**Aon Hewitt**
Retirement and Investment

*Proprietary and Confidential*

# Actuarial Valuation Report

*City of Tampa*

*General Employees' Pension Plan for the City of Tampa*

*Funding Results for the Year Ending September 30, 2016*

*Accounting Results for the Year Ending September 30, 2015*
*Revised*

*Measurement Date January 1, 2015*

Empower Results®

Risk. Reinsurance. Human Resources.

# Introduction

This report documents the results of the actuarial valuation for the of the General Employees' Pension Plan for the City of Tampa for the plan sponsor and for the Board of the General Employees' Pension Plan. The results presented are for fiscal year ending September 30, 2015 for accounting and fiscal year ending September 30, 2016 for funding. The plan is a single-employer plan and does not issue a separate financial statement. As a result, all reporting requirements are included in the employer's financial statement. These results are based on a Measurement Date of January 1, 2015. The information provided in this report is intended strictly for documenting information relating to city and plan disclosure and reporting requirements and plan funding.

Determinations for purposes other than the financial accounting requirements may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the financial accounting and reporting requirements under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 68 (GASB 68) including any guidance or interpretations provided by the Company and/or its audit partners prior to the issuance of this report. The information in this report is not intended to supersede or supplant the advice and interpretations of the Company's auditors.

Future actuarial measurements may differ significantly from the current measurements presented in this report due (but not limited to) to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in actuarial methods or in economic or demographic assumptions;
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- Changes in plan provisions or applicable law.

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by City of Tampa as of the valuation date. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. City of Tampa selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 68. Aon Hewitt provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

The undersigned are familiar with the near-term and long-term aspects of pension valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

To our knowledge, no colleague of Aon Hewitt[1] providing services to City of Tampa has any material direct or indirect financial interest in the City of Tampa. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for the City of Tampa.

This actuarial valuation and/or cost determination was prepared and completed by the undersigned or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Stephen Lambert-Oswald, FSA, EA
Aon Hewitt
1.813.636.3084
Stephen.lambert.oswald@aonhewitt.com

March 3, 2016

[1] Aon Consulting, Inc. and Hewitt Associates LLC are operating as Aon Hewitt.

# Table of Contents

# Discussion of Results

The results of the actuarial valuation of the City of Tampa General Employees' Pension Plan as of January 1, 2015, are contained in this report. The actuarial valuation is based upon census data and trust fund financial statements provided to us by the City.

**Assumption Changes**
The mortality assumption was updated from the RP-2000 dynamic table, which needed to be updated each year to the RP-2000 generational table, that is already updated for retirements in future years.

**Plan Changes**
No plan changes were recognized this year.

**Required Contribution**
The State minimum required contribution is developed on pages 5 and 6. The required contribution decreased from $17,546,573 to $13,254,983, i.e., a decrease of $4,291,590. These figures are net of Past Excess Contributions, i.e., contributions actually made for prior years above the required levels.

| | Plan Year Ended | | |
|---|---|---|---|
| | **09/30/2014** | **09/30/2015** | **09/30/2016** |
| State Minimum Required Contribution[1] | $26,270,308 | $17,546,573 | $13,254,983 |
| Percent of Participants' Compensation | 19.5% | 13.8% | 10.3% |

One component of change each year in the minimum required contribution is the reimbursement of plan expenses. The actual expenses for the year ended September 30, 2014, were $3.553 million. This becomes the estimated expense provision for the 2015-2016 year. The make-up provision was an additional $0.468 million. Thus the total provision for expenses is $4.021 million, more than 2014-2015.

**Actuarial Experience**
The minimum required contribution decreased this year due to the less-than-expected increase in compensation of participants and the greater-than-expected return on the (smoothed) Actuarial Value of Assets.

The investment return on the Actuarial Value of Assets was 10.7% for the year ended December 31, 2014 – compared to the assumed rate of return of 8.0% annually. The market value return was 5.6%. Investment experience compounded over the last 5 years has been approximately 6.3% per year. Compensation for continuing participants increased 3.7% on average – compared to the assumed graded salary increase that averages approximately 4.5% annually. Compensation increases compounded over the last 5 years have been approximately 1.8% per year.

[1] The City has adopted the “Percentage Method” rather than the “Dollar Method.” This means that the actual required contribution is not this number, which is based on projected Participants’ Compensation Below Maximum Assumed Retirement Age (age 70). Rather it is to be based on the percent shown and actual Participants’ Compensation Below Maximum Assumed Retirement Age for that Plan Year.

