

CITY OF SAFETY HARBOR
FIREFIGHTERS' PENSION FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2016

DETERMINES THE CONTRIBUTION
FOR THE 2017/18 FISCAL YEAR



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March 31, 2017

Introduction

This report presents the results of the October 1, 2016 actuarial valuation for the City of Safety Harbor Firefighters' Pension Fund. 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 2017/18 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 2017/18 plan year. The minimum required contribution rate is 33.21% of covered payroll, which represents an increase of 5.66% of payroll from the prior valuation.

The normal cost rate is 33.06%, which is 6.46% higher 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 0.56% of payroll due to investment gains, decreased by another 0.25% of payroll due to demographic experience, increased by 3.36% of payroll due to the assumption change that is described below, and increased by another 3.91% of payroll due to the actuarial method change that is described below. The market value of assets



earned 8.12% during the 2015/16 plan year, whereas a 7.00% 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 2017/18 minimum required contribution will be equal to 33.21% multiplied by the total pensionable earnings for the 2017/18 plan 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 2017/18 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 \$11,204,470. As illustrated in Table I-A, current assets are sufficient to cover \$5,386,232 of this amount, the employer's 2016/17 expected contribution will cover \$376,828 of this amount, the employer's 2017/18 expected contribution will cover \$474,663 of this amount, and future employee contributions are expected to cover \$156,891 of this amount, leaving \$4,809,856 to be covered by future employer funding beyond the 2017/18 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 \$363,069, which reflects the advance employer contribution of \$310,788 as of October 1, 2015 plus \$52,281 of 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 minimum required contribution for the 2017/18 plan year to 30.75% of payroll.

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 and Method Changes

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 2017/18 plan year by 3.56% of payroll.

In addition, the actuarial value of assets was changed from the unadjusted market value to the market value adjusted to reflect a five-year phase-in of the net investment earnings. This change increased the minimum required contribution for the 2017/18 plan year by 4.15% 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, 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.

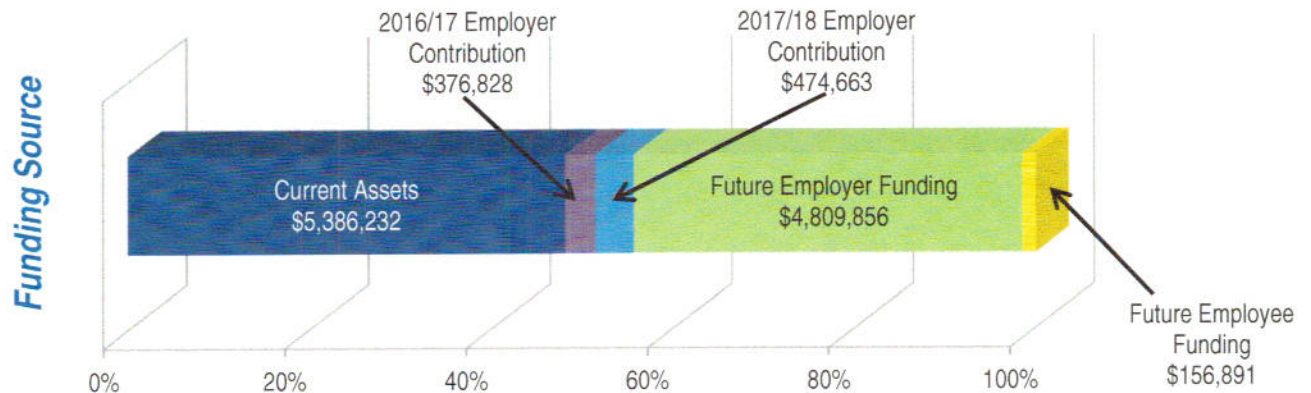
Enrolled Actuary No. 17-04927

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 2017/18 Plan Year

Present Value of Future Benefits	\$10,366,963
Present Value of Future Administrative Expenses	\$362,844
Actuarial Value of Assets	(\$5,386,232)
Present Value of Future Employee Contributions	(\$156,891)
Present Value of Future Normal Costs	\$5,186,684
Present Value of Future Payroll	÷ \$15,689,035
Normal Cost Rate	= 33.0593%
Expected Payroll	x \$1,367,798
Normal Cost	\$452,184
Adjustment to Reflect Bi-Weekly Employer Contributions	\$16,079
Expected Employer Contribution for the 2016/17 Plan Year	(\$376,828)
Remaining Contribution Due/(Credit) for the 2016/17 Plan Year	\$91,435
	x 0.07
One Year's Interest Charge/(Credit) on the Remaining Contribution	\$6,400
Preliminary Employer Contribution for the 2017/18 Plan Year	\$474,663
Expected Payroll for the 2017/18 Plan Year	÷ \$1,429,349

