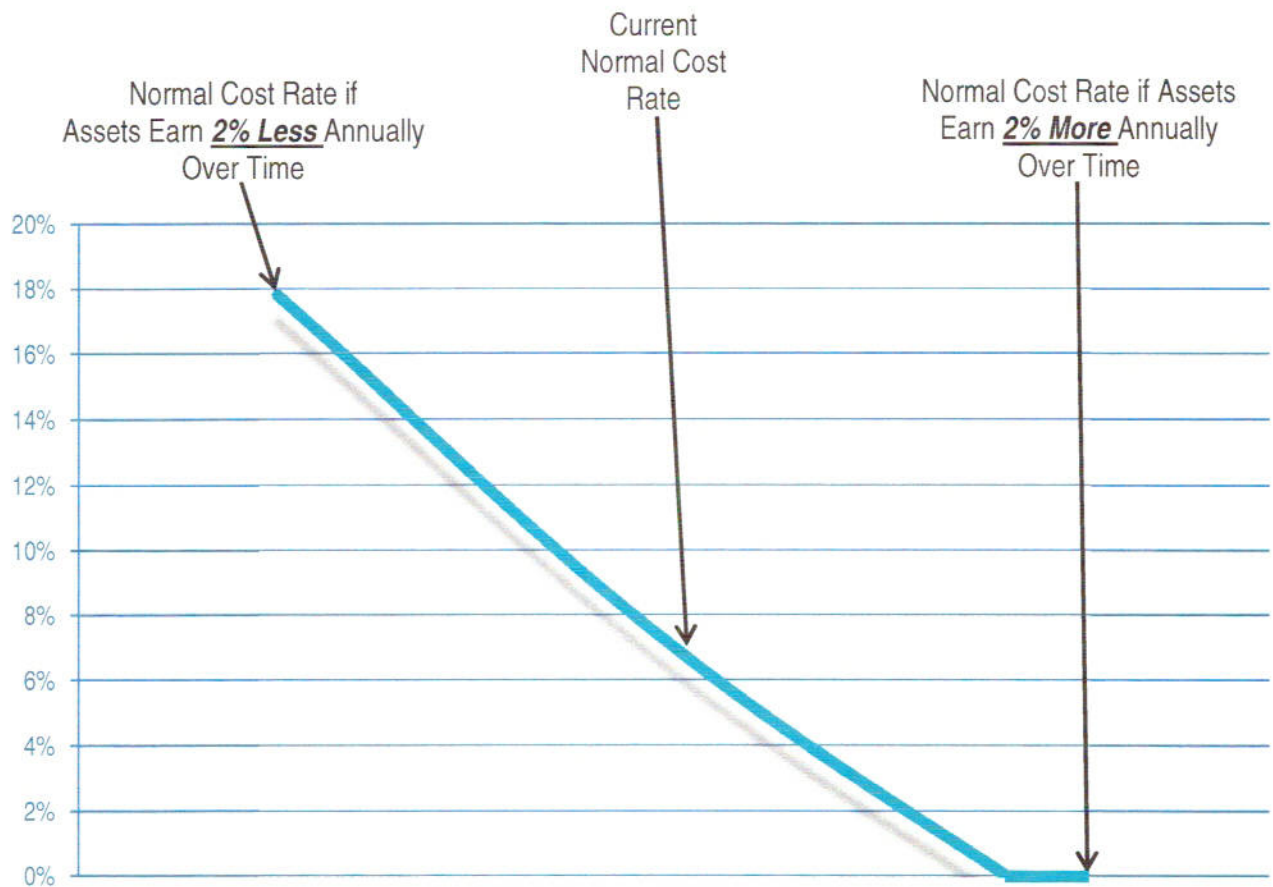
**Minimum Required Contribution Rate** **7.31%**

(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the 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	6.08%
Increase (decrease) due to investment gains and losses	-0.39%
Increase (decrease) due to demographic experience	1.29%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.00%
Current normal cost rate	<u>6.98%</u>



## Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$1,542,991	\$1,542,991	\$1,542,991
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$1,542,991</b>	<b>\$1,542,991</b>	<b>\$1,542,991</b>
<u>Deferred Vested Participants</u>			
Retirement benefits	\$359,214	\$359,214	\$359,214
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$359,214</b>	<b>\$359,214</b>	<b>\$359,214</b>
<u>Due a Refund of Contributions</u>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Deferred Beneficiaries</u>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Retired Participants</u>			
Service retirements	\$1,422,333	\$1,422,333	\$1,422,333
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$528,898	\$528,898	\$528,898
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$1,951,231</b>	<b>\$1,951,231</b>	<b>\$1,951,231</b>
<u>Grand Total</u>	<b><u>\$3,853,436</u></b>	<b><u>\$3,853,436</u></b>	<b><u>\$3,853,436</u></b>
Present Value of Future Payroll	\$10,391,568	\$10,391,568	\$10,391,568
Present Value of Future Employee Contribs.	\$467,621	\$467,621	\$467,621
Present Value of Future Employer Contribs.	\$725,727	\$725,727	\$725,727



Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$472,591	\$472,591	\$472,591
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$472,591</b>	<b>\$472,591</b>	<b>\$472,591</b>
<u>Deferred Vested Participants</u>			
Retirement benefits	\$359,214	\$359,214	\$359,214
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$359,214</b>	<b>\$359,214</b>	<b>\$359,214</b>
<u>Due a Refund of Contributions</u>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Deferred Beneficiaries</u>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Retired Participants</u>			
Service retirements	\$1,422,333	\$1,422,333	\$1,422,333
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$528,898	\$528,898	\$528,898
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$1,951,231</b>	<b>\$1,951,231</b>	<b>\$1,951,231</b>
<u>Grand Total</u>	<b><u>\$2,783,036</u></b>	<b><u>\$2,783,036</u></b>	<b><u>\$2,783,036</u></b>