The following table summarizes the factors which affected the valuation results, along with their approximate impact:

| | Impact on Present Value of Benefits or Actuarial Value of Assets (000's) | Impact on Required Contribution (000's) |
|---|---|---|
| Expected Increase due to Expected Payroll Increase | N/A | $ 636 |
| Investment Performance greater than Expected | $16,723 | (2,329) |
| Compensation Increases less than Expected | (1,745) | (243) |
| Change in Plan Expenses and Make-up | N/A | 574 |
| Change in Past Excess Contributions | N/A | (191) |
| Updating Assumptions | 6,560 | 920 |
| All Other Experience | (9,450) | (3,659) |
| | | $ (4,292) |

**Funded Status**

One of the best measures of the Funded Status of a defined benefit plan is considered to be the level of funding of the Accumulated Plan Benefits and Vested Benefits. Accumulated Plan Benefits are those future benefit payments that are attributable to employees' service rendered prior to the valuation date based on employees' actual pay histories (or estimates thereof). This measurement of benefits does not take into account the effect of potential future salary increases. Vested Benefits are those benefits which become nonforfeitable after 6 years of Service or which are attributable to employee contributions. Based on this measurement of Funded Status, using the Actuarial Value of Assets, the plan is adequately funded as of January 1, 2015, although continued funding of the plan is necessary to ensure appropriate funded levels in the future:

| | 01/01/2014 | 01/01/2015 |
|---|---|---|
| Net Assets Available for Benefits[1] | $ 615,231,000 | $ 650,841,000 |
| Actuarial Present Value of Accumulated Plan Benefits | | |
| Total Vested Benefits | $ 621,388,184 | $ 624,110,227 |
| Percent Funded | 99.0% | 104.3% |
| Total Actuarial Present Value of Accumulated Plan Benefits | $ 625,960,134 | $ 628,804,931 |
| Percent Funded | 98.3% | 103.5% |

[1] Actuarial Value of Assets.

Another, more traditional measure of the Funded Status uses the Entry Age Normal Accrued Liability. This accrued liability equals the Present Value of Benefits less the Present Value of Future Entry Age Normal Costs. (See the description of the entry age normal method on the "Actuarial Cost Method" pages herein.) This accrued liability is independent of the actual plan assets and therefore may be a more reasonable "mile post" of how funded the Plan should be. It recognizes future compensation increases and is a measure of where the level of assets should be to date if all participants are proportionately funded over their individual careers as a level percentage of each participant's compensation:

| | **01/01/2014** | **01/01/2015** |
|---|---|---|
| Market Value of Assets | $ 669,699,000 | $ 692,569,000 |
| Entry Age Normal Accrued Liability | $ 678,051,605 | $ 696,491,313 |
| Funded Ratio | 98.8% | 99.4% |

# Funding Requirements

# Development of Normal Cost

| | | 01/01/2014 | 01/01/2015 |
|---|---|---|---|
| 1. | Number of Participants | | |
| | Active Members | 2,359 | 2,353 |
| | Terminated Members with Vested Benefits | 547 | 569 |
| | Retired Members and Beneficiaries | 2,013 | 2,047 |
| | Disabled Members | 69 | 79 |
| | TOTAL | 4,988 | 5,048 |
| 2. | Participants' Compensation | | |
| | a. Under Maximum Assumed Retirement Age | $ 124,234,188 | $ 126,627,188 |
| | b. Beyond Maximum Assumed Retirement Age | 360,540 | 470,599 |
| | c. Beyond Maximum Assumed Retirement Age | $ 124,594,728 | $ 127,097,787 |
| 3. | Present Value of Benefits | | |
| | Active Members | $ 228,420,727 | $ 226,249,777 |
| | Terminated Members with Vested Benefits | 32,529,313 | 29,755,343 |
| | Retired Members and Beneficiaries | 447,366,841 | 457,773,185 |
| | Disabled Members | 8,906,148 | 8,563,876 |
| | TOTAL | $ 717,223,029 | $ 722,342,181 |
| 4. | Unfunded Frozen Initial Liability | $ 5,685,256 | $ 6,072,629 |
| 5. | Actuarial Value of Assets | $ 615,231,000 | $ 650,841,000 |
| 6. | Past Excess Contributions Account* | $ 2,452,557 | $ 0 |
| 7. | Present Value of Future Employee Contributions | $ 105,881 | $ 60,002 |
| 8. | Present Value of Future City Normal Costs = (3) – (4) – [(5) – (6)] – (7) (Not less than $0) | $ 98,653,449 | $ 65,368,550 |
| 9. | Present Value of Future Compensation | $ 918,372,839 | $ 927,247,767 |
| 10. | Normal Cost Rate = (8) ÷ (9) x 1.03923 | 11.16% | 7.33% |
| 11. | Projected Participants' Compensation for the Upcoming Plan Year = (2) x 1.02 | $ 126,718,871 | $ 129,159,732 |
| 12. | City Normal Cost Payable Quarterly = (10) x (11) | $ 14,141,826 | $ 9,467,408 |

*Past Excess Contribution account method updated as of 9/30/2014

# State Minimum Required Contribution

| | | Plan Year Ending | | |
|---|---|---|---|---|
| | | **09/30/2014** | **09/30/2015** | **09/30/2016** |
| 1. | Normal Cost Payable Quarterly | $ 21,648,666 | $ 14,141,826 | $ 9,467,408 |
| 2. | Annual Amortization of Frozen Initial Liability Payable Quarterly | $ 1,206,211 | $ 1,206,211 | $ 1,206,211 |
| 3. | Expenses | | | |
| | Current Year Estimate (Equal to the Second Prior Plan Year's Actual Expenses) | $ 3,085,000 | $ 3,270,000 | $ 3,553,000 |
| 4. | Make up for Shortfall in Second Prior Plan Year's Estimate | 356,000 | 177,000 | 468,000 |
| | Total | $ 3,441,000 | $ 3,447,000 | $ 4,021,000 |
| 5. | Subtotal | $ 26,295,877 | $ 18,795,037 | $ 14,694,619 |
| | % of Pay | 19.5% | 14.8% | 11.4% |
| 6. | Change in Past Excess Contributions Account from Third to Second Prior Plan Year, plus Interest | $ 25,569 | $ 1,248,464 | $ 1,439,636 |
| 7. | Minimum Required Contribution by City for Fiscal Year = (1) + (2) + (3) – (4), not less than $0 | $ 26,270,308 | $ 17,546,573 | $ 13,254,983 |
| | % of Pay | 19.5% | 13.8% | 10.3% |

