

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

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2017

DETERMINES THE CONTRIBUTION
FOR THE 2017/18 FISCAL YEAR



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February 4, 2018

Introduction

This report presents the results of the October 1, 2017 actuarial valuation for the Retirement Plan for the Firefighters and Police Officers of the City of Dunnellon. 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, 2017 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 zero, as it was in the prior valuation.

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 zero. If an actuarial valuation is not prepared as of October 1, 2018, then the 0.00% contribution rate will also apply to the 2018/19 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 \$2,328,099. As illustrated in Table I-A, current assets and future employee contributions are sufficient to cover all of this amount. Again, demographic and investment experience that differs from that assumed could increase the future 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, 2017, the advance employer contribution is \$128,270, which reflects the advance employer contribution of \$12,493 as of October 1, 2015 plus \$115,777 in allowable Chapter 175/185 contributions for the 2015/16 and 2016/17 plan years as shown in Table II-F.

Excess Chapter 175/185 Contributions

As of October 1, 2017, the plan has accumulated excess Chapter 175/185 contributions of \$175,159 as shown in Table II-F. This amount is equal to the accumulated excess Chapter 175/185 contribution balance of \$175,159 as of October 1, 2015. The total Chapter 175/185 distribution received during the 2015/16 plan year was \$51,722, which consisted of a \$12,575 regular Chapter 175 distribution, a \$5,311 supplemental Chapter 175 distribution, and a \$33,836 Chapter 185 distribution. The total Chapter 175/185 distribution received during the 2016/17 plan year was \$64,055, which consisted of a \$13,798 regular Chapter 175 distribution, a \$3,168 supplemental Chapter 175 distribution, and a \$47,089 Chapter 185 distribution. All of the 2015/16 and 2016/17 distribution was allowed to be used as an offset to the City’s minimum required contribution.

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, 2017, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Refund of Participant Contributions

It is our understanding that there are eight participants who are due a refund of their contributions. We have estimated the accumulated amount of their refunds to be \$4,959 as of October 1, 2017. The average amount owed to each



individual is \$620. If possible, we recommend that the accumulated contributions be distributed to these individuals in order to simplify the administration of the plan and to reduce future administrative costs.

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.

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.

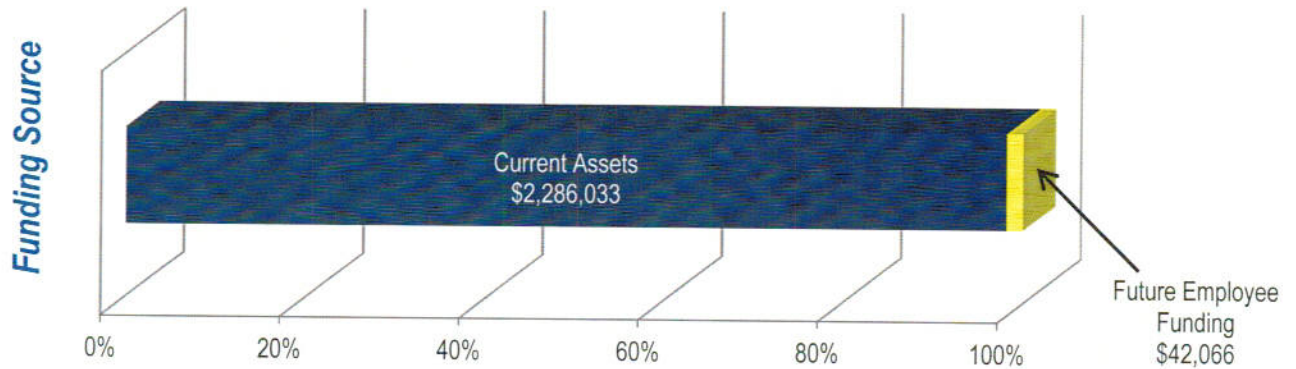
Enrolled Actuary No. 17-04927

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

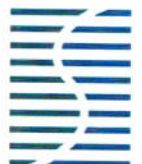


For the 2017/18 Plan Year

Present Value of Future Benefits	\$1,864,896
Present Value of Future Administrative Expenses	\$73,617
Actuarial Value of Assets	(\$2,286,033)
Present Value of Future Employee Contributions	(\$42,066)
Present Value of Future Normal Costs	\$0
Present Value of Future Payroll	÷ \$4,206,686
Normal Cost Rate	= 0%
Expected Payroll	x \$417,838
Normal Cost	\$0
Adjustment to Reflect Mid-Year Employer Contribution	\$0
Preliminary Employer Contribution for the 2017/18 Plan Year	\$0
Expected Payroll for the 2017/18 Plan Year	÷ \$417,838