Present Value of Vested Benefits

Table I-F

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$346,707	\$346,707	\$346,707
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$346,707</b>	<b>\$346,707</b>	<b>\$346,707</b>
<u>Deferred Vested Participants</u>			
Retirement benefits	\$359,214	\$359,214	\$359,214
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$359,214</b>	<b>\$359,214</b>	<b>\$359,214</b>
<u>Due a Refund of Contributions</u>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Deferred Beneficiaries</u>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Retired Participants</u>			
Service retirements	\$1,422,333	\$1,422,333	\$1,422,333
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$528,898	\$528,898	\$528,898
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$1,951,231</b>	<b>\$1,951,231</b>	<b>\$1,951,231</b>
<u>Grand Total</u>	<b><u>\$2,657,152</u></b>	<b><u>\$2,657,152</u></b>	<b><u>\$2,657,152</u></b>



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>
<u>Actively Employed Participants</u>			
Retirement benefits	\$609,793	\$609,793	\$609,793
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$609,793</b>	<b>\$609,793</b>	<b>\$609,793</b>
<u>Deferred Vested Participants</u>			
Retirement benefits	\$359,214	\$359,214	\$359,214
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$359,214</b>	<b>\$359,214</b>	<b>\$359,214</b>
<u>Due a Refund of Contributions</u>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Deferred Beneficiaries</u>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Retired Participants</u>			
Service retirements	\$1,422,333	\$1,422,333	\$1,422,333
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$528,898	\$528,898	\$528,898
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$1,951,231</b>	<b>\$1,951,231</b>	<b>\$1,951,231</b>
<u>Grand Total</u>	<b><u>\$2,920,238</u></b>	<b><u>\$2,920,238</u></b>	<b><u>\$2,920,238</u></b>



## GASB 25/27 Results

## Table II-A

**Development of the Net Pension Obligation (Asset)**

Net Pension Obligation (Asset) as of October 1, 2013	(\$334,855)
Annual Pension Cost for the 2013/14 Plan Year	\$71,762
Employer Contributions for the 2013/14 Plan Year	(\$83,416)
Net Increase (Decrease) in NPO	(\$11,654)
Net Pension Obligation (Asset) as of October 1, 2014	(\$346,509)



## GASB 25/27 Disclosures

## Table II-B

***Schedule of Employer Contributions***

Year Ended September 30	Annual Required <u>Contribution</u>	% <u>Contrib.</u>	Annual Pension <u>Cost</u>	% <u>Contrib.</u>
2009	\$178,432	115%	\$178,432	115%
2010	\$168,548	150%	\$167,787	151%
2011	\$140,882	155%	\$137,644	159%
2012	\$198,560	105%	\$192,722	108%
2013	\$93,170	231%	\$87,155	247%
2014	\$78,844	106%	\$71,762	116%

***Schedule of Funding Progress***

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability * (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
October 1, 2009	\$1,164,630	\$1,989,646	\$825,016	58.53%	\$842,884	97.88%
October 1, 2010	\$1,522,708	\$2,151,154	\$628,446	70.79%	\$795,185	79.03%
October 1, 2011	\$1,701,792	\$2,199,155	\$497,363	77.38%	\$1,153,175	43.13%
October 1, 2012	\$2,130,645	\$2,258,782	\$128,137	94.33%	\$1,311,179	9.77%
October 1, 2013	\$2,546,834	\$2,638,770	\$91,936	96.52%	\$1,250,562	7.35%
October 1, 2014	\$2,746,790	\$2,920,238	\$173,448	94.06%	\$1,177,075	14.74%

\* The AAL has been calculated under the entry age normal cost method.

**Additional Information**

Valuation Date **October 1, 2014**

Actuarial Cost Method **Aggregate**

Amortization Method **Level percentage, open**

Remaining Amortization Period **30 years**

Asset Valuation Method **Market value**

Discount Rate **7.00%**

Salary Increase Rate **4.00%**



## SFAS 35 Disclosures

## Table II-C

Actuarial Present Value of Accrued Benefits

	<u>As of October 1, 2013</u>	<u>As of October 1, 2014</u>
<u>Vested Benefits</u>		
Participants currently receiving benefits	\$1,373,466	\$1,951,231
Other participants	\$967,430	\$705,921
Sub-total	<u>\$2,340,896</u>	<u>\$2,657,152</u>
<u>Non-Vested Benefits</u>	\$106,241	\$125,884
<u>Total Benefits</u>	<u><u>\$2,447,137</u></u>	<u><u>\$2,783,036</u></u>
<u>Funded Percentage</u>	104.07%	98.70%
(based on the market value of assets)		

Statement of Change in Actuarial Present Value of Accrued Benefits

<u>Actuarial Present Value as of October 1, 2013</u>	<u>\$2,447,137</u>
<u>Increase (Decrease) Due To:</u>	
Interest	\$171,300
Benefits accumulated	\$306,865
Benefits paid	(\$142,266)
Plan amendments	\$0
Changes in actuarial methods and assumptions	\$0
Net increase (decrease)	<u>\$335,899</u>
<u>Actuarial Present Value as of October 1, 2014</u>	<u><u>\$2,783,036</u></u>



## Actuarial Value of Assets

Table III-A

Market Value of Assets as of October 1, 2014	\$2,746,790
Minus advance employer contributions	\$0
<b>Actuarial Value of Assets as of October 1, 2014</b>	<b><u>\$2,746,790</u></b>