# History of Unfunded Frozen Initial and Supplemental Liabilities

| | Initial Date | Initial Amount to be Amortized | Beginning Amortization Period | Original Amortization Period (Years) | Years Remaining | Plan Year Beginning Annual Amortization Amount | Unamortized Balance at Valuation Date |
|---|---|---|---|---|---|---|---|
| Benefit Improvement[1] | 01/01/04 | $ 577,178 | 10/01/04 | 15.0000 | 4.7500 | $ 66,146 | $ 280,055 |
| Benefit Improvement[2] | 01/01/05 | 4,908,273 | 10/01/05 | 17.1566 | 7.1566 | 525,506 | 3,269,975 |
| Benefit Improvement[3] | 01/01/06 | 5,365,251 | 10/01/06 | 17.5000 | 9.2500 | 569,025 | 3,934,801 |
| | | | | | | $1,160,677 | |

| | | |
|---|---|---|
| 1. | Unamortized Balance as of 01/01/15 | $ 7,484,831 |
| 2. | Past Excess Contributions Account | 1,412,202 |
| 3. | Remaining Unfunded Liabilities = (1) – (2) | $ 6,072,629 |

[1] Decreased vesting requirements for Division B participants from 10 years to 6 years and increased the cost-of-living adjustment from 2% to 2.2% for Division A participants and from 1% to 1.2% for Division B participants.

[2] Increased benefit multiplier for Division B participants from 1.1% to 1.15%.

[3] Increased benefit multiplier for Division B participants from 1.15% to 1.20%.

# Schedule Illustrating the Amortization of Unfunded Liabilities Existing this Date—Projected Unfunded Actuarial Accrued Liability

| January 1 | Liability |
|---|---|
| 2015 | $ 6,072,629 |
| 2016 | $ 5,304,908 |
| 2017 | $ 4,475,770 |
| 2018 | $ 3,580,300 |
| 2019 | $ 2,613,193 |
| 2020 | $ 1,576,323 |
| 2021 | $ 520,336 |
| 2022 | $ 0 |

The first figure is the Unfunded Actuarial Accrued Liability as of the current valuation date. For each year thereafter, the preceding year’s Unfunded Liability is reduced by the annual amortization payment and adjusted with interest at 8.00% per annum.

# Past Excess Contributions Account

| | | 09/30/2014 |
|---|---|---|
| **CHARGES** | | |
| Required City Contribution, per State[1] | $ | 24,369,057 |
| Interest | | 816,614 |
| TOTAL CHARGES | $ | 25,185,671 |
| | | |
| **CREDITS** | | |
| Excess Contribution Brought Forward | $ | 0 |
| City Contribution | | 24,627,660 |
| Interest | | 1,970,213 |
| TOTAL CREDITS | $ | 26,597,873 |
| | | |
| **BALANCE** | | |
| Excess Contribution Carried Forward[2] | $ | 0 |
| Deficiency Carried Forward | $ | 0 |
| | | |
| **PROJECTION TO NEXT VALUATION DATE** | | |
| Balance as of 09/30/14 | $ | 1,412,202 |
| Interest on Balance for One Quarter | | 27,434 |
| Balance as of 12/31/14 | $ | 1,439,636 |

[1] Employer contribution made beginning of the year and employee contribution made throughout the year.

[2] Due to a change in contribution policy, the Excess Contribution method was updated. As a result, the Excess Contribution from prior years was also reset to zero as of 09/30/2014.

# Market Value of Assets (000's)

| | 01/01/14 | 01/01/15 |
|---|---|---|
| **Assets** | | |
| Cash | $ 0 | $ 47 |
| Interest and Dividends Receivable | 1,648 | 1,039 |
| Debt and Other Interest Bearing Investments | 184,919 | 206,342 |
| Equity Securities | 468,666 | 452,970 |
| Real Estate Investments | 33,961 | 35,300 |
| Accounts Receivable | 19,972 | 24 |
| Receivable Contribution | 0 | 0 |
| **Total Assets** | **$ 709,166** | **$ 695,722** |
| **Liabilities and Fund Balance** | | |
| Liabilities: | | |
| Accounts Payable | $ 21,662 | $ 1,331 |
| Accrued Liabilities | 0 | 1,822 |
| Total Liabilities | $ 21,662 | $ 3,153 |
| Fund Balances: | | |
| Reserve for DROP | $ 17,805 | $ 16,740 |
| Reserve for Other Retirement Benefits | 669,699 | 675,829 |
| Total Fund Balances | $ 687,504 | $ 692,569 |
| **Total Liabilities and Fund Balances** | **$ 709,166** | **$ 695,722** |