Minimum Required Contribution Rate **33.21%**

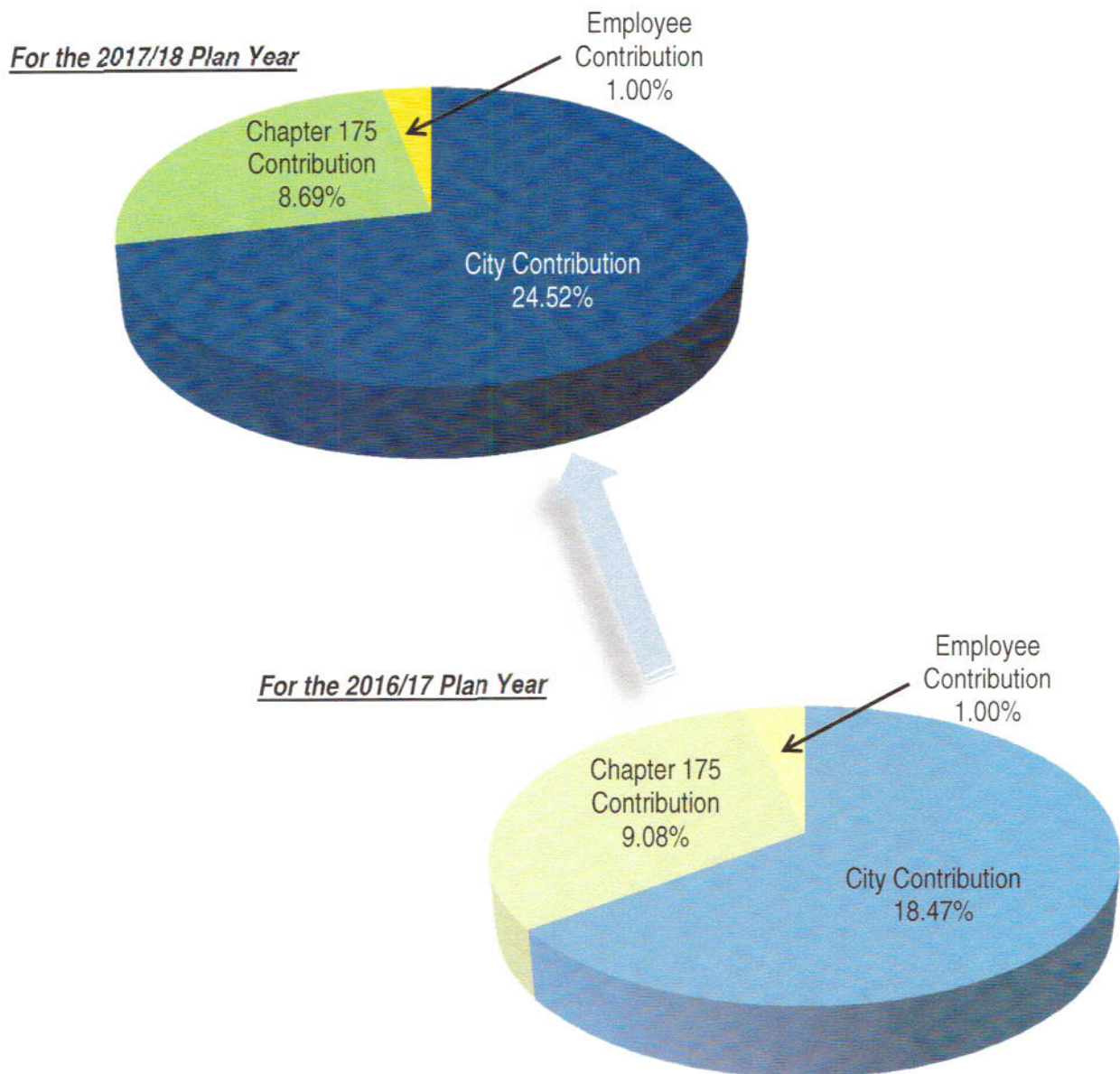
(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)



Minimum Required Contribution

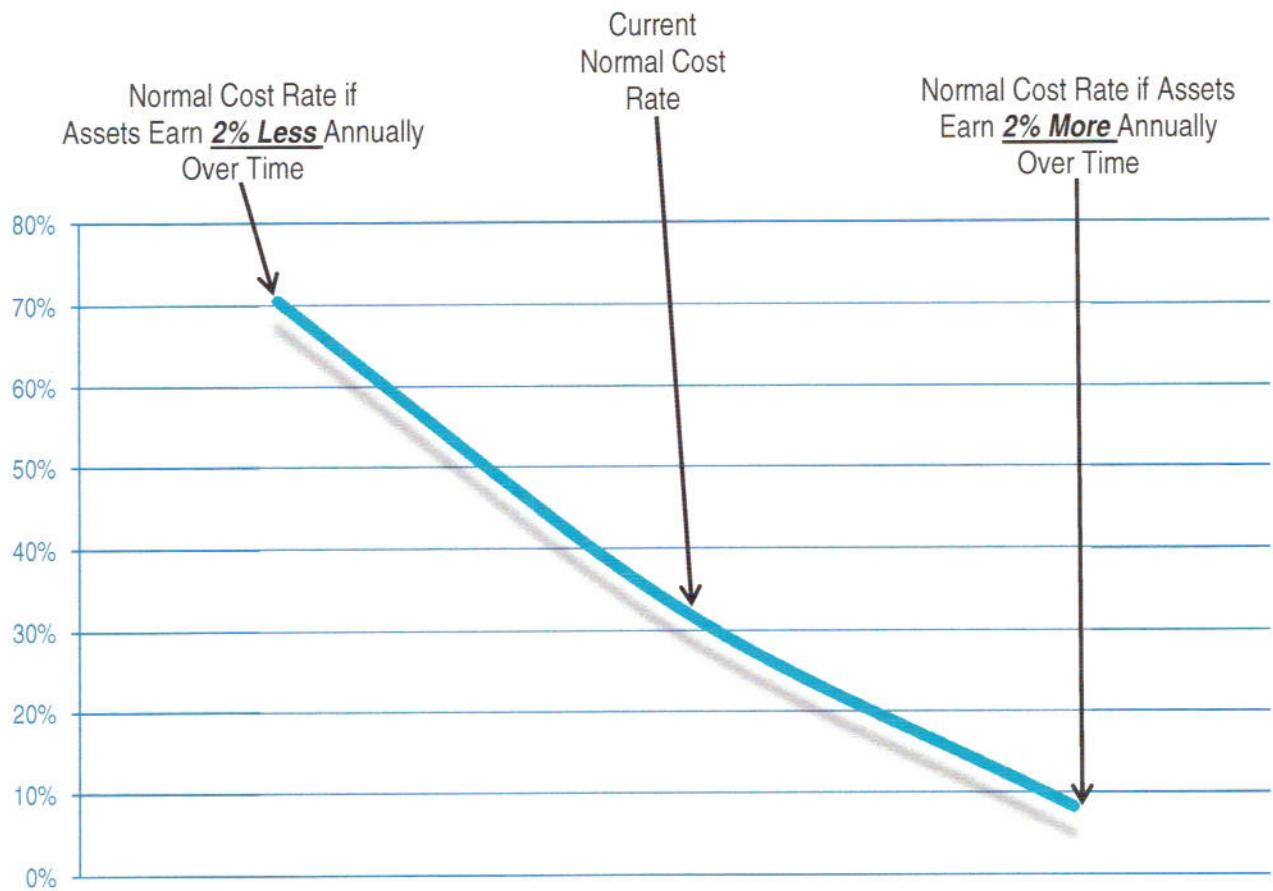
Table I-A
(continued)

The minimum required contribution rate of 33.21% includes both the City contribution and the allowable Chapter 175 contribution. In addition, employees are required to contribute 1.00% of pensionable earnings. The actual City contribution rate is expected to be approximately 24.52% based on the allowable Chapter 175 contribution for the previous year. The chart below shows the expected contribution rate by source for the 2017/18 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	26.60%
Increase (decrease) due to investment gains and losses	-0.56%
Increase (decrease) due to demographic experience	-0.25%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	3.36%
Increase (decrease) due to actuarial method changes	3.91%
Current normal cost rate	<u>33.06%</u>