**Historical Actuarial Value of Assets**

October 1, 2005	\$309,574
October 1, 2006	\$494,189
October 1, 2007	\$812,996
October 1, 2008	\$897,654
October 1, 2009	\$1,164,630
October 1, 2010	\$1,522,708
October 1, 2011	\$1,701,792
October 1, 2012	\$2,130,645
October 1, 2013	\$2,546,834
October 1, 2014	\$2,746,790

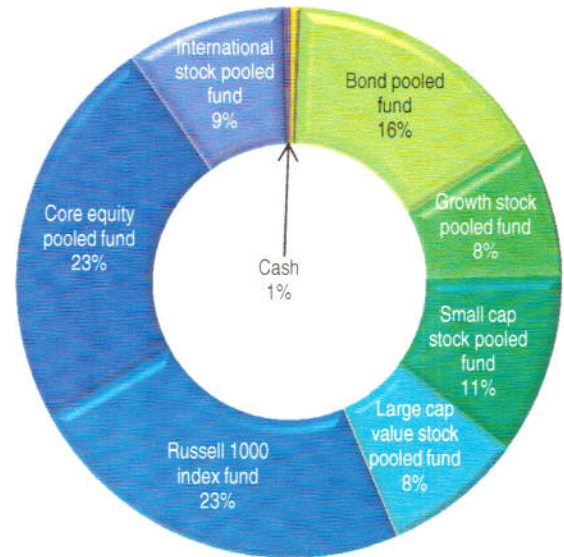


## Market Value of Assets

Table III-B

As of October 1, 2014

<b>Market Value of Assets</b>	<b><u>\$2,746,790</u></b>
Cash	\$16,420
Bond pooled fund	\$437,872
Growth stock pooled fund	\$218,936
Small cap stock pooled fund	\$298,301
Large cap value stock pooled fund	\$224,410
Russell 1000 index fund	\$640,389
Core equity pooled fund	\$640,389
International stock pooled fund	\$259,987
Employer contribution receivable	\$5,899
Employee contribution receivable	\$4,187

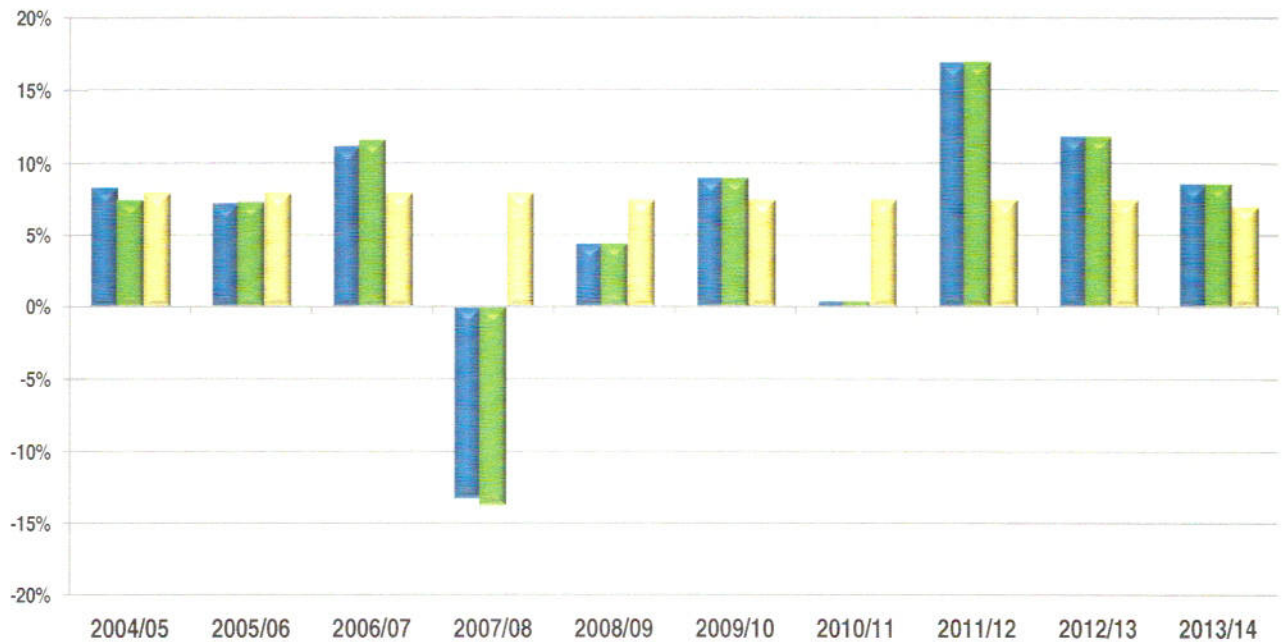
Historical Market Value of Assets

October 1, 2005	\$316,776
October 1, 2006	\$498,860
October 1, 2007	\$857,744
October 1, 2008	\$915,305
October 1, 2009	\$1,164,630
October 1, 2010	\$1,522,708
October 1, 2011	\$1,710,525
October 1, 2012	\$2,130,645
October 1, 2013	\$2,546,834
October 1, 2014	\$2,746,790



## Investment Return

Table III-C

*Annual Investment Returns*

■ Market Value Return  
 ■ Actuarial Value Return  
 ■ Assumed Return

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2004/05	8.36%	7.47%	8.00%
2005/06	7.24%	7.35%	8.00%
2006/07	11.20%	11.65%	8.00%
2007/08	-13.24%	-13.69%	8.00%
2008/09	4.44%	4.48%	7.50%
2009/10	9.05%	9.05%	7.50%
2010/11	0.43%	0.43%	7.50%
2011/12	16.93%	16.97%	7.50%
2012/13	11.90%	11.90%	7.50%
2013/14	8.60%	8.60%	7.00%
10yr. Avg.	6.18%	6.10%	7.65%