# Reconciliation of Assets (000's)

# January 1, 2014 – December 31, 2014

| | Actuarial Value | Market Value |
|---|---|---|
| **Revenues** | | |
| City Contributions | $ 17,047 | $ 17,047 |
| Employee Contributions | 81 | 81 |
| Interest and Dividends | 10,582 | 10,582 |
| Unrealized Gains (Losses) | 74,550 | 44,241 |
| Realized Gains (Losses) | (17,542) | (17,542) |
| Total Revenues | $ 84,718 | $ 54,409 |
| **Expenses** | | |
| Pension Payments | $ 45,791 | $ 45,791 |
| Administrative Expenses | 3,553 | 3,553 |
| Total Expenses | $ 49,344 | $ 49,344 |
| Net Income | $ 35,374 | $ 5,065 |
| Fund Balances, beginning of plan year | $ 631,588 | $ 687,504 |
| Fund Balances, end of plan year | $ 666,962 | $ 692,569 |

# Investment Gain /(Loss)

| | | | | | |
|---|---|---|---|---|---|
| 1. | Date of Actuarial Value of Assets: | 1/1/2015 | 1/1/2014 | 1/1/2013 | 1/1/2012 |
| 2. | Market Value as of Prior Year (including receivable contributions) | $ 687,504 | $ 585,179 | $ 529,702 | $ 557,783 |
| 3. | Receivable Contribution included above | $ - | $ - | $ - | $ - |
| 4. | Market Value Excluding Receivable (2) - (3) | $ 687,504 | $ 585,179 | $ 529,702 | $ 557,783 |
| 5. | Employer & Employee Contributions (made for the year, i.e., excluding the receivable contribution, item (3), but including contributions made after the end of the year with no expected return thereon) | $ 19,065 | $ 41,735 | $ 21,807 | $ 18,770 |
| 6. | Benefit Distributions | $ 45,791 | $ 45,223 | $ 38,619 | $ 37,094 |
| 7. | Administrative Expenses | $ 3,553 | $ 3,366 | $ 3,084 | $ 3,088 |
| 8. | Expected Return % | 8.00% | 8.00% | 8.00% | 8.00% |
| | a. Item (4) for 1 year | $ 55,000 | $ 46,814 | $ 42,376 | $ 44,623 |
| | b. Item (3) for partial & (5)* for 1/2 year | 1,522 | 1,637 | 855 | 736 |
| | c. Item (6) for 1/2 year | (1,796) | (1,774) | (1,515) | (1,455) |
| | d. Item (7) for 1/2 year | (139) | (132) | (121) | (121) |
| | | $ 54,587 | $ 46,545 | $ 41,595 | $ 43,783 |
| 9. | Expected Market Value (2)+(5)-(6)-(7)+(8) | $ 711,812 | $ 624,870 | $ 551,401 | $ 580,154 |
| 10. | Actual Market Value this Year (including receivable contributions) | $ 692,569 | $ 687,504 | $ 585,179 | $ 529,702 |
| 11. | Investment Gain/(Loss) from Experience | $ (19,243) | $ 62,634 | $ 33,778 | $ (50,452) |

# Actuarial Value of Assets

| ***5 -year Smoothed Market Value without Phase-in*** | | | | | **January 1, 2015** |
|---|---|---|---|---|---|
| 1. | Market Value of Assets | | | $ | 692,569 |
| 2. | Investment Gains/(Losses) for Four Prior Years | | | | |
| | a. Jan-14 | | | $ | (19,243) |
| | b. Jan-13 | | | | 62,634 |
| | c. Jan-12 | | | | 33,778 |
| | d. Jan-11 | | | | (50,452) |
| 3. | Unrecognized Investment Gains/(Losses) | | | | |
| | a. Jan-14 | 80% | of (2)(a) | $ | (15,394) |
| | b. Jan-13 | 60% | of (2)(b) | | 37,580 |
| | c. Jan-12 | 40% | of (2)(c) | | 13,511 |
| | d. Jan-11 | 20% | of (2)(d) | | (10,090) |
| | e. Total: | (a)+(b)+(c)+(d) | | $ | 25,607 |
| 4. | Preliminary Actuarial Value of Assets = (1) - (3)(e) | | | $ | 666,962 |
| 5. | Adjustment to be within 20% of market value | | | $ | - |
| 6. | Actuarial Value of Assets = (4) + (5) | | | $ | 666,962 |

# Allocation of Actuarial Value of Assets to the Reserve for Other Retirement Benefits (i.e., Excluding DROP)

| | Actuarial Value Allocated in Proportion to Market Value | Market Value |
|---|---|---|
| Reserve for DROP | $ 16,121 | $ 16,740 |
| Reserve for Other Retirement Benefits | 650,841 | 675,829 |
| Total Fund Balances as of 1/1/2015 | $ 666,962 | $ 692,569 |