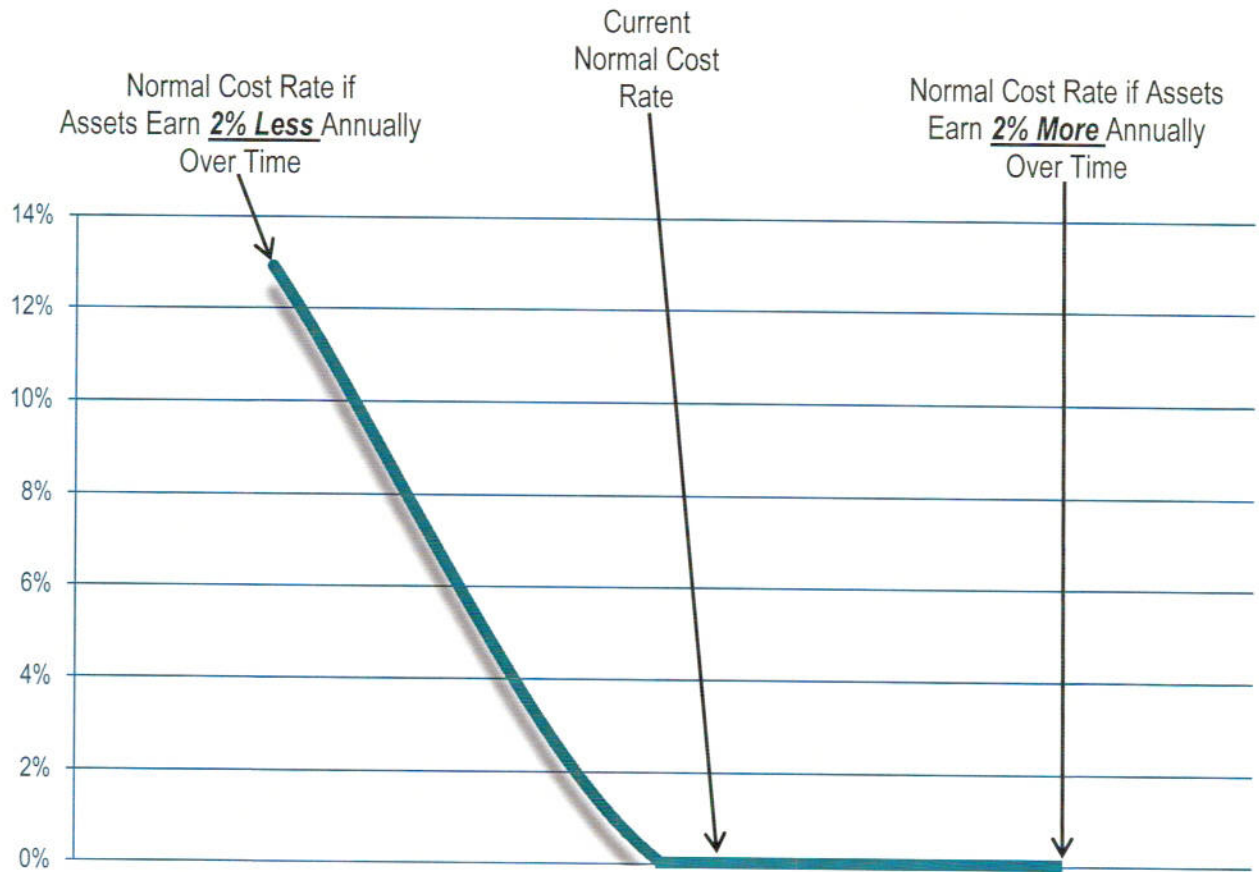
Minimum Required Contribution Rate 0.00%

(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	0.00%
Increase (decrease) due to investment gains and losses	0.00%
Increase (decrease) due to demographic experience	0.00%
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>0.00%</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	\$1,301,014	\$1,301,014	\$1,368,787
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,301,014	\$1,301,014	\$1,368,787
<u>Deferred Vested Participants</u>			
Retirement benefits	\$264,142	\$264,142	\$274,303
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$264,142	\$264,142	\$274,303
<u>Due a Refund of Contributions</u>	\$4,959	\$4,959	\$4,959
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$210,942	\$210,942	\$216,847
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$210,942	\$210,942	\$216,847
<u>Grand Total</u>	<u>\$1,781,057</u>	<u>\$1,781,057</u>	<u>\$1,864,896</u>
Present Value of Future Payroll	\$3,851,879	\$3,851,879	\$4,206,686
Present Value of Future Employee Contribs.	\$38,519	\$38,519	\$42,066
Present Value of Future Employer Contribs.	\$0	\$0	\$0



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	\$448,362	\$448,362	\$428,916
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$448,362	\$448,362	\$428,916
<u>Deferred Vested Participants</u>			
Retirement benefits	\$264,142	\$264,142	\$274,303
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$264,142	\$264,142	\$274,303
<u>Due a Refund of Contributions</u>	\$4,959	\$4,959	\$4,959
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$210,942	\$210,942	\$216,847
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$210,942	\$210,942	\$216,847
<u>Grand Total</u>	<u>\$928,405</u>	<u>\$928,405</u>	<u>\$925,025</u>
<u>Funded Percentage</u>	260.05%	260.05%	261.00%

(Note: Funded percentage is equal to the ratio of the usable portion of the market value of assets divided by the present value of accrued benefits.)



Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$373,600	\$373,600	\$355,122
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$373,600	\$373,600	\$355,122
<u>Deferred Vested Participants</u>			
Retirement benefits	\$264,142	\$264,142	\$274,303
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$264,142	\$264,142	\$274,303
<u>Due a Refund of Contributions</u>	\$4,959	\$4,959	\$4,959
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$210,942	\$210,942	\$216,847
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$210,942	\$210,942	\$216,847
<u>Grand Total</u>	<u>\$853,643</u>	<u>\$853,643</u>	<u>\$851,231</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>
<u>Actively Employed Participants</u>			
Retirement benefits	\$579,828	\$579,828	\$587,259
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$579,828	\$579,828	\$587,259
<u>Deferred Vested Participants</u>			
Retirement benefits	\$264,142	\$264,142	\$274,303
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$264,142	\$264,142	\$274,303
<u>Due a Refund of Contributions</u>	\$4,959	\$4,959	\$4,959
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$210,942	\$210,942	\$216,847
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$210,942	\$210,942	\$216,847
<u>Grand Total</u>	<u>\$1,059,871</u>	<u>\$1,059,871</u>	<u>\$1,083,368</u>