## Asset Reconciliation

## Table III-D

	<u>Market Value</u>	<u>Actuarial Value</u>
<b>As of October 1, 2013</b>	<b>\$2,546,834</b>	<b>\$2,546,834</b>
<b><i>Increases Due To:</i></b>		
Employer Contributions	\$83,416	\$83,416
Employee Contributions	\$59,206	\$59,206
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$142,622</u>	<u>\$142,622</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$218,211	
Total Investment Income	<u>\$218,211</u>	\$218,211
Other Income	\$0	
<b>Total Income</b>	<u><b>\$360,833</b></u>	<u><b>\$360,833</b></u>
<b><i>Decreases Due To:</i></b>		
Monthly Benefit Payments	(\$127,121)	(\$127,121)
Refund of Employee Contributions	(\$15,145)	(\$15,145)
Total Benefit Payments	<u>(\$142,266)</u>	<u>(\$142,266)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$18,611)	(\$18,611)
Advance Employer Contribution		\$0
<b>Total Expenses</b>	<u><b>(\$160,877)</b></u>	<u><b>(\$160,877)</b></u>
<b>As of October 1, 2014</b>	<u><b>\$2,746,790</b></u>	<u><b>\$2,746,790</b></u>



## Historical Trust Fund Detail

Table III-E

Income

Plan	Employer	Employee	Service		Realized	Unrealized	
<u>Year</u>	<u>Contribs.</u>	<u>Contribs.</u>	<u>Purchase</u>	<u>Interest /</u>	<u>Gains /</u>	<u>Gains /</u>	<u>Other</u>
			<u>Contribs.</u>	<u>Dividends</u>	<u>Losses</u>	<u>Losses</u>	<u>Income</u>
2004/05	\$115,824	\$44,862	\$0	\$0	\$0	\$18,489	\$0
2005/06	\$123,105	\$49,243	\$0	\$0	\$0	\$28,503	\$0
2006/07	\$262,465	\$53,178	\$0	\$0	\$0	\$71,945	\$0
2007/08	\$159,602	\$54,809	\$0	\$0	\$0	-\$125,666	\$0
2008/09	\$204,625	\$52,920	\$0	\$0	\$0	\$45,168	\$14
2009/10	\$252,971	\$53,595	\$0	\$0	\$0	\$116,340	\$0
2010/11	\$227,112	\$51,830	\$0	\$0	\$0	\$6,990	\$0
2011/12	\$198,781	\$53,309	\$0	\$0	\$0	\$299,722	\$0
2012/13	\$215,106	\$56,115	\$0	\$0	\$0	\$262,733	\$0
2013/14	\$83,416	\$59,206	\$0	\$0	\$0	\$218,211	\$0

Expenses

Plan	Monthly			
<u>Year</u>	<u>Benefit</u>	<u>Contrib.</u>	<u>Admin.</u>	<u>Invest.</u>
	<u>Payments</u>	<u>Refunds</u>	<u>Expenses</u>	<u>Expenses</u>
2004/05	\$4,000	\$1,883	\$357	\$0
2005/06	\$12,000	\$4,659	\$2,108	\$0
2006/07	\$13,091	\$13,377	\$2,236	\$0
2007/08	\$24,340	\$1,779	\$5,065	\$0
2008/09	\$45,651	\$0	\$7,751	\$0
2009/10	\$57,471	\$0	\$7,357	\$0
2010/11	\$67,582	\$18,810	\$11,723	\$0
2011/12	\$88,402	\$27,802	\$15,488	\$0
2012/13	\$101,516	\$0	\$16,249	\$0
2013/14	\$127,121	\$15,145	\$18,611	\$0

Other Actuarial Adjustments

Advance
<u>Employer</u>
<u>Contribs.</u>
\$5,034
-\$2,531
\$40,077
-\$27,097
-\$17,651
\$0
\$8,733
-\$8,733
\$0
\$0



## Other Reconciliations

Table III-F

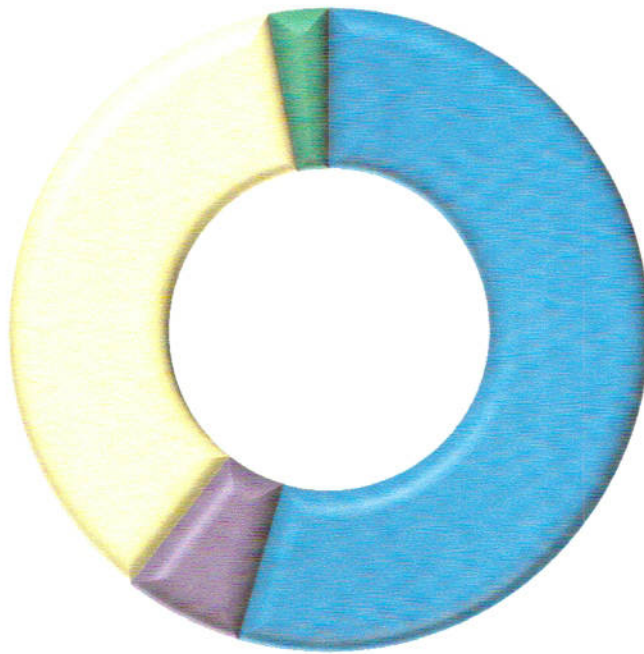
**Advance Employer Contribution**

Advance Employer Contribution as of October 1, 2013	\$0
Additional Employer Contribution	\$83,416
Minimum Required Contribution	(\$83,416)
Net Increase in Advance Employer Contribution	\$0
Advance Employer Contribution as of October 1, 2014	\$0