Present Value of Future Benefits

Table I-D

	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	\$9,679,366	\$9,679,366	\$10,180,788
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$9,679,366	\$9,679,366	\$10,180,788
<u>Deferred Vested Participants</u>			
Retirement benefits	\$174,028	\$174,028	\$181,793
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$174,028	\$174,028	\$181,793
<u>Due a Refund of Contributions</u>	\$4,382	\$4,382	\$4,382
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Grand Total</u>	<u>\$9,857,776</u>	<u>\$9,857,776</u>	<u>\$10,366,963</u>
Present Value of Future Payroll	\$15,689,035	\$15,689,035	\$15,689,035
Present Value of Future Employee Contribs.	\$156,891	\$156,891	\$156,891
Present Value of Future Employer Contribs.	\$4,659,675	\$4,659,675	\$5,186,684



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	\$2,726,900	\$2,726,900	\$2,855,082
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$2,726,900	\$2,726,900	\$2,855,082
<u>Deferred Vested Participants</u>			
Retirement benefits	\$174,028	\$174,028	\$181,793
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$174,028	\$174,028	\$181,793
<u>Due a Refund of Contributions</u>	\$4,382	\$4,382	\$4,382
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Grand Total</u>	<u>\$2,905,310</u>	<u>\$2,905,310</u>	<u>\$3,041,257</u>
<u>Funded Percentage</u>	218.98%	218.98%	209.19%



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	\$2,103,058	\$2,103,058	\$2,199,412
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$2,103,058	\$2,103,058	\$2,199,412
<u>Deferred Vested Participants</u>			
Retirement benefits	\$174,028	\$174,028	\$181,793
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$174,028	\$174,028	\$181,793
<u>Due a Refund of Contributions</u>	\$4,382	\$4,382	\$4,382
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Grand Total</u>	<u>\$2,281,468</u>	<u>\$2,281,468</u>	<u>\$2,385,587</u>



Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$4,697,242	\$4,697,242	\$4,923,557
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$4,697,242	\$4,697,242	\$4,923,557
<u>Deferred Vested Participants</u>			
Retirement benefits	\$174,028	\$174,028	\$181,793
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$174,028	\$174,028	\$181,793
<u>Due a Refund of Contributions</u>	\$4,382	\$4,382	\$4,382
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Grand Total</u>	<u>\$4,875,652</u>	<u>\$4,875,652</u>	<u>\$5,109,732</u>



Actuarial Value of Assets

Table II-A

	<u>Net Investment Gain (Loss)</u>		<u>Unrecognized Gain (Loss)</u>
For the 2012/13 plan year	\$554,455	x 20%	\$110,891
For the 2013/14 plan year	\$459,576	x 40%	\$183,830
For the 2014/15 plan year	(\$88,704)	x 60%	(\$53,222)
For the 2015/16 plan year	\$463,903	x 80%	\$371,122
			<u>\$612,621</u>

Market Value of Assets as of October 1, 2016 \$6,361,922

Minus advance employer contributions (\$363,069)

Minus excess Chapter 175/185 contributions \$0

Adjustment for unrecognized gain or loss as shown above,
but restricted to an amount that keeps the actuarial value
of assets within an 80%-120% corridor of the market value (\$612,621)

Actuarial Value of Assets as of October 1, 2016 \$5,386,232

<u>Historical Actuarial Value of Assets</u>	
October 1, 2007	\$1,099,877
October 1, 2008	\$1,097,648
October 1, 2009	\$1,810,225
October 1, 2010	\$2,353,601
October 1, 2011	\$2,663,464
October 1, 2012	\$3,563,115
October 1, 2013	\$4,382,581
October 1, 2014	\$5,077,687
October 1, 2015	\$5,215,219
October 1, 2016	\$5,386,232

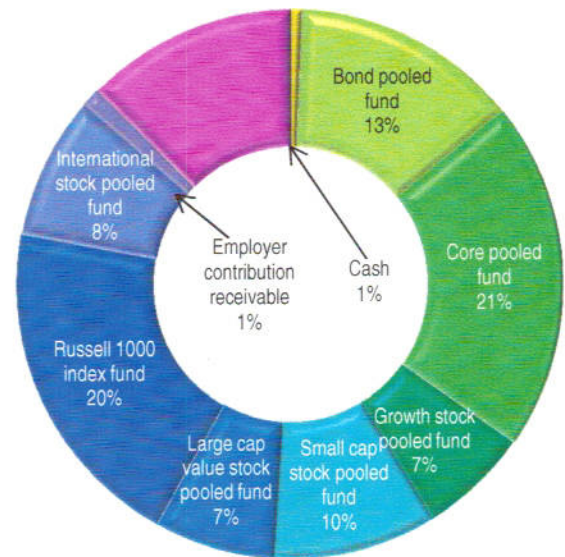


Market Value of Assets

Table II-B

As of October 1, 2016

Market Value of Assets	<u>\$6,361,922</u>
Cash	\$58,576
Bond pooled fund	\$1,142,243
Core pooled fund	\$1,742,652
Growth stock pooled fund	\$556,477
Small cap stock pooled fund	\$827,394
Large cap value stock pooled fund	\$600,410
Russell 1000 index fund	\$1,676,754
International stock pooled fund	\$717,563
Employer contribution receivable	\$94,721
Employee contribution receivable	\$445
Payable to share plan	(\$1,055,313)