Actuarial Value of Assets

Table II-A

Market Value of Assets as of October 1, 2017	\$2,589,462
Minus advance employer contributions	(\$128,270)
Minus excess Chapter 175/185 contributions	(\$175,159)
Actuarial Value of Assets as of October 1, 2017	<u>\$2,286,033</u>

Historical Actuarial Value of Assets

October 1, 2008	\$471,294
October 1, 2009	\$547,459
October 1, 2010	\$708,103
October 1, 2011	\$802,214
October 1, 2012	\$1,089,023
October 1, 2013	\$1,632,551
October 1, 2014	\$1,836,204
October 1, 2015	\$1,869,911
October 1, 2016	\$2,007,574
October 1, 2017	\$2,286,033

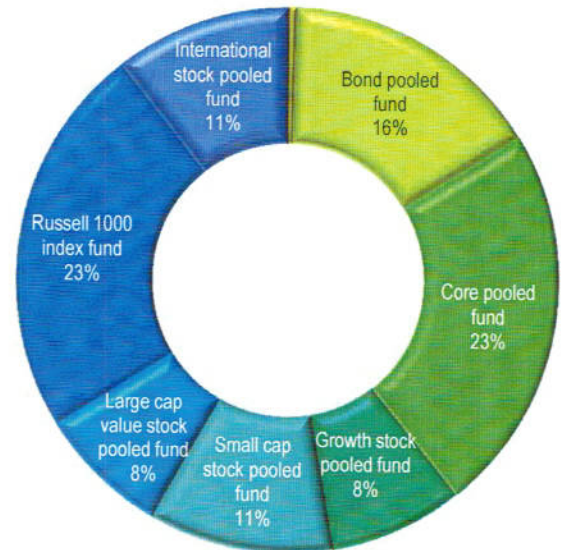


Market Value of Assets

Table II-B

As of October 1, 2017

Market Value of Assets	<u>\$2,589,462</u>
Cash	\$10,356
Bond pooled fund	\$406,484
Core pooled fund	\$598,075
Growth stock pooled fund	\$207,126
Small cap stock pooled fund	\$284,798
Large cap value stock pooled fund	\$204,537
Russell 1000 index fund	\$603,253
International stock pooled fund	\$274,441
Employee contribution receivable	\$392