## Summary of Participant Data

Table IV-A

**As of October 1, 2014***Participant Distribution by Status*Actively Employed Participants

Active Participants	18
DROP Participants	0

Inactive Participants

Deferred Vested Participants	2
Due a Refund of Contributions	0
Deferred Beneficiaries	0

Participants Receiving a Benefit

Service Retirements	12
Disability Retirements	0
Beneficiaries Receiving	1

**Total Participants 33**Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2005	19	0	0	1	20
October 1, 2006	20	0	1	1	22
October 1, 2007	19	0	2	2	23
October 1, 2008	18	0	1	3	22
October 1, 2009	18	0	3	4	25
October 1, 2010	18	0	3	4	25
October 1, 2011	17	0	3	5	25
October 1, 2012	19	0	2	7	28
October 1, 2013	18	0	1	11	30
October 1, 2014	18	0	2	13	33



## Data Reconciliation

Table IV-B

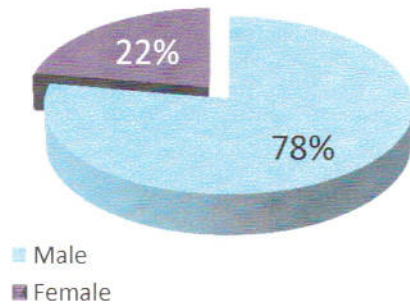
	<u>Active</u>	<u>DROP</u>	<u>Deferred Vested</u>	<u>Due a Refund</u>	<u>Def. Benef.</u>	<u>Service Retiree</u>	<u>Disabled Retiree</u>	<u>Benef. Rec'v.</u>	<u>Total</u>
<u>October 1, 2013</u>	18	0	1	0	0	11	0	0	30
<u>Change in Status</u>									
Re-employed									
Terminated	(2)		1	1					
Retired	(2)					2			
<u>Participation Ended</u>									
Transferred Out									
Cashed Out				(1)					(1)
Died						(1)			(1)
<u>Participation Began</u>									
Newly Hired	4								4
Transferred In									
New Beneficiary								1	1
<u>Other Adjustment</u>									
<u>October 1, 2014</u>	18	0	2	0	0	12	0	1	33



## Active Participant Data

## Table IV-C

## Gender Mix



As of October 1, 2014

Average Age	49.8 years
Average Service	3.7 years
Total Annualized Compensation for the Prior Year	\$1,131,806
Total Expected Compensation for the Current Year	\$1,177,075
Average Increase in Compensation for the Prior Year	5.96%
Expected Increase in Compensation for the Current Year	4.00%
Accumulated Contributions for Active Employees	\$1,418,048

## Actual vs. Expected Salary Increases

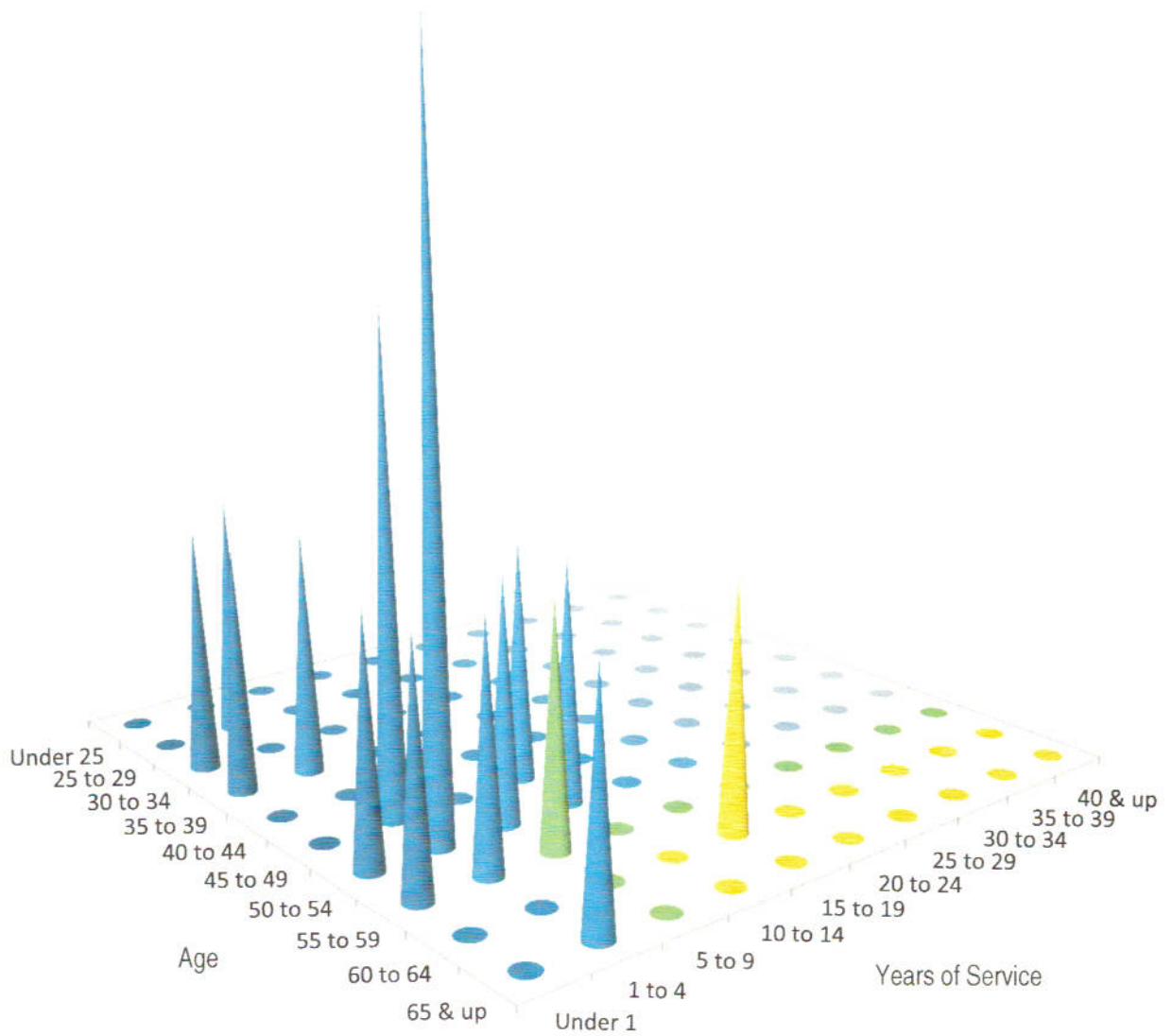
## Active Participant Statistics From Prior Valuations