# Reconciliation of DROP Participants and Assets

| | | Division A | Division B |
|---|---|---|---|
| Participants as of | 1/1/2014 | 67 | 130 |
| | | | |
| New DROP Members | | 6 | 34 |
| New DROP's, Withdrew during Year | | 0 | 0 |
| All Other Withdrawals | | (18) | (33) |
| Corrections | | 0 | (1) |
| | | | |
| Participants as of | 1/1/2015 | 55 | 130 |

| | | Total |
|---|---|---|
| Assets as of | 1/1/2014 | $17,804,932.10 |
| | | |
| | Payments into DROP | 4,960,097.55 |
| | Earnings | 1,078,961.45 |
| | Distributions | (7,082,098.10) |
| | Expenses | (3,555.00) |
| | Adjustments | (18,150.57) |
| | | |
| Assets as of | 1/1/2015 | $16,740,187.43 |

# Accounting Requirements

# Development of GASB 68 Net Pension Expense

## Calculation Details

The following table illustrates the Net Pension Liability under GASB 68, which is effective for September 30, 2015 fiscal year and later.

| | | **Transition 10/1/2014** | **Fiscal Year End 09/30/2015** |
|---|---|---|---|
| (1) | Total Pension Liability | $ 695,856,605 | $696,491,313 |
| (2) | Plan Fiduciary Net Position | 687,504,000 | 692,569,000 |
| (3) | Net Pension Liability | $ 8,352,605 | $ 3,922,313 |
| (4) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 98.80% | 99.44% |
| (5) | Net Pension Obligation as of 9/30/2014 | $1,622,847 | N/A |
| (6) | Transition Adjustment: (3) – (5) | $6,729,758 | N/A |

The following table illustrates the pension expense under GASB 68.

| | | | **Fiscal Year Ending September 30, 2015** |
|---|---|---|---|
| (1) | Service Cost | | $ 5,622,896 |
| (2) | Interest Cost | | $ 54,286,720 |
| (3) | Expected Investment Return | | $(53,370,882) |
| (4) | Employee Contributions | | $ (81,000) |
| (5) | Admin Expense | | $ 3,549,445 |
| (6) | Plan Changes | | $ 0 |
| (7) | Amortization of Unrecognized | | |
| | (a) | Liability (Gain)/Loss | $ (4,845,178) |
| | (b) | Asset (Gain)/Loss | 3,218,687 |
| | (c) | Assumption Changes | 1,405,405 |
| (8) | Total Expense | | $ 9,786,094 |

# Expense Component Development

Shown below are details regarding the calculation of Service and Interest Cost components of the Expense.

| | | | Fiscal Year End 09/30/2015 |
|---|---|---|---|
| (1) | Development of Service Cost: | | |
| | (a) | Normal Cost at Measurement Date | $ 5,622,896 |
| (2) | Development of Interest Cost: | | |
| | (a) | Total Pension Liability at Measurement Date | $ 695,856,605 |
| | (b) | Normal Cost at Measurement Date | $ 5,622,896 |
| | (c) | Actual Benefit Payments | $ 45,791,000 |
| | (d) | Discount Rate | 8.00% |
| | (e) | Interest Cost | $ 54,286,720 |
| (3) | Development of Expected Investment Return: | | |
| | (a) | Plan Fiduciary Net Position at Measurement Date | $ 687,504,000 |
| | (b) | Actual Contributions—Employer | $ 17,047,000 |
| | (c) | Actual Contributions—Employee | $ 81,000 |
| | (d) | Actual Benefit Payments | $ 45,791,000 |
| | (e) | Administrative Expenses | $ 3,549,445 |
| | (f) | Other | $ 0 |
| | (g) | Expected Return on Assets | 8.00% |
| | (h) | Expected Return | $ 53,370,882 |

# Reconciliation of Net Pension Liability

Shown below are details regarding the Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the Measurement Period from September 30, 2014 to September 30, 2015:

| | Increase (Decrease) | | |
|---|---|---|---|
| | **Total Pension Liability (a)** | **Plan Fiduciary Net Position (b)** | **Net Pension Liability (c) = (a) - (b)** |
| Balance recognized at 10/1/2014 (based on 1/1/2014 Measurement Date) | $ 695,856,605 | $ 687,504,000 | $ 8,352,605 |
| Changes recognized for the fiscal year: | | | |
| Service Cost | 5,622,896 | N/A | 5,622,896 |
| Interest on the total pension liability | 54,286,720 | N/A | 54,286,720 |
| Changes of benefit terms | 0 | N/A | 0 |
| Differences between expected and actual experience | (18,993,096) | N/A | (18,993,096) |
| Changes of assumptions | 5,509,188 | N/A | 5,509,188 |
| Contributions from the employer | N/A | 17,047,000 | (17,047,000) |
| Contributions from the employee | N/A | 81,000 | (81,000) |
| Net investment income | N/A | 37,277,445 | (37,277,445) |
| Benefit payments | (45,791,000) | (45,791,000) | 0 |
| Administrative expense | N/A | (3,549,445) | 3,549,445 |
| Net Changes | 634,708 | 5,065,000 | (4,430,292) |
| Balance recognized at 9/30/2015 (based on 1/1/2015 Measurement Date) | $ 696,491,313 | $ 692,569,000 | $ 3,922,313 |

## Liability (Gain)/Loss

The following table illustrates the liability gain/loss under GASB 68.