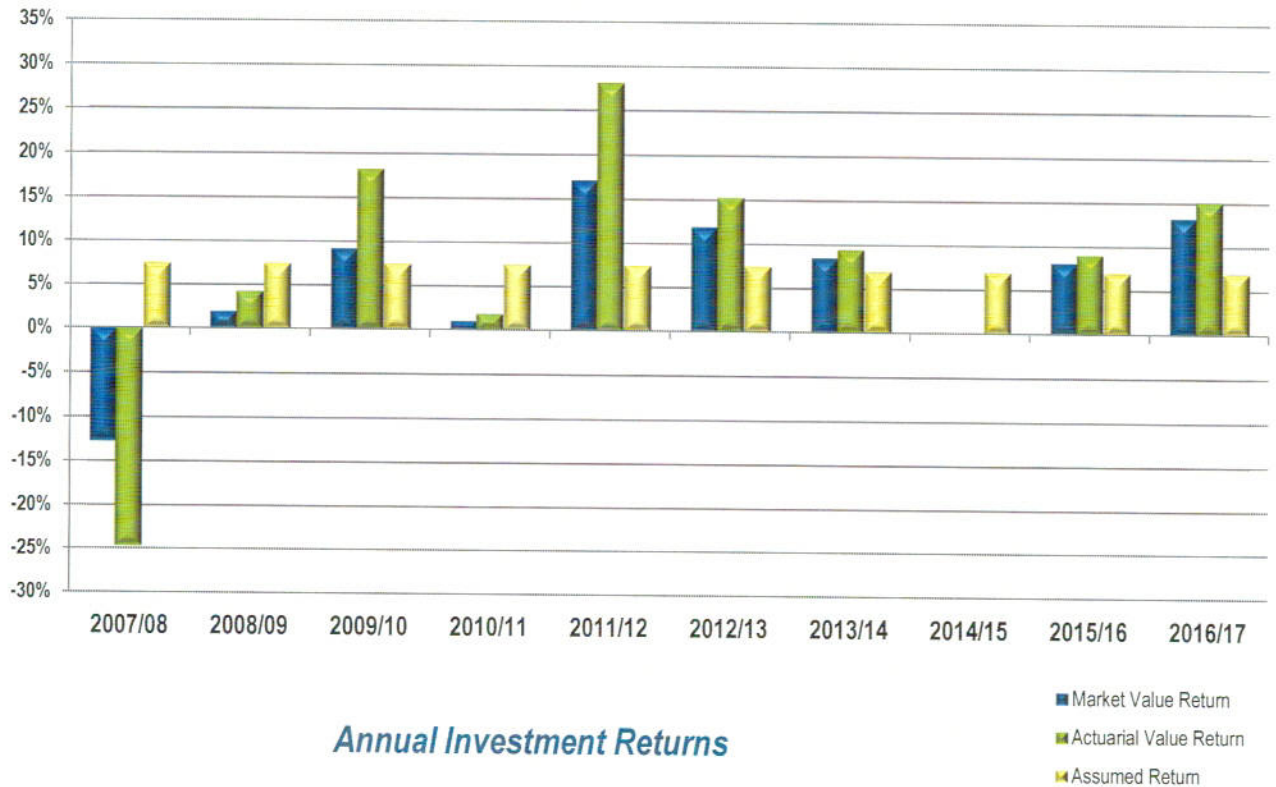
**Historical Market Value of Assets**

October 1, 2008	\$1,038,949
October 1, 2009	\$1,109,444
October 1, 2010	\$1,278,077
October 1, 2011	\$1,343,073
October 1, 2012	\$1,610,547
October 1, 2013	\$1,831,169
October 1, 2014	\$2,020,062
October 1, 2015	\$2,057,563
October 1, 2016	\$2,246,948
October 1, 2017	\$2,589,462



Investment Return

Table II-C

*Annual Investment Returns*

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2007/08	-12.68%	-24.59%	7.50%
2008/09	2.01%	4.28%	7.50%
2009/10	9.23%	18.30%	7.50%
2010/11	1.06%	1.84%	7.50%
2011/12	17.16%	28.16%	7.50%
2012/13	11.93%	15.33%	7.50%
2013/14	8.47%	9.45%	7.00%
2014/15	0.00%	0.00%	7.00%
2015/16	8.11%	9.05%	7.00%
2016/17	13.29%	15.09%	7.00%
10yr. Avg.	5.53%	6.76%	7.30%



Asset Reconciliation

Table II-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2015	\$2,057,563	\$1,869,911
<i>Increases Due To:</i>		
Employer Contributions	\$0	\$0
Chapter 175/185 Contributions	\$115,777	\$115,777
Employee Contributions	\$7,993	\$7,993
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$123,770</u>	<u>\$123,770</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$469,072	
Total Investment Income	<u>\$469,072</u>	\$469,072
Other Income	\$0	
Total Income	<u>\$592,842</u>	<u>\$592,842</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	(\$32,924)	(\$32,924)
Refund of Employee Contributions	(\$3,959)	(\$3,959)
Total Benefit Payments	<u>(\$36,883)</u>	<u>(\$36,883)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$24,060)	(\$24,060)
Advance Employer Contribution		(\$115,777)
Excess Chapter 175/185 Contribution		\$0
Total Expenses	<u>(\$60,943)</u>	<u>(\$176,720)</u>
As of October 1, 2017	<u><u>\$2,589,462</u></u>	<u><u>\$2,286,033</u></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>Contribs.</u>	<u>Dividends</u>	<u>Gains /</u> <u>Losses</u>	<u>Gains /</u> <u>Losses</u>	<u>Income</u>
2007/08	\$0	\$99,148	\$4,205	\$0	\$0	\$0	-\$145,393	\$0
2008/09	\$0	\$71,447	\$4,594	\$0	\$0	\$0	\$21,366	\$0
2009/10	\$0	\$91,021	\$4,311	\$0	\$0	\$0	\$105,277	\$0
2010/11	\$0	\$71,260	\$5,212	\$0	\$0	\$0	\$13,784	\$0
2011/12	\$0	\$57,695	\$5,022	\$0	\$0	\$0	\$233,454	\$0
2012/13	\$0	\$51,072	\$5,839	\$0	\$0	\$0	\$193,777	\$0
2013/14	\$0	\$57,346	\$5,349	\$0	\$0	\$0	\$156,484	\$0
2014/15	\$21,302	\$45,626	\$4,684	\$0	\$0	\$0	\$69	\$0
2015/16	\$0	\$51,722	\$3,810	\$0	\$0	\$0	\$167,792	\$0
2016/17	\$0	\$64,055	\$4,183	\$0	\$0	\$0	\$301,280	\$0

Expenses

Plan	Monthly	Contrib.	Admin.	Invest.	<u>Other Actuarial Adjustments</u>	
<u>Year</u>	<u>Benefit</u> <u>Payments</u>	<u>Refunds</u>	<u>Expenses</u>	<u>Expenses</u>	<u>Advance</u> <u>Employer</u> <u>Contribs.</u>	<u>Excess</u> <u>Chapter</u> <u>Contribs.</u>
2007/08	\$16,462	\$3,283	\$8,423	\$0	-\$24,421	\$48,720
2008/09	\$16,462	\$3,662	\$6,788	\$0	-\$26,689	\$21,019
2009/10	\$16,462	\$5,641	\$9,873	\$0	-\$32,604	\$40,593
2010/11	\$16,462	\$704	\$8,094	\$0	-\$49,947	\$20,832
2011/12	\$16,462	\$0	\$12,235	\$0	-\$26,602	\$7,267
2012/13	\$16,462	\$4,904	\$8,701	\$0	-\$44,288	-\$278,618
2013/14	\$16,462	\$0	\$13,824	\$0	-\$14,760	\$0
2014/15	\$16,462	\$7,437	\$10,281	\$0	\$3,794	\$0
2015/16	\$16,462	\$3,457	\$14,020	\$0	\$51,722	\$0
2016/17	\$16,462	\$502	\$10,040	\$0	\$64,055	\$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	\$12,493
Additional Employer Contribution	\$51,722
Minimum Required Contribution	\$0
Net Increase in Advance Employer Contribution	\$51,722
Advance Employer Contribution as of October 1, 2016	\$64,215
Additional Employer Contribution	\$64,055
Minimum Required Contribution	\$0
Net Increase in Advance Employer Contribution	\$64,055
Advance Employer Contribution as of October 1, 2017	\$128,270