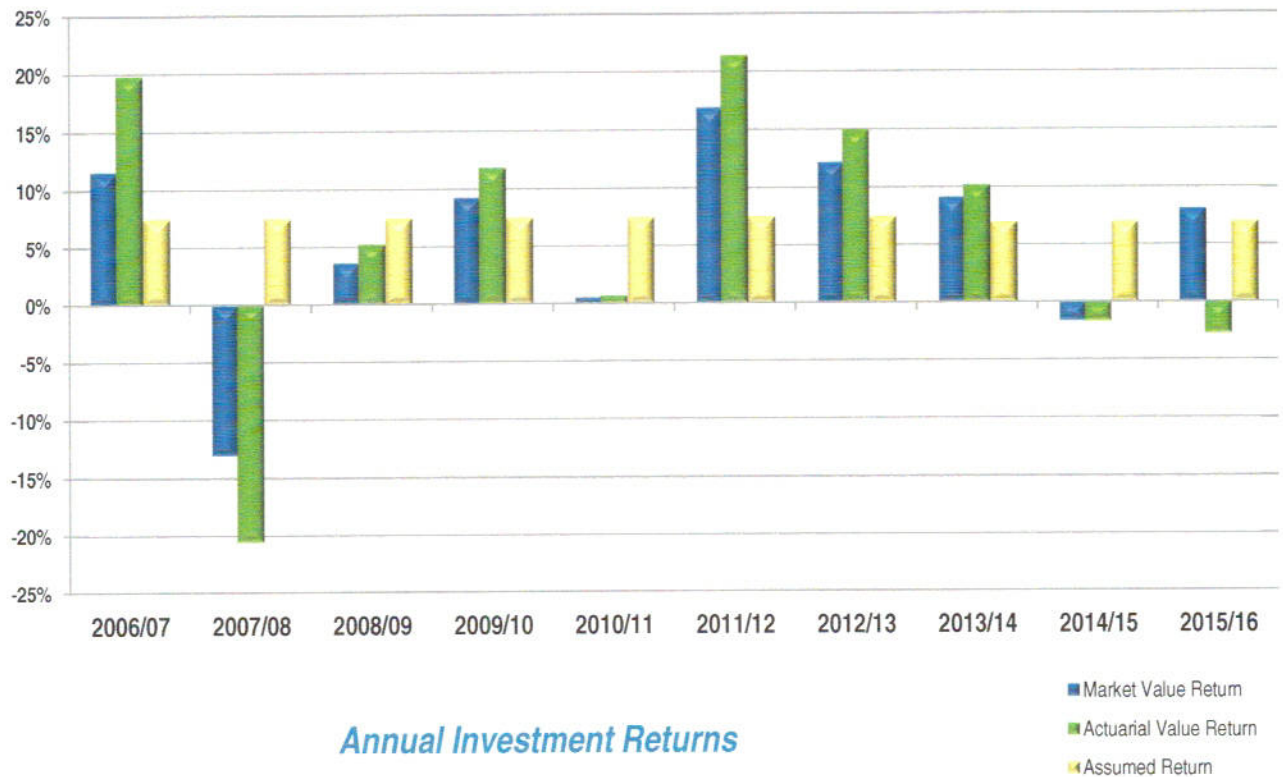
Historical Market Value of Assets

October 1, 2007	\$1,756,480
October 1, 2008	\$1,859,213
October 1, 2009	\$2,295,331
October 1, 2010	\$2,946,774
October 1, 2011	\$3,356,697
October 1, 2012	\$4,358,157
October 1, 2013	\$5,284,991
October 1, 2014	\$5,219,812
October 1, 2015	\$5,526,007
October 1, 2016	\$6,361,922



Investment Return

Table II-C

*Annual Investment Returns*

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2006/07	11.58%	19.80%	7.50%
2007/08	-12.98%	-20.49%	7.50%
2008/09	3.64%	5.24%	7.50%
2009/10	9.30%	11.86%	7.50%
2010/11	0.54%	0.68%	7.50%
2011/12	16.91%	21.38%	7.50%
2012/13	12.20%	15.00%	7.50%
2013/14	9.15%	10.21%	7.00%
2014/15	-1.64%	-1.71%	7.00%
2015/16	8.12%	-2.77%	7.00%
10yr. Avg.	5.35%	5.20%	7.35%



Asset Reconciliation

Table II-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2015	\$5,526,007	\$5,215,219
<i>Increases Due To:</i>		
Employer Contributions	\$265,384	\$265,384
Chapter 175/185 Contributions	\$124,216	\$124,216
Employee Contributions	\$12,244	\$12,244
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$401,844</u>	<u>\$401,844</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	<u>\$463,903</u>	
Total Investment Income	\$463,903	(\$148,718)
Other Income	\$0	
Total Income	<u>\$865,747</u>	<u>\$253,126</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	\$0	\$0
Refund of Employee Contributions	(\$5,142)	(\$5,142)
Total Benefit Payments	<u>(\$5,142)</u>	<u>(\$5,142)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$24,690)	(\$24,690)
Advance Employer Contribution		(\$52,281)
Excess Chapter 175/185 Contribution		\$0
Total Expenses	<u>(\$29,832)</u>	<u>(\$82,113)</u>
As of October 1, 2016	<u>\$6,361,922</u>	<u>\$5,386,232</u>



Historical Trust Fund Detail

Table II-E

Income

Plan	Employer	Chapter	Employee	Service	Interest /	Realized	Unrealized	Other
<u>Year</u>	<u>Contribs.</u>	<u>Contribs.</u>	<u>Contribs.</u>	<u>Purchase</u>	<u>Dividends</u>	<u>Gains /</u>	<u>Gains /</u>	<u>Income</u>
				<u>Contribs.</u>		<u>Losses</u>	<u>Losses</u>	
2006/07	\$173,502	\$119,358	\$7,149	\$0	\$0	\$0	\$167,199	\$0
2007/08	\$207,244	\$146,206	\$8,539	\$0	\$0	\$0	-\$250,902	\$0
2008/09	\$223,229	\$148,219	\$9,198	\$0	\$0	\$0	\$74,272	\$0
2009/10	\$286,033	\$140,556	\$9,258	\$0	\$0	\$0	\$233,014	\$0
2010/11	\$268,096	\$132,549	\$9,106	\$0	\$0	\$0	\$17,039	\$0
2011/12	\$273,018	\$134,298	\$9,468	\$0	\$0	\$0	\$601,344	\$0
2012/13	\$243,947	\$139,857	\$10,276	\$0	\$0	\$0	\$554,455	\$0
2013/14	\$251,735	\$143,624	\$10,486	\$0	\$0	\$0	\$459,576	\$0
2014/15	\$261,285	\$142,403	\$10,861	\$0	\$0	\$0	-\$88,704	\$0
2015/16	\$265,384	\$124,216	\$12,244	\$0	\$0	\$0	\$463,903	\$0

Expenses

Plan	Monthly	Contrib.	Admin.	Invest.	<u>Other Actuarial Adjustments</u>	
<u>Year</u>	<u>Benefit</u>	<u>Refunds</u>	<u>Expenses</u>	<u>Expenses</u>	<u>Employer</u>	<u>Chapter</u>
	<u>Payments</u>				<u>Contribs.</u>	<u>Contribs.</u>
2006/07	\$0	\$3,376	\$6,050	\$0	\$27,468	\$86,869
2007/08	\$0	\$36	\$8,318	\$0	-\$8,755	\$113,717
2008/09	\$0	\$1,647	\$17,153	\$0	-\$392,189	\$115,730
2009/10	\$0	\$0	\$17,418	\$0	\$0	\$108,067
2010/11	\$0	\$1,626	\$15,241	\$0	\$0	\$100,060
2011/12	\$0	\$0	\$16,668	\$0	\$0	\$101,809
2012/13	\$0	\$0	\$21,701	\$0	\$0	\$107,368
2013/14	\$902,410	\$0	\$28,190	\$0	\$142,125	-\$902,410
2014/15	\$0	\$0	\$19,650	\$0	\$168,663	\$0
2015/16	\$0	\$5,142	\$24,690	\$0	\$52,281	\$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	\$310,788
Additional Employer Contribution	\$389,600
Minimum Required Contribution	(\$337,319)
Net Increase in Advance Employer Contribution	\$52,281
Advance Employer Contribution as of October 1, 2016	<u>\$363,069</u>