| | | | Fiscal Year End September 30, 2015 |
|---|---|---|---|
| (1) | Pension Liability Prior Measurement Date | $ | 695,856,605 |
| (2) | Service Cost | $ | 5,622,896 |
| (3) | Interest Cost | $ | 54,286,720 |
| (4) | Plan Changes | $ | 0 |
| (5) | Assumption Changes | $ | 5,509,188 |
| (6) | Benefit Payments | $ | 45,791,000 |
| (7) | Expected Pension Liability | $ | 715,484,409 |
| (8) | Actual Pension Liability | | 696,491,313 |
| (9) | Pension Liability (Gain)/Loss | $ | (18,993,096) |
| (10) | Average Future working Life Expectancy | | 3.92 |
| (11) | Pension Liability (Gain)/Loss Amortization | $ | (4,845,178) |

## Asset (Gain)/Loss

The following table illustrates the asset gain loss under GASB 68.

| | | | Fiscal Year End September 30, 2015 |
|---|---|---|---|
| (1) | Pension Asset Prior Measurement Date | $ | 687,504,000 |
| (2) | Contributions—Employer and Employee | $ | 17,128,000 |
| (3) | Expected Investment Income | $ | 53,370,882 |
| (4) | Benefit Payments | $ | 45,791,000 |
| (5) | Administrative Expense | $ | 3,549,445 |
| (6) | Other | $ | 0 |
| (7) | Expected Pension Asset | $ | 708,662,437 |
| (8) | Actual Pension Asset | | 692,569,000 |
| (9) | Pension Asset (Gain)/Loss | $ | 16,093,437 |
| (10) | Amortization Factor | | 5 |
| (11) | Pension Asset (Gain)/Loss Amortization | $ | 3,218,687 |

# Deferred Outflows/Inflows

The following table illustrates the Deferred Inflows and Outflows at the end of the fiscal year under GASB 68.

| | | Deferred Outflows | Deferred Inflows |
|---|---|---|---|
| (1) | Difference between actual and expected experience | | |
| | (a) Measurement Date January 1, 2015 | $ 0 | $ (14,147,918) |
| (2) | Assumption Changes | | |
| | (a) Measurement Date January 1, 2015 | $ 4,103,783 | $ 0 |
| (3) | Net Difference Between Expected and Actual Earnings on Pension Plan Investments | | |
| | (a) Measurement Date January 1, 2015 | $ 12,874,750 | $ 0 |
| (4) | Total | $ 16,978,533 | $ (14,147,918) |

# Amortization of Deferred Inflows/Outflows

The table below lists the amortization bases included in the deferred inflows/outflows as of September 30, 2015.

| Date | | Period | | Balance | | Annual |
|---|---|---|---|---|---|---|
| **Established** | **Type of Base** | **Original** | **Remaining** | **Original** | **Remaining** | **Payment** |
| 10/01/2014 | Liability (Gain)/Loss | 3.92 | 2.92 | $ (18,993,096) | $ (14,147,918) | $ (4,845,178) |
| 10/01/2014 | Assumption Changes (Gain)/Loss | 3.92 | 2.92 | $ 5,509,188 | 4,103,783 | 1,405,405 |
| 10/01/2014 | Asset (Gain)/Loss | 5.00 | 4.00 | $ 16,093,437 | 12,874,750 | 3,218,687 |
| | **Total Charges** | | | | **$ 2,830,614** | **$ (221,085)** |

Amounts Recognized in the deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

| **Year Ended September 30:** | |
|---|---|
| 2016 | $ (221,085) |
| 2017 | $ (221,085) |
| 2018 | $ 54,098 |
| 2019 | $ 3,218,686 |
| 2020 | $ 0 |
| Thereafter | $ 0 |

# Sensitivity

## GASB Requirements

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for fiscal year end September 30, 2014:

| | | **1% Decrease (7.00%)** | **Current Rate (8.00%)** | **1% Increase (9.00%)** |
|---|---|---|---|---|
| (1) | Total Pension Liability | $771,411,254 | $695,856,605 | $632,439,189 |
| (2) | Plan Fiduciary Net Position | 687,504,000 | 687,504,000 | 687,504,000 |
| (3) | Net Pension Liability | $ 83,907,254 | $ 8,352,605 | $(55,064,811) |

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for fiscal year end September 30, 2015:

| | | **1% Decrease (7.00%)** | **Current Rate (8.00%)** | **1% Increase (9.00%)** |
|---|---|---|---|---|
| (1) | Total Pension Liability | $771,589,430 | $696,491,313 | $633,140,819 |
| (2) | Plan Fiduciary Net Position | 692,569,000 | 692,569,000 | 692,569,000 |
| (3) | Net Pension Liability | $ 79,020,430 | $ 3,922,313 | $(59,428,181) |

# Disclosure—Changes in the Net Pension Liability and Related Ratios

## Changes in the Net Pension Liability and Related Ratios – RP2000, 8.0% Interest

GASB 68 is effective for fiscal year ending September 30, 2015. The follow exhibit is a 10 year history of change in Net Pension Liability.