Excess Chapter 175/185 Contribution

Excess Chapter 175/185 Contribution as of October 1, 2015	\$175,159
Additional Chapter 175/185 Contribution	\$51,722
Allowable Chapter 175/185 Contribution	(\$51,722)
Net Increase in Excess Chapter 175/185 Contribution	\$0
Excess Chapter 175/185 Contribution as of October 1, 2016	\$175,159
Additional Chapter 175/185 Contribution	\$64,055
Allowable Chapter 175/185 Contribution	(\$64,055)
Net Increase in Excess Chapter 175/185 Contribution	\$0
Excess Chapter 175/185 Contribution as of October 1, 2017	\$175,159



Historical Chapter 175/185 Contributions

Table II-G

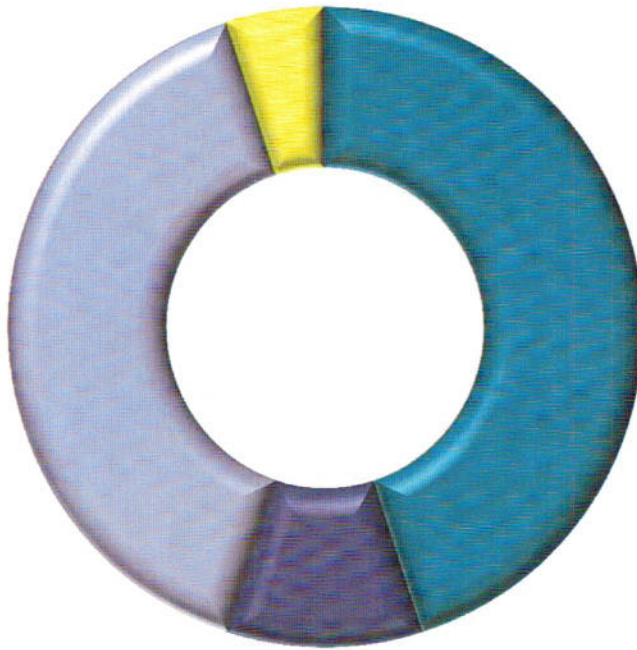
Total Accumulated Excess Chapter 175/185 Contribution				\$175,159
	<u>Chapter 175 Regular Distribution</u>	<u>Chapter 175 Supplemental Distribution</u>	<u>Chapter 185 Distribution</u>	<u>Allowable Amount</u>
1998 Distribution	\$11,624	\$0	\$53,585	(\$46,206)
1999 Distribution	\$14,569	\$6,346	\$13,321	(\$26,961)
2000 Distribution	\$15,033	\$8,313	\$44,857	(\$50,428)
2001 Distribution	\$16,233	\$7,899	\$70,044	(\$50,428)
2002 Distribution	\$17,708	\$8,999	\$59,867	(\$50,428)
2003 Distribution	\$15,914	\$9,867	\$59,431	(\$50,428)
2004 Distribution	\$15,190	\$9,557	\$65,151	(\$50,428)
2005 Distribution	\$19,229	\$8,773	\$71,164	(\$50,428)
2006 Distribution	\$17,659	\$11,539	\$68,740	(\$50,428)
2007 Distribution	\$18,958	\$15,039	\$65,151	(\$50,428)
2008 Distribution	\$15,206	\$14,880	\$41,361	(\$50,428)
2009 Distribution	\$12,632	\$8,099	\$70,290	(\$50,428)
2010 Distribution	\$12,924	\$6,223	\$52,113	(\$50,428)
2011 Distribution	\$12,581	\$6,185	\$38,929	(\$50,428)
2012 Distribution	\$12,605	\$6,831	\$31,636	(\$329,690)
2013 Distribution	\$12,784	\$6,819	\$37,743	(\$57,346)
2014 Distribution	\$12,188	\$7,070	\$26,368	(\$45,626)
2015 Distribution	\$12,575	\$5,311	\$33,836	(\$51,722)
2016 Distribution	\$13,798	\$3,168	\$47,089	(\$64,055)
Interest Adjustment				\$20,897



Summary of Participant Data

Table III-A

As of October 1, 2017

*Participant Distribution by Status*Actively Employed Participants

Active Participants	9
DROP Participants	0

Inactive Participants

Deferred Vested Participants	2
Due a Refund of Contributions	8
Deferred Beneficiaries	0

Participants Receiving a Benefit

Service Retirements	0
Disability Retirements	1
Beneficiaries Receiving	0

Total Participants 20Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2008	N/A	N/A	N/A	N/A	N/A
October 1, 2009	10	0	6	1	17
October 1, 2010	N/A	N/A	N/A	N/A	N/A
October 1, 2011	12	0	6	1	19
October 1, 2012	N/A	N/A	N/A	N/A	N/A
October 1, 2013	13	0	6	1	20
October 1, 2014	N/A	N/A	N/A	N/A	N/A
October 1, 2015	10	0	6	1	17
October 1, 2016	N/A	N/A	N/A	N/A	N/A
October 1, 2017	9	0	10	1	20