Excess Chapter 175/185 Contribution

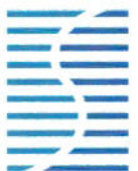
Excess Chapter 175/185 Contribution as of October 1, 2015	\$0
Additional Chapter 175/185 Contribution	\$124,216
Allowable Chapter 175/185 Contribution	(\$124,216)
Net Increase in Excess Chapter 175/185 Contribution	\$0
Excess Chapter 175/185 Contribution as of October 1, 2016	<u>\$0</u>



Historical Chapter 175/185 Contributions

Table II-G

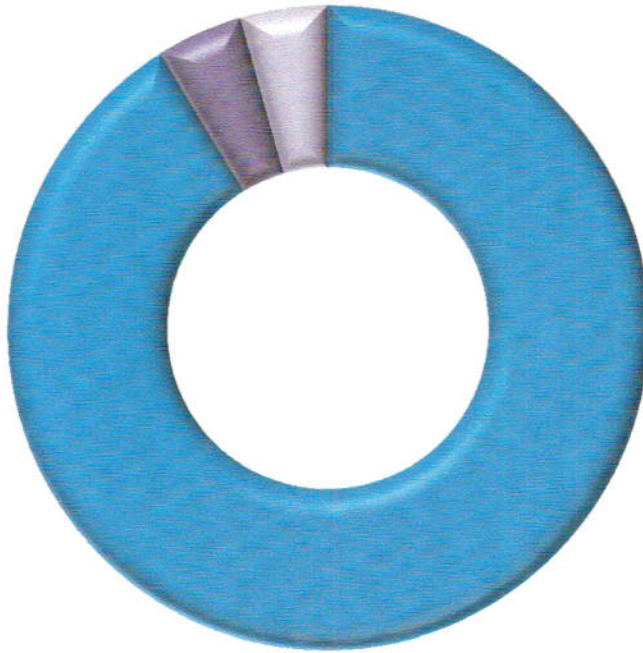
	Total Accumulated Excess Chapter 175/185 Contribution				\$0
	<u>Chapter 175 Regular Distribution</u>	<u>Chapter 175 Supplemental Distribution</u>	<u>Chapter 185 Distribution</u>	<u>Allowable Amount</u>	
1998 Distribution	\$38,114	\$0	\$0	(\$32,489)	
1999 Distribution	\$24,844	\$0	\$0	(\$24,844)	
2000 Distribution	\$26,322	\$14,175	\$0	(\$26,322)	
2001 Distribution	\$25,916	\$13,831	\$0	(\$25,916)	
2002 Distribution	\$30,737	\$14,366	\$0	(\$30,737)	
2003 Distribution	\$40,249	\$17,127	\$0	(\$32,489)	
2004 Distribution	\$45,059	\$24,172	\$0	(\$32,489)	
2005 Distribution	\$55,245	\$26,024	\$0	(\$32,489)	
2006 Distribution	\$86,206	\$33,151	\$0	(\$32,489)	
2007 Distribution	\$72,786	\$73,420	\$0	(\$32,489)	
2008 Distribution	\$91,088	\$57,131	\$0	(\$32,489)	
2009 Distribution	\$92,039	\$48,517	\$0	(\$32,489)	
2010 Distribution	\$87,205	\$45,344	\$0	(\$32,489)	
2011 Distribution	\$92,566	\$41,732	\$0	(\$32,489)	
2012 Distribution	\$89,595	\$50,262	\$0	(\$32,489)	
2013 Distribution	\$95,156	\$48,468	\$0	(\$143,624)	
2014 Distribution	\$89,778	\$52,625	\$0	(\$142,403)	
2015 Distribution	\$85,098	\$39,118	\$0	(\$124,216)	
Interest Adjustment				\$10,385	
Transfer to Share Plan				(\$902,410)	



Summary of Participant Data

Table III-A

As of October 1, 2016

Actively Employed Participants

Active Participants	21
DROP Participants	0

Inactive Participants

Deferred Vested Participants	1
Due a Refund of Contributions	1
Deferred Beneficiaries	0

Participants Receiving a Benefit

Service Retirements	0
Disability Retirements	0
Beneficiaries Receiving	0

Total Participants 23Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2007	15	0	0	0	15
October 1, 2008	N/A	N/A	N/A	N/A	N/A
October 1, 2009	17	0	0	0	17
October 1, 2010	17	0	0	0	17
October 1, 2011	15	0	1	0	16
October 1, 2012	15	0	1	0	16
October 1, 2013	18	0	1	0	19
October 1, 2014	18	0	1	0	19
October 1, 2015	17	0	2	0	19
October 1, 2016	21	0	2	0	23



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>	17	0	1	1	0	0	0	0	19
<u>Change in Status</u>									
Re-employed									
Terminated	(2)			2					
Retired									
<u>Participation Ended</u>									
Transferred Out									
Cashed Out				(2)					(2)
Died									
<u>Participation Began</u>									
Newly Hired	6								6
Transferred In									
New Beneficiary									
<u>Other Adjustment</u>									
<u>October 1, 2016</u>	21	0	1	1	0	0	0	0	23

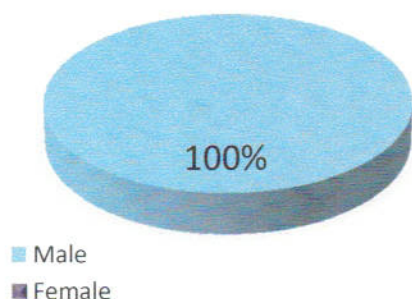


Active Participant Data

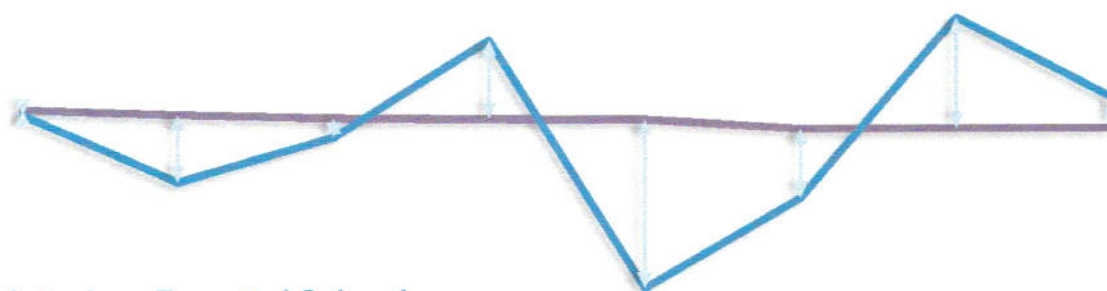
Table III-C

As of October 1, 2016

Gender Mix



Average Age	33.5 years
Average Service	8.2 years
Total Annualized Compensation for the Prior Year	\$1,308,895
Total Expected Compensation for the Current Year	\$1,367,798
Average Increase in Compensation for the Prior Year	6.77%
Expected Increase in Compensation for the Current Year	4.50%