| | Fiscal Year Ending | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| **Total Pension Liability** | | | | | | | | | | |
| Service Cost | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 5,622,896 |
| Interest Cost | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 54,286,720 |
| Changes of Benefit Terms | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 0 |
| Differences Between Expected and Actual Experiences | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $(18,993,096) |
| Changes of Assumptions | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 5,509,188 |
| Benefit Payments, Including Refunds of Member Contributions | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $(45,791,000) |
| **Net Change in Total Pension Liability** | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 634,708 |
| **Total Pension Liability (Beginning)** | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $695,856,605 |
| **Total Pension Liability (Ending)** | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $695,856,605 | $696,491,313 |
| **Plan Fiduciary Net Position** | | | | | | | | | | |
| Contributions—Employer | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 17,047,000 |
| Contributions—Member | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 81,000 |
| Net Investment Income | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 37,277,445 |
| Benefit Payments, Including Refunds of Member Contributions | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $(45,791,000) |
| Administrative Expense | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ (3,549,445) |
| Other | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 0 |
| **Net Change in Plan Fiduciary Net Position** | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 5,065,000 |
| **Plan Fiduciary Net Position (Beginning)** | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $687,504,000 |
| **Plan Fiduciary Net Position (Ending)** | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $687,504,000 | $692,569,000 |
| **Net Pension Liability (Ending)** | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $8,352,605 | $ 3,922,313 |
| **Net Position as a % of Pension Liability** | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 98.80% | 99.44% |
| **Covered-Employee Payroll** | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $124,594,728 | $127,097,787 |
| **Net Pension Liability as a % of Payroll** | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 6.70% | 3.09% |

# Disclosure—Contribution Schedule

## Contributions – RP2000, 8.0% Interest

GASB 68 is effective for fiscal year ending September 30, 2015. The follow exhibit is a 10 year history of Contributions.

| | Fiscal Year Ending | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Actuarially Determined Contribution | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $24,369,057 | N/A |
| Contributions made in Relation to the Actuarially Determined Contribution | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $24,627,660 | $17,047,000 |
| Contribution Deficiency (excess) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ (258,603) | N/A |
| Covered-Employee Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $124,594,728 | $127,097,787 |
| Contributions as a % of Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 19.77% | 13.41% |

**Notes to Schedule:**
Valuation Date: Actuarially determined contribution rates are calculated as of January 1, 1 year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry age Normal with frozen Initial Liability

Asset Valuation Method: Actuarial Value – 5-year smoothed market value.

IRS Limit Increases: 4.5%

Salary Increases: Graded by age – see assumptions section for rates.

Investment Rate of Return: 8.00%, net of pension plan investment expense, including inflation.

Retirement Age: Graded by age and Division – see assumption section for rates.

Mortality rates were based on the RP-2000 Healthy Annuitant/Non Annuitant Mortality Table for Males or Females, as appropriate, with generational projections for mortality improvements based on Scale AA. Disclosure—Changes in the Net Pension Liability and Related Ratios.

# State Requirements

## Sensitivity

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for fiscal year end September 30, 2014:

| | | 2% Decrease (6.00%) | Current Rate (8.00%) | FRS Interest (7.75%) |
|---|---|---|---|---|
| (1) | Total Pension Liability | $861,040,665 | $ 695,856,605 | $713,488,530 |
| (2) | Plan Fiduciary Net Position | 687,504,000 | 687,504,000 | 687,504,000 |
| (3) | Net Pension Liability | $173,536,665 | $ 8,352,605 | $ 25,984,530 |

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for fiscal year end September 30, 2015:

| | | 2% Decrease (6.00%) | Current Rate (8.00%) | FRS Interest (7.65%) |
|---|---|---|---|---|
| (1) | Total Pension Liability | $861,300,758 | $ 696,491,313 | $721,307,628 |
| (2) | Plan Fiduciary Net Position | 692,569,000 | 692,569,000 | 692,569,000 |
| (3) | Net Pension Liability | $168,731,758 | $ 3,922,313 | $ 28,738,628 |

## Adequacy of Assets

The following table illustrates the number of years and fractions for which the Market Value of Assets are adequate to sustain expected retirement benefits.

| Assumptions | Years and Fractions |
|---|---|
| RP 2000 Mortality and 8.0% Interest | 25.17 |
| RP 2000 Mortality and 6.0% Interest | 18.25 |

# State Required Disclosure—Changes in the Net Pension Liability and Related Ratios

## Changes in the Net Pension Liability and Related Ratios – RP2000, 6.0% Interest

GASB 68 is effective for fiscal year ending September 30, 2015. The follow exhibit is a 10 year history of change in Net Pension Liability.

| | Fiscal Year Ending | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| **Total Pension Liability** | | | | | | | | | | |
| Service Cost | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 9,288,710 |
| Interest Cost | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 50,846,033 |
| Changes of Benefit Terms | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 0 |
| Differences Between Expected and Actual Experiences | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ (24,204,488) |
| Changes of Assumptions | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 10,120,838 |
| Benefit Payments, Including Refunds of Member Contributions | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ (45,791,000) |
| Net Change in Total Pension Liability | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 260,093 |
| Total Pension Liability (Beginning) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 861,040,665 |
| Total Pension Liability (Ending) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $861,040,665 | $ 861,300,758 |
| **Plan Fiduciary Net Position** | | | | | | | | | | |
| Contributions—Employer | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 17,047,000 |
| Contributions—Member | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 81,000 |
| Net Investment Income | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 37,277,445 |
| Benefit Payments, Including Refunds of Member Contributions | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ (45,791,000) |
| Administrative Expense | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ (3,549,445) |
| Other | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 0 |
| Net Change in Plan Fiduciary Net Position | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 5,065,000 |
| Plan Fiduciary Net Position (Beginning) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ 687,504,000 |
| Plan Fiduciary Net Position (Ending) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $687,504,000 | $ 692,569,000 |
| Net Pension Liability (Ending) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $173,536,665 | $ 168,731,758 |
| Net Position as a % of Pension Liability | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 79.85% | 80.41% |
| Covered-Employee Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $124,594,728 | $127,097,787 |
| Net Pension Liability as a % of Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 139.28% | 132.76% |