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>	10	0	0	6	0	0	1	0	17
<u>Change in Status</u>									
Re-employed									
Terminated	(7)		2	5					
Retired									
<u>Participation Ended</u>									
Transferred Out									
Cashed Out				(3)					(3)
Died									
<u>Participation Began</u>									
Newly Hired	6								6
Transferred In									
New Beneficiary									
<u>Other Adjustment</u>									
<u>October 1, 2017</u>	9	0	2	8	0	0	1	0	20

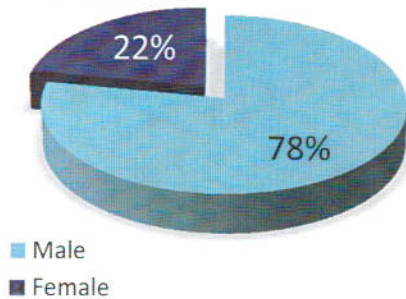


Active Participant Data

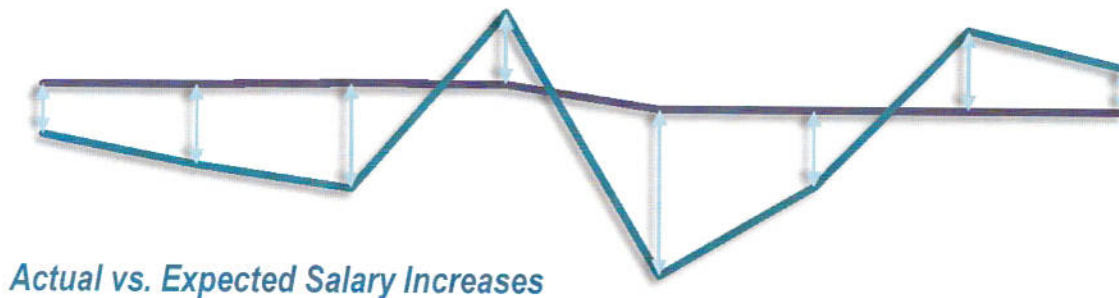
Table III-C

As of October 1, 2017

Gender Mix



Average Age	41.8 years
Average Service	5.3 years
Total Annualized Compensation for the Prior Year	\$401,768
Total Expected Compensation for the Current Year	\$417,838
Average Increase in Compensation for the Prior Year	7.93%
Expected Increase in Compensation for the Current Year	4.00%



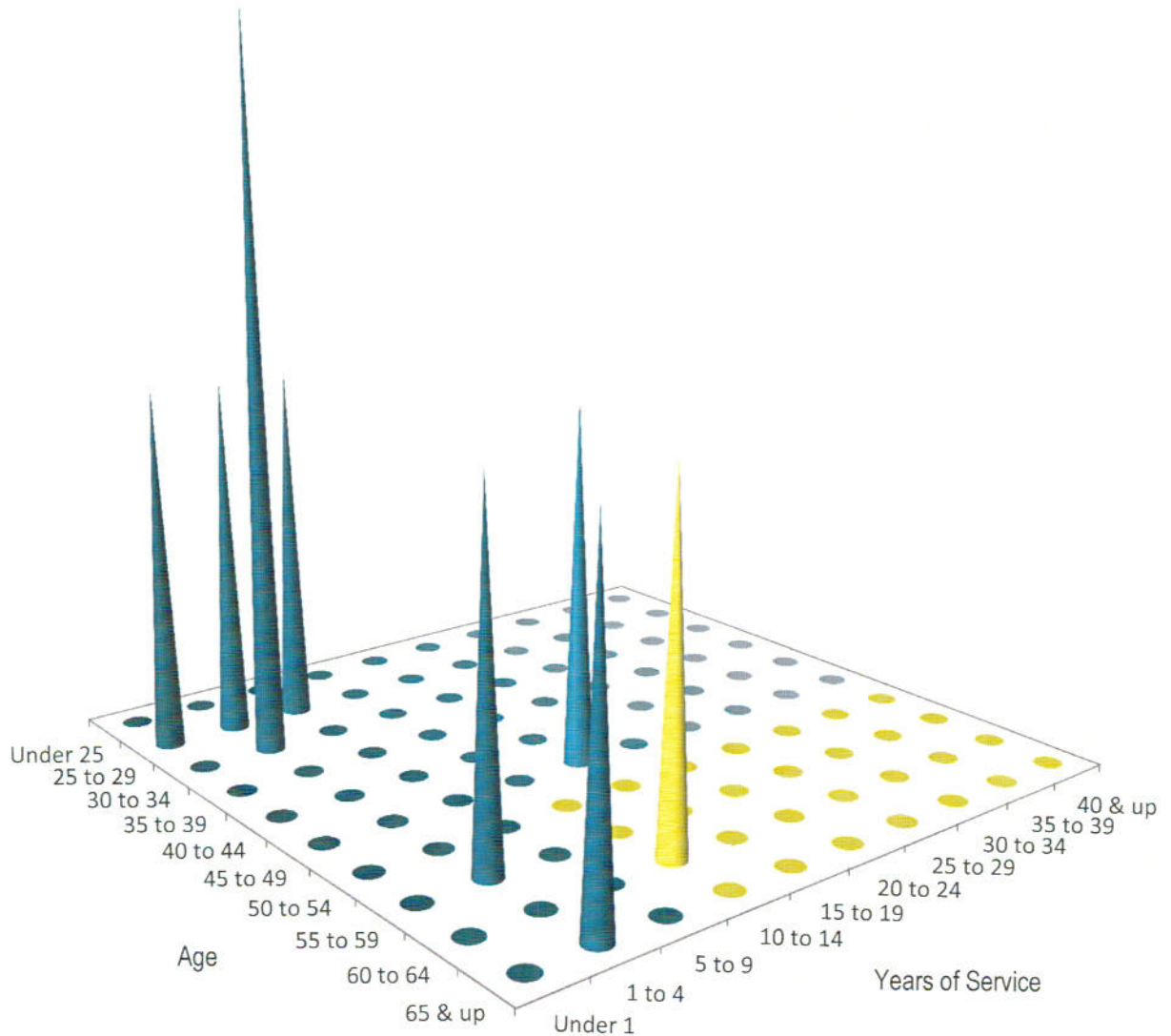
Active Participant Statistics From Prior Valuations