Actual vs. Expected Salary Increases

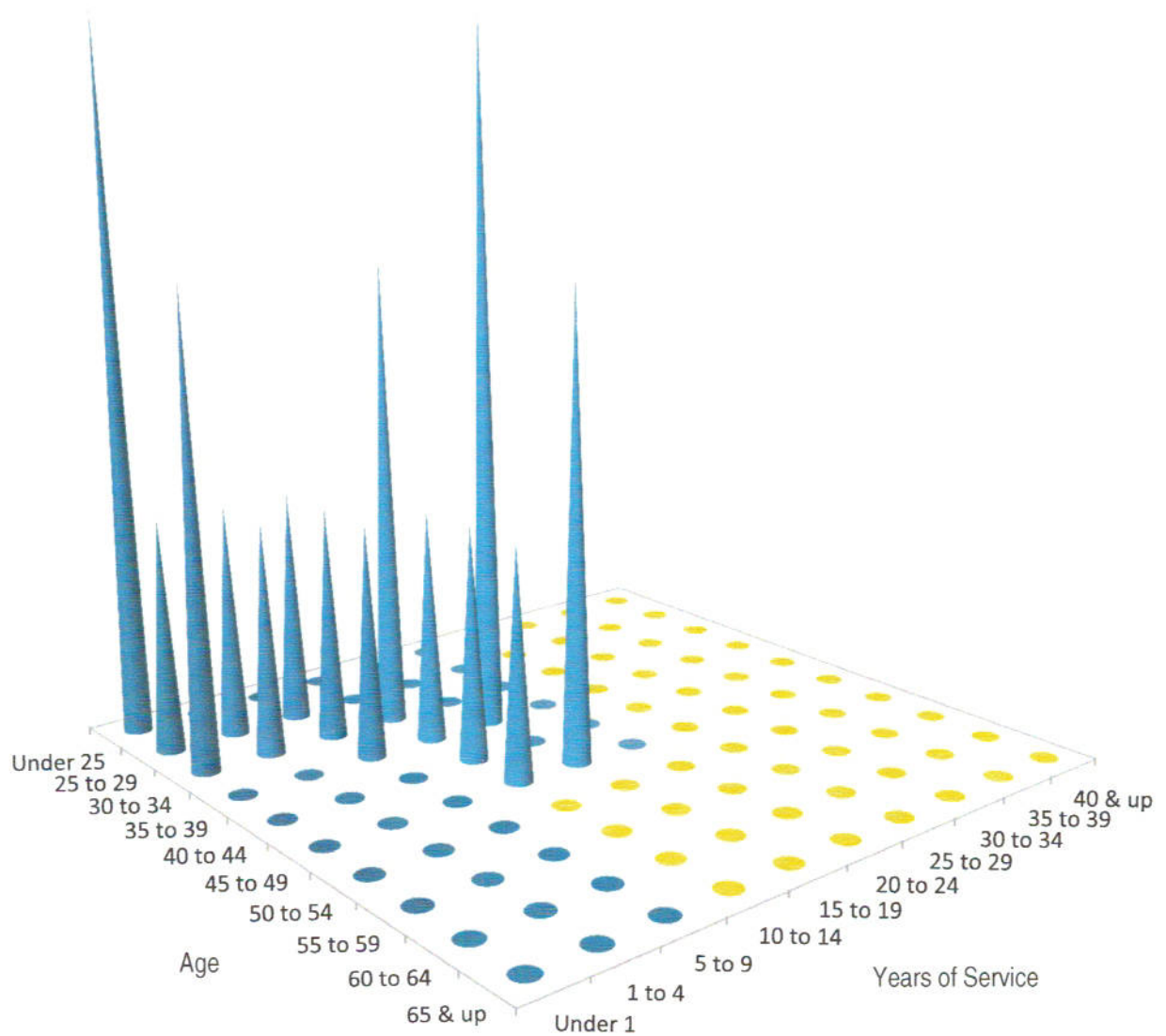
Active Participant Statistics From Prior Valuations

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2007	31.5	4.4	\$47,837	5.32%	15.80%
October 1, 2008	N/A	N/A	\$50,649	5.97%	9.53%
October 1, 2009	31.8	5.1	\$54,104	6.08%	5.69%
October 1, 2010	32.8	6.1	\$54,459	5.68%	0.69%
October 1, 2011	32.9	7.0	\$57,508	5.39%	3.97%
October 1, 2012	33.9	8.0	\$63,118	5.26%	11.11%
October 1, 2013	33.7	7.5	\$57,093	5.20%	-7.25%
October 1, 2014	35.0	8.8	\$56,488	4.50%	-0.60%
October 1, 2015	36.1	10.2	\$63,786	4.50%	12.71%
October 1, 2016	33.5	8.2	\$62,328	4.50%	6.77%