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2005	55.1	9.2	\$54,141	5.00%	4.60%
October 1, 2006	56.7	9.2	\$59,605	5.00%	6.54%
October 1, 2007	55.5	9.0	\$62,167	5.00%	4.18%
October 1, 2008	56.2	10.1	\$64,440	5.00%	3.58%
October 1, 2009	54.5	6.9	\$64,038	5.00%	3.97%
October 1, 2010	55.5	7.9	\$66,167	5.00%	2.58%
October 1, 2011	56.8	7.5	\$62,388	5.00%	-1.61%
October 1, 2012	54.1	6.3	\$59,851	5.00%	2.18%
October 1, 2013	51.8	5.7	\$61,160	5.00%	2.19%
October 1, 2014	49.8	3.7	\$62,878	4.00%	5.96%



# Active Age-Service Distribution

Table IV-D



Active Age-Service-Salary Table

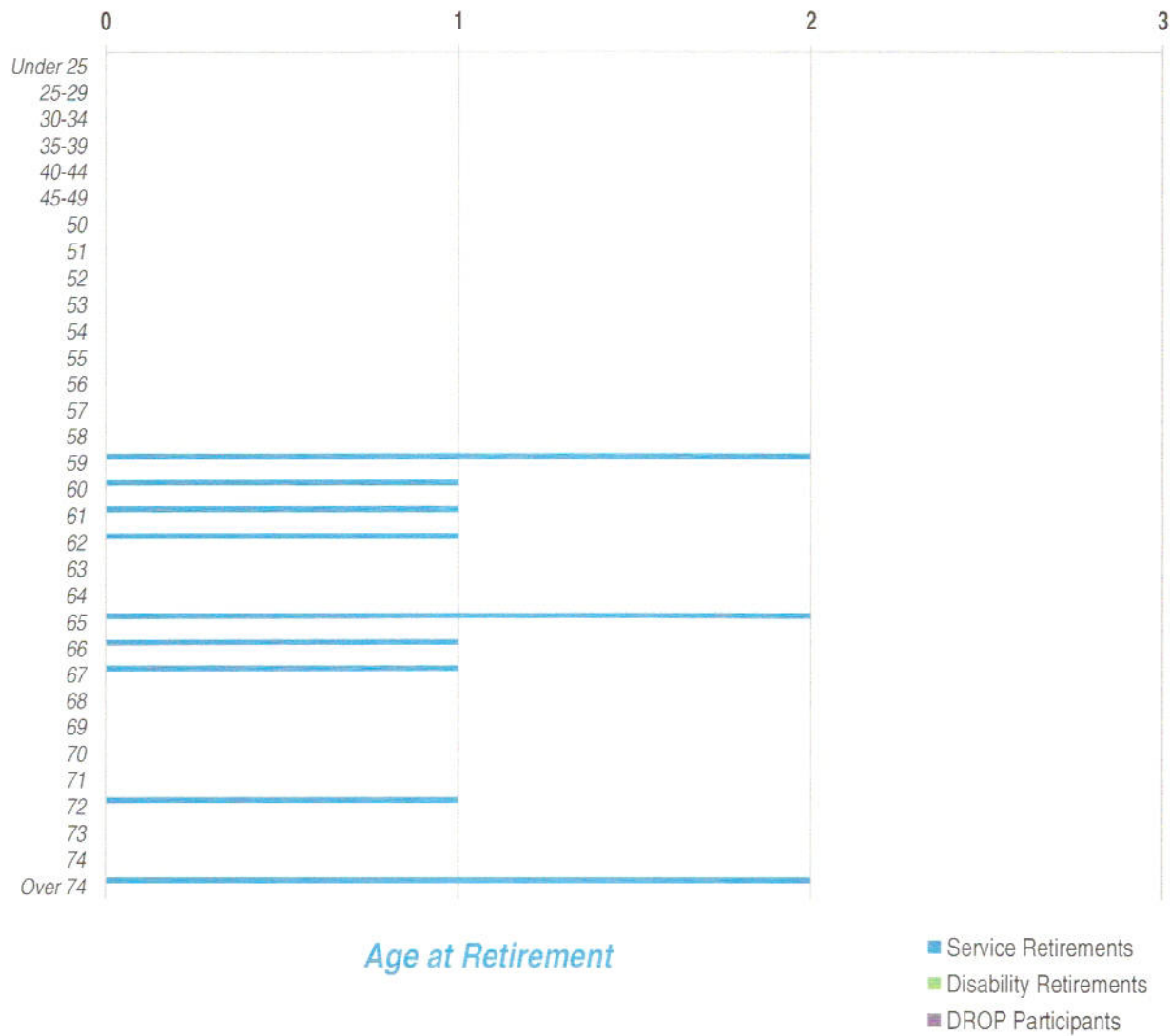
Table IV-E

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	
<b>Under 25</b>	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
<b>25 to 29</b>	0	1	0	0	0	0	0	0	0	0	1
Avg.Pay	0	76,918	0	0	0	0	0	0	0	0	76,918
<b>30 to 34</b>	1	0	0	0	0	0	0	0	0	0	1
Avg.Pay	37,408	0	0	0	0	0	0	0	0	0	37,408
<b>35 to 39</b>	1	1	0	0	0	0	0	0	0	0	2