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2008	N/A	N/A	N/A	5.57%	3.03%
October 1, 2009	36.6	5.4	\$42,325	5.50%	4.34%
October 1, 2010	N/A	N/A	N/A	6.02%	1.55%
October 1, 2011	33.6	4.8	\$42,145	6.06%	-1.15%
October 1, 2012	N/A	N/A	N/A	6.20%	-3.24%
October 1, 2013	36.5	5.5	\$41,687	6.14%	12.49%
October 1, 2014	N/A	N/A	N/A	4.00%	-10.90%
October 1, 2015	41.1	7.9	\$41,264	4.00%	-2.90%
October 1, 2016	N/A	N/A	N/A	4.00%	11.16%
October 1, 2017	41.8	5.3	\$44,641	4.00%	7.93%



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	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
25 to 29	1	1	1	0	0	0	0	0	0	0	3
Avg. Pay	35,678	36,299	38,027	0	0	0	0	0	0	0	36,668
30 to 34	0	2	0	0	0	0	0	0	0	0	2
Avg. Pay	0	37,672	0	0	0	0	0	0	0	0	37,672
35 to 39	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
40 to 44	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
45 to 49	0	0	0	0	1	0	0	0	0	0	1
Avg. Pay	0	0	0	0	56,956	0	0	0	0	0	56,956
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	1	0	0	0	0	0	0	0	0	1
Avg. Pay	0	40,941	0	0	0	0	0	0	0	0	40,941
60 to 64	0	0	0	1	0	0	0	0	0	0	1
Avg. Pay	0	0	0	62,013	0	0	0	0	0	0	62,013
65 & up	0	1	0	0	0	0	0	0	0	0	1
Avg. Pay	0	56,510	0	0	0	0	0	0	0	0	56,510
Total	1	5	1	1	1	0	0	0	0	0	9
Avg. Pay	35,678	41,819	38,027	62,013	56,956	0	0	0	0	0	44,641