Active Age-Service Distribution

Table III-D



- ▲ Eligible to retire
- ▲ May be eligible to retire
- ▲ Not eligible to retire



Active Age-Service-Salary Table

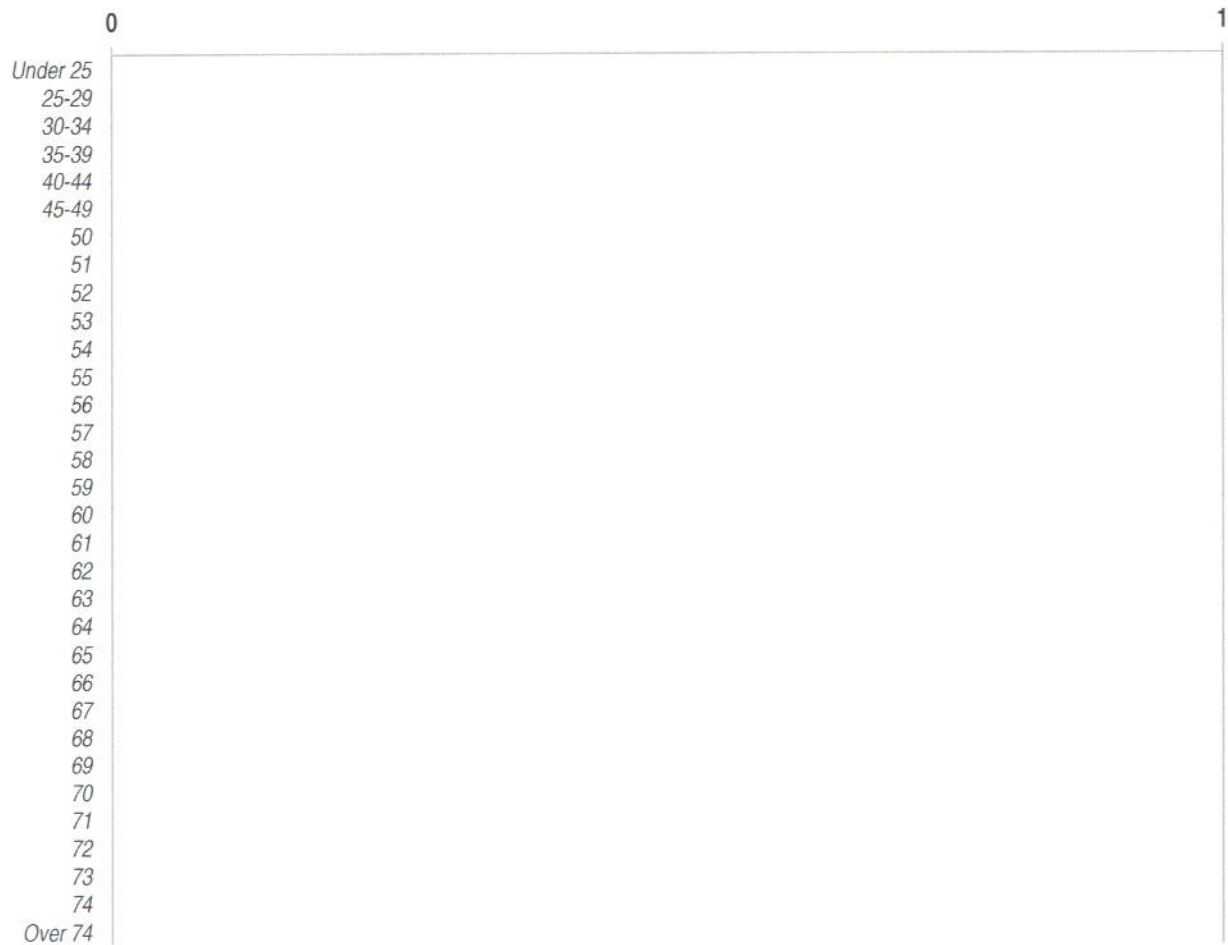
Table III-E

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	3	0	0	0	0	0	0	0	0	0	3
Avg. Pay	40,182	0	0	0	0	0	0	0	0	0	40,182
25 to 29	1	1	1	0	0	0	0	0	0	0	3
Avg. Pay	45,611	60,883	66,288	0	0	0	0	0	0	0	57,594
30 to 34	2	1	1	2	0	0	0	0	0	0	6
Avg. Pay	47,616	56,627	64,576	64,570	0	0	0	0	0	0	57,596
35 to 39	0	0	1	1	3	0	0	0	0	0	5
Avg. Pay	0	0	82,245	68,427	76,975	0	0	0	0	0	76,319
40 to 44	0	0	0	1	0	0	0	0	0	0	1
Avg. Pay	0	0	0	81,357	0	0	0	0	0	0	81,357
45 to 49	0	0	0	1	2	0	0	0	0	0	3
Avg. Pay	0	0	0	69,299	68,870	0	0	0	0	0	69,013
50 to 54	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
55 to 59	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
60 to 64	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
65 & up	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
Total	6	2	3	5	5	0	0	0	0	0	21
Avg. Pay	43,565	58,755	71,036	69,644	73,733	0	0	0	0	0	62,328



Inactive Participant Data

Table III-F

*Age at Retirement*

- Service Retirements
- Disability Retirements
- DROP Participants

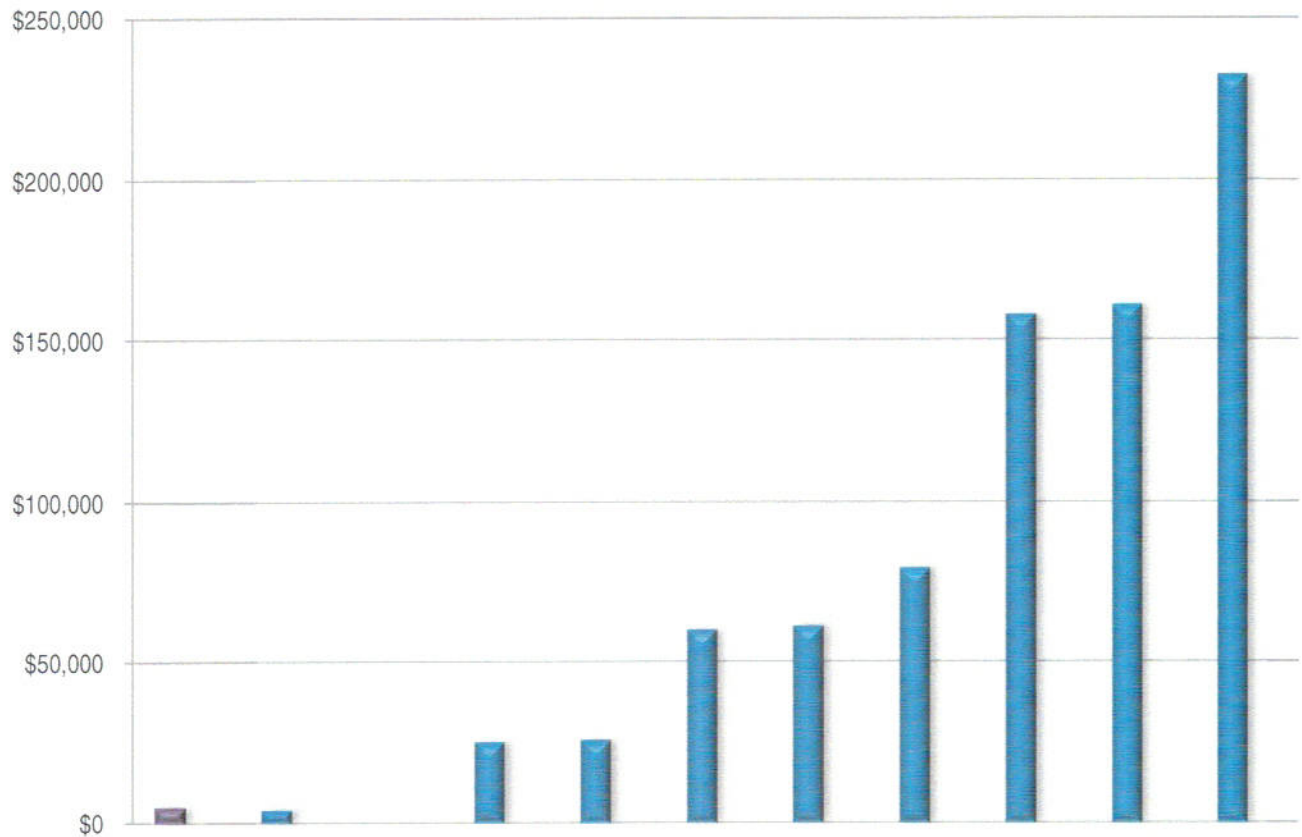
Average Monthly Benefit

Service Retirements	<i>Not applicable</i>
Disability Retirements	<i>Not applicable</i>
Beneficiaries Receiving	<i>Not applicable</i>
DROP Participants	<i>Not applicable</i>
Deferred Vested Participants	<i>\$1,398.11</i>
Deferred Beneficiaries	<i>Not applicable</i>