Avg.Pay	76,326	77,232	0	0	0	0	0	0	0	0	76,779
<b>40 to 44</b>	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
<b>45 to 49</b>	0	2	0	1	0	0	0	0	0	0	3
Avg.Pay	0	75,685	0	108,171	0	0	0	0	0	0	86,513
<b>50 to 54</b>	1	3	1	1	0	0	0	0	0	0	6
Avg.Pay	62,110	62,863	20,035	80,828	0	0	0	0	0	0	58,594
<b>55 to 59</b>	1	1	1	0	0	0	0	0	0	0	3
Avg.Pay	91,825	21,835	20,035	0	0	0	0	0	0	0	44,565
<b>60 to 64</b>	0	0	0	0	1	0	0	0	0	0	1
Avg.Pay	0	0	0	0	99,089	0	0	0	0	0	99,089
<b>65 &amp; up</b>	0	1	0	0	0	0	0	0	0	0	1
Avg.Pay	0	20,035	0	0	0	0	0	0	0	0	20,035
<b>Total</b>	4	9	2	2	1	0	0	0	0	0	18
Avg.Pay	66,917	59,553	20,035	94,500	99,089	0	0	0	0	0	62,878



## Inactive Participant Data

Table IV-F

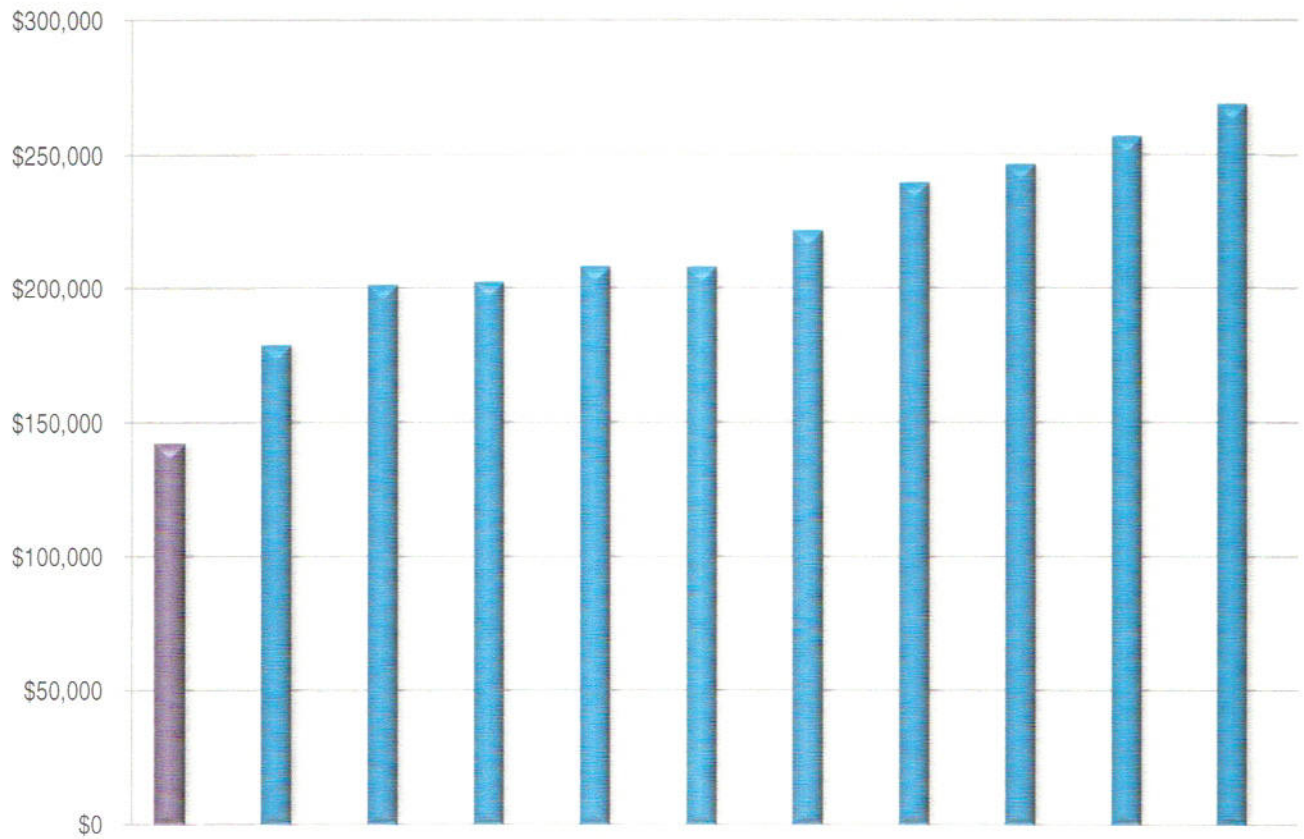
Average Monthly Benefit

Service Retirements	\$884.06
Disability Retirements	Not applicable
Beneficiaries Receiving	\$2,534.82
DROP Participants	Not applicable
Deferred Vested Participants	\$1,203.23
Deferred Beneficiaries	Not applicable