Inactive Participant Data

Table III-F



Age at Retirement

- Service Retirements
- Disability Retirements
- DROP Participants

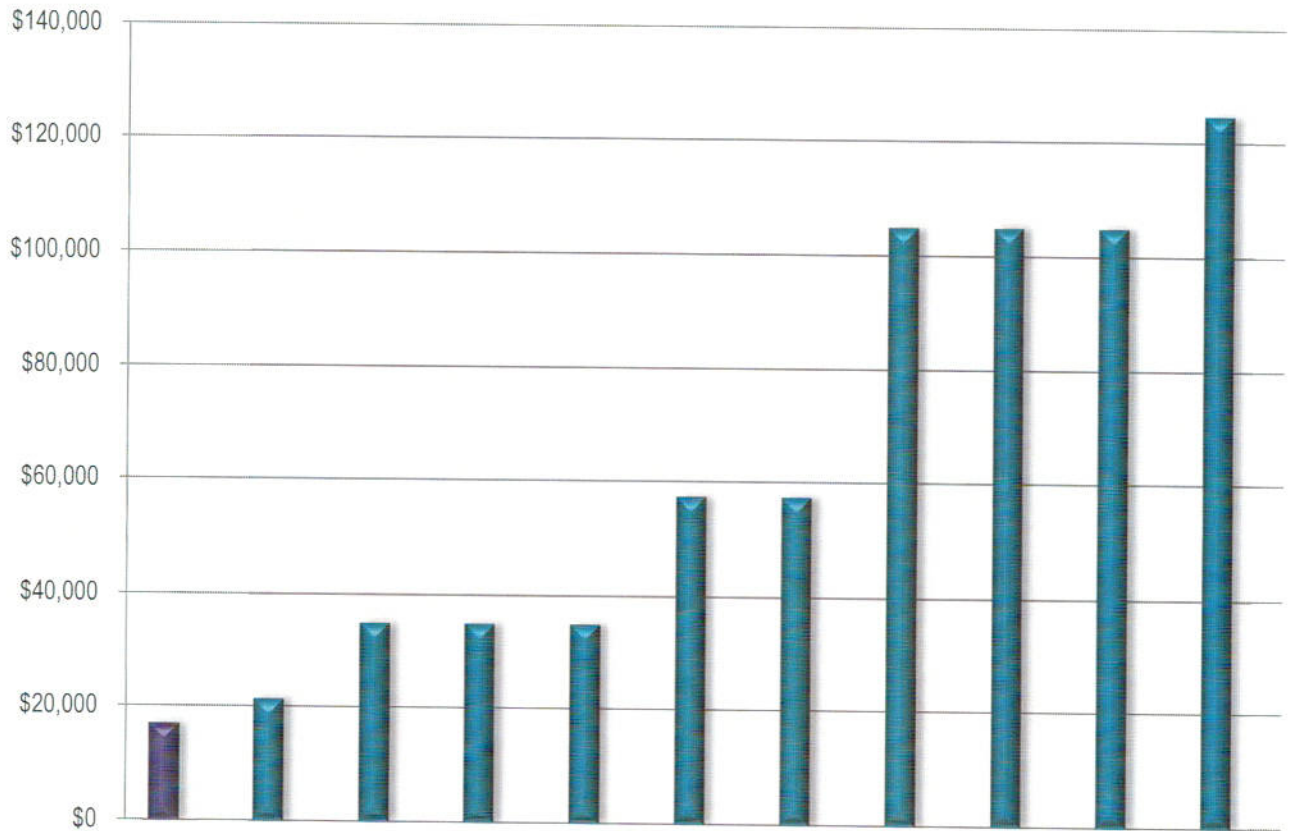
Average Monthly Benefit

Service Retirements	Not applicable
Disability Retirements	\$1,371.86
Beneficiaries Receiving	Not applicable
DROP Participants	Not applicable
Deferred Vested Participants	\$1,516.26
Deferred Beneficiaries	Not applicable



Projected Benefit Payments

Table III-G

Actual

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

\$16,964

Projected

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

\$21,435

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

\$35,062

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

\$35,078

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

\$35,095

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

\$57,457

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

\$57,472

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

\$104,994

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

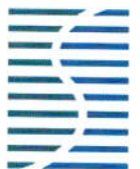
\$105,005

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

\$105,011

For the period October 1, 2026 through September 30, 2027

\$124,692



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 4.00% 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 mortality 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.

No decrements are assumed to occur during the year that immediately follows the valuation date.



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 1.75% 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.

The following additional assumption and method changes were made during the past 10 years:

- (1) Effective October 1, 2013, the assumed interest rate was decreased from 7.50% per annum to 7.00% per annum.*
- (2) Effective October 1, 2013, the assumed increase in future salaries was decreased from a range of 5.20% to 8.00% per year, depending on service, to a flat 4.00% per year.*
- (3) Effective October 1, 2013, the mortality basis was changed from the unisex rates set forth in the 1994 Group Annuity Reserving Table, projected to 2002 by Scale AA, to the 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.*
- (4) Effective October 1, 2013, no decrements are assumed to occur during the year that immediate follows the valuation date.*
- (5) Effective October 1, 2009, the administrative expense assumption was changed from a flat \$4,000 per year to 1.75% of covered payroll.*



Summary of Plan Provisions

Table V-A

1. Monthly Accrued Benefit

2.00% of Average Final Compensation multiplied by Credited Service earned through September 30, 2011, plus 2.50% of Average Final Compensation multiplied by Credited Service earned thereafter

(Employees may purchase a 2.50% benefit formula multiplier for Credited Service earned prior to October 1, 2011 by paying the full actuarial cost thereof.)

2. Normal Retirement Age and Benefit

- **Age**

Age 55 with at least 10 years of Credited Service; or
Any age 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 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 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 firefighter or 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) 65% 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 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

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 (or career average, if higher).

10. Compensation

Fixed monthly compensation, including up to 300 hours of overtime pay for police officers, but excluding lump sum payments for accrued sick leave and other lump sum payments such as exit bonuses, severance payments, and holiday bonuses; 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. In addition, employees are allowed to purchase up to five years of additional service for prior military service or public safety employment by paying the full actuarial cost thereof.



Summary of Plan Provisions

Table V-A

(continued)

12. Participation Requirement

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

13. Accumulated Contributions

The Employee Contributions accumulated with no interest; if the participant terminates his employment with less than 10 years of Credited Service, he receives his Accumulated Contributions in lieu of any other benefits payable from the plan.

12. Participant Contribution

1.00% of earnings

13. Definition of Actuarially Equivalent

Based on 7.00% interest per annum and the unisex mortality table promulgated by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 417(e)(3).

14. Plan Effective Date

January 1, 1996

15. Deferred Retirement Option Plan (DROP)

A DROP is available to all active participants who are eligible for normal retirement. Individuals may participate in the DROP for a period of up to five years.



Summary of Plan Amendments

Table V-B

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

The following additional plan amendments were adopted during the past 10 years and were reflected in prior valuation reports:

- (1) *Effective August 19, 2013, employees are allowed to purchase up to five years of additional service for prior military service or public safety employment or a 2.50% benefit formula multiplier for service earned prior to October 1, 2011 by paying the full actuarial cost thereof. (Ordinance 2013-04)*
- (2) *Effective August 19, 2013, normal retirement is available upon the attainment of 25 years of service regardless of age. (Ordinance 2013-04)*
- (3) *Effective August 19, 2013, the benefit formula multiplier for service earned after September 30, 2011 was increased to 2.50%. (Ordinance 2013-04)*
- (4) *Effective August 19, 2013, the minimum service-connected disability benefit was increased to 65% of average pay. (Ordinance 2013-04)*
- (5) *Effective August 19, 2013, a Deferred Retirement Option Plan (DROP) is available upon the attainment of normal retirement age with interest credited on the DROP accounts at the rate of 2% per year compounded monthly. (Ordinance 2013-04)*
- (6) *During the 2010/11 plan year, the definition of actuarial equivalence was changed from a 7.50% interest rate and the 1994 Group Annuity Reserving Table, projected to 2002 by Scale AA, to a 7.50% interest rate and the unisex mortality table promulgated by the IRS for purposes of IRC section 417(e)(3).*