Projected Benefit Payments

Table III-G

Actual

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

\$5,142

Projected

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

\$4,382

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

\$0

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

\$25,674

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

\$26,187

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

\$60,332

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

\$61,539

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

\$79,547

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

\$158,080

For the period October 1, 2024 through September 30, 2025

\$161,242

For the period October 1, 2025 through September 30, 2026

\$232,425



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

7.00% 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 the most valuable 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

The total projected benefit liability has been loaded by 3.50% 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 IV-B

Since the completion of the previous valuation, the following assumptions and methods have been changed:

- (1) 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; and
- (2) The actuarial value of assets was changed from the unadjusted market value to the market value adjusted to reflect a five-year phase-in of the net investment earnings.



Summary of Plan Provisions

Table V-A

1. Benefit Formula

3.00% of Average Monthly Earnings multiplied by Credited Service

2. Service Retirement

Normal retirement: Age 55 with at least 10 years of credited service; or

Any age with at least 25 years of credited service

Early retirement: Age 50 with at least 10 years of credited service

(Note: In the case of early retirement, the participant's benefit is reduced by 3% for each year by which the participant's early retirement age precedes his normal retirement age.)

3. Disability Retirement

Service-based disability: Participant must be disabled during the course of his employment with the City.

Non-service disability: Participant must have earned at least 10 years of credited service.

The disability benefit is a monthly 10-year certain and life annuity equal to the monthly accrued benefit, but not less than 42% of average monthly earnings in the case of a service-based disability and offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other City-financed disability or salary continuation benefit from exceeding his average monthly earnings. The disability benefit is not reduced to an amount less than the greater of 42% of average monthly earnings or 2.00% of average monthly earnings for each year of credited service. The participant may convert his disability benefit into any of the optional forms of payment that are otherwise available under the plan.

(A participant is disabled if he is found to have a mental or physical condition resulting from bodily injury, disease, or a mental disorder that renders him incapable of employment as a firefighter.)

4. 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 early or normal retirement age. If the benefit is payable prior to normal retirement age, then the benefit is reduced by 3% for each year by which the participant's early retirement age precedes his normal retirement age.

A non-vested participant who terminates employment receives his accumulated contributions.



Summary of Plan Provisions

Table V-A

(continued)

5. Vesting

An employee becomes 100% vested upon the attainment of 10 years of credited service.

6. Pre-Retirement Death Benefit

If a vested, married participant dies prior to retirement, the participant's spouse receives a 10-year certain annuity commencing at the participant's normal or early retirement age and reduced for payment prior to the participant's normal retirement age at the rate of 3% per year, if applicable. Alternatively, the spouse may commence receipt of the 10-year certain annuity immediately, subject to an actuarial adjustment for earlier payment. The Trustees may elect to pay the pre-retirement death benefit as a single lump sum distribution if the value of the benefit is less than or equal to \$1,000.

If a vested, unmarried participant dies prior to retirement, the participant's beneficiary receives a 10-year certain annuity commencing immediately. If the participant was eligible for early retirement at the time of his death, the annuity is reduced for payment prior to the participant's normal retirement age at the rate of 3% per year, if applicable. Alternatively, the annuity is reduced actuarially for payment prior to the participant's normal retirement age. The Trustees may elect to pay the pre-retirement death benefit as a single lump sum distribution if the value of the benefit is less than or equal to \$1,000.

If a vested participant dies in the line of duty prior to retirement, the participant's beneficiary may elect to receive an immediate monthly life annuity equal to 50% of the deceased participant's plan compensation at the time of his death in lieu of the benefits described above.

If a non-vested participant dies prior to retirement, the participant's beneficiary receives the participant's accumulated contributions.

7. 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 66 $\frac{2}{3}$ % joint and contingent annuity (*optional*);

Actuarially reduced 75% joint and contingent annuity (*optional*);



Summary of Plan Provisions

Table V-A

(continued)

Actuarially reduced 100% joint and contingent annuity (*optional*); or

Actuarially equivalent single lump sum distribution (*automatic if the single sum value of the participant's benefit is less than or equal to \$1,000*)

(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.)

8. Automatic Cost-of-Living Adjustment

Participants receive an automatic annual 2% cost-of-living adjustment beginning on the October 1 immediately following retirement. The cost-of-living adjustment is pro-rated for participants who have been retired for less than one year.

9. Average Monthly Earnings

Average monthly earnings during the highest five years of compensation out of the 10 years immediately preceding the determination date or career average earnings, if greater. Earnings include W-2 compensation, but exclude payments for accrued annual or sick leave and lump sum payments other than bonuses and exclude overtime in excess of 300 hours per plan year after the date that the first collective bargaining agreement is effective after July 1, 2011. Earnings cannot exceed the maximum amount allowed under Internal Revenue Code (IRC) section 401(a)(17).

10. Credited Service

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

11. Employee Contribution

Employees must contribute 1.00% of basic salary. Employee contributions are accumulated without interest.

12. City Contribution

The City is required to make periodic contributions at least on a quarterly basis as determined under Chapter 112, Florida Statutes.



Summary of Plan Provisions

Table V-A

(continued)

13. Participant Requirement

All firefighters of the City of Safety Harbor automatically become participants in the plan on their date of hire.

14. Actuarial Equivalence

Based on 7.00% interest per annum and the mortality table promulgated by the Internal Revenue Service (IRS) for purposes of determining minimum lump sum distributions pursuant to Internal Revenue Code (IRC) section 417(e)(3).

15. Plan Effective Date

The plan was originally effective on January 1, 1996.

16. Deferred Retirement Option Plan (DROP)

A participant who reaches his Normal Retirement Age is eligible to participate in the DROP for a period of up to 60 months. Interest is credited on the DROP accounts at the rate of 1.30% per annum.



Summary of Plan Amendments

Table V-B

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