## Projected Benefit Payments

Table IV-G

Actual

For the period October 1, 2013 through September 30, 2014

\$142,266

Projected

For the period October 1, 2014 through September 30, 2015

\$178,688

For the period October 1, 2015 through September 30, 2016

\$201,230

For the period October 1, 2016 through September 30, 2017

\$202,490

For the period October 1, 2017 through September 30, 2018

\$208,372

For the period October 1, 2018 through September 30, 2019

\$208,295

For the period October 1, 2019 through September 30, 2020

\$221,946

For the period October 1, 2020 through September 30, 2021

\$239,971

For the period October 1, 2021 through September 30, 2022

\$246,652

For the period October 1, 2022 through September 30, 2023

\$256,870

For the period October 1, 2023 through September 30, 2024

\$268,723



## Summary of Actuarial Methods and Assumptions

Table V-A

**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**

7.00% per annum

**4. Salary Increases**

Plan compensation is assumed to increase at the rate of 4.00% 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 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.
- Disability: None is assumed.
- Termination: None is assumed.
- Retirement: Retirement is assumed to occur at normal retirement age.

No decrements are assumed to occur until at least one year following the valuation date.



## Summary of Actuarial Methods and Assumptions

Table V-A

(continued)

**6. Form of Payment**

Future retirees have been assumed to select the single life annuity.

**7. Expenses**

The total projected benefit liability has been loaded by 2.25% to account for anticipated administrative expenses. 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 V-B

No assumptions or methods were changed since the previous valuation was completed.



# Summary of Plan Provisions

## Table VI-A

### 1. Benefit Formula

1.00% of Average Monthly Earnings multiplied by Credited Service, subject to a minimum benefit of \$50.00 per month for each year of service up to 20 years for Category 1 and 2 employees or \$100.00 per month for each year of service up to 10 years for Category 3 employees [§6.2, Ord. 1917, & §1, Ord. 2204]

### 2. Service Retirement

Normal retirement: Age 59 with either at least 10 years of credited service for Category 1 employees or at least six years of credited service for Category 2 and 3 employees [§6.1, Ord. 1917]

### 3. Deferred Vested Retirement

A vested participant who terminates employment before becoming eligible for retirement receives a deferred vested retirement benefit payable at the participant's normal retirement age. [§7.2, Ord. 1917]

A non-vested participant who terminates employment receives his accumulated contributions. [§7.1, Ord. 1917]

### 4. Vesting

A Category 2 or 3 employee becomes 100% vested upon the attainment of six years of credited service. A Category 1 employee becomes 100% vested upon the attainment of 10 years of credited service. Alternatively, a Category 1 becomes partially vested upon the attainment of six years of credited service in accordance with the following table:

<u>Years of Credited Service</u>	<u>Vested Percentage</u>
Less than six	0%
At least six, but less than seven	60%
At least seven, but less than eight	70%
At least eight, but less than nine	80%
At least nine, but less than 10	90%
At least 10	100%

[§7.3, Ord. 1917]

### 5. Pre-Retirement Death Benefit

If a participant dies prior to retirement, the participant's beneficiary receives the participant's accumulated contributions. [§8, Ord. 1917]



# Summary of Plan Provisions

## Table VI-A

(continued)

### 6. Form of Payment

Single life annuity (*normal form of payment*);

Actuarially reduced 10-year certain and life annuity (*optional*);

Actuarially reduced 50% joint and contingent annuity (*optional*);

Actuarially reduced 66 $\frac{2}{3}$ % 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 that is approved by the Trustees (*optional*); or

Actuarially equivalent single lump sum distribution (*automatic and only available 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: All forms of payment guarantee at least the return of the participant's accumulated contributions. Furthermore, a participant may change his joint annuitant up to two times after retirement subject to an actuarially equivalent adjustment.*)

[§1, Ord. 2075]

### 7. Automatic Cost-of-Living Adjustment

Certain employees receive an automatic annual 2% cost-of-living adjustment beginning on the January 1 immediately following the completion of one year of retirement. Category 1 employees who have earned at least 15 years of credited service and Category 2 and 3 employees who have earned at least 10 years of credited service are entitled to the automatic cost-of-living adjustment. [§6.3, Ord. 1917]

### 8. Average Monthly Earnings

Average monthly earnings during the highest five years of compensation out of the 10 years immediately preceding the determination date. Earnings include basic annual salary. Earnings cannot exceed the maximum amount allowed under IRC section 401(a)(17). [§1.1, Ord. 1917]



## Summary of Plan Provisions

## Table VI-A

(continued)

### 9. Credited Service

The elapsed time as an employee in a covered position from the participant's date of hire until his date of termination, retirement, or death. [§1.1 & §6.4, Ord. 1917]

### 10. Employee Contribution

Employees must contribute 4.50% of basic salary. Employee contributions are accumulated without interest. [§1.1 & §5.1(A), Ord. 1917]

### 11. City Contribution

The City is required to make periodic contributions at least on a quarterly basis as determined under Chapter 112, Florida Statutes. [§5.2, Ord. 1917]

### 12. Participant Requirement

All full-time employees of the City of Panama City automatically become participants in the plan on their date of hire as an employee in one of the following categories:

Category 1	Designated managers and directors and the City Engineer
Category 2	City Commission, Assistant City Manager, and City Clerk
Category 3	City Manager

[§2.1, Ord. 1917, & §1, Ord. 2204]

### 13. Actuarial Equivalence

Based on 7.00% interest per annum and a 50%/50% blend of the male and female mortality rates set forth in the RP-2000 Mortality Table for annuitants [§1.1, Ord. 1917]

### 14. Plan Effective Date

The plan was originally effective on October 1, 2003.



## Summary of Plan Amendments

Table VI-B

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