# State Required Disclosure—Contribution Schedule

## Contributions – RP2000, 6.0% Interest

GASB 68 is effective for fiscal year ending September 30, 2015. The follow exhibit is a 10 year history of Contributions.

| | Fiscal Year Ending | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Actuarially Determined Contribution | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $24,369,057 | N/A |
| Contributions made in Relation to the Actuarially Determined Contribution | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $24,627,660 | $17,047,000 |
| Contribution Deficiency (excess) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $ (258,603) | N/A |
| Covered-Employee Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $124,594,728 | $127,097,787 |
| Contributions as a % of Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 19.77% | 13.41% |

**Notes to Schedule:**
Valuation Date: Actuarially determined contribution rates are calculated as of January 1, 1 year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial Cost Method: | Entry age Normal with frozen Initial Liability |
| Asset Valuation Method: | Actuarial Value – 5-year smoothed market value. |
| IRS Limit Increases: | 4.5% |
| Salary Increases: | Graded by age – see assumptions section for rates. |
| Investment Rate of Return: | 6.00%, net of pension plan investment expense, including inflation. |
| Retirement Age: | Graded by age and Division – see assumption section for rates. |

Mortality rates were based on the RP-2000 Healthy Annuitant/Non Annuitant Mortality Table for Males or Females, as appropriate, with generational projections for mortality improvements based on Scale AA. Disclosure—Changes in the Net Pension Liability and Related Ratios.

# Actuarial Present Value of Accrued Benefits

| | 01/01/14 | 01/01/15 |
|---|---|---|
| Vested Benefits | | |
| Participants Currently Receiving Payments | $ 456,272,989 | $466,337,061 |
| All Other Participants | 165,115,195 | 157,773,166 |
| Total Vested Benefits | $ 621,388,184 | $ 624,110,227 |
| Nonvested Benefits | 4,571,950 | 4,694,704 |
| Total Actuarial Present Value of Accumulated Plan Benefits | $ 625,960,134 | $ 628,804,931 |
| Statement of Changes in Total Accrued Benefits | | |
| Accrued Benefits at January 1, 2014 | | $ 625,960,134 |
| Increase (Decrease) attributable to | | |
| Plan Amendments | | $ 0 |
| Changes in Actuarial Assumptions | | $ 4,515,921 |
| Increase for Interest, Probability of Payment Due to | | |
| Decrease in Discount Period and Benefits Accrued/(Forfeited) | | $ 44,119,876 |
| Benefits Paid | | $ (45,791,000) |
| Other Changes (Transfers) | | $ 0 |
| Net Increase (Decrease) | | $ 2,844,797 |
| Accrued Benefits at January 1, 2015 | | $ 628,804,931 |

# 15 Year Projection of Emerging Liabilities

| January 1 | Expected Benefit Payments |
|---|---:|
| 2015 | $46,020,521 |
| 2016 | $47,709,858 |
| 2017 | $49,083,886 |
| 2018 | $50,620,285 |
| 2019 | $52,100,120 |
| 2020 | $53,596,110 |
| 2021 | $55,236,013 |
| 2022 | $56,816,072 |
| 2023 | $58,399,866 |
| 2024 | $59,834,699 |
| 2025 | $61,452,095 |
| 2026 | $63,027,928 |
| 2027 | $64,456,233 |
| 2028 | $65,593,660 |
| 2029 | $66,793,396 |

# Appendix

# Participant Data

The actuarial valuation was based on personnel information from City of Tampa records as of January 1, 2015. Following are some of the pertinent characteristics from the personnel data as of that date. Prior year characteristics are also provided for comparison purposes. Both age and service have been determined using years and months as of the valuation date.

| | January 1, 2014 | January 1, 2015 |
|---|---|---|
| **Actives Participants** | | |
| Number | 2,359 | 2,353 |
| Average Current Age | 46.7 | 46.8 |
| Average Years of Service | 14.2 | 13.2 |
| Average Compensation | $ 50,486 | $ 51,645 |
| **Inactives with Deferred Benefits** | | |
| Number | 547 | 569 |
| Average Current Age | 50.0 | 49.9 |
| Average Monthly Benefit[1] | $ 760 | $ 717 |
| **Inactives Receiving Payment** | | |
| Number | 2,082 | 2,126 |
| Average Current Age | 71.8 | 71.6 |
| Average Monthly Benefit | $ 1,714 | $ 1,733 |
| **Total Participants** | | |
| Number | 4,988 | 5,048 |

[1] Before adjustment for assumed retirement age.

# Participant Data Summary

## Reconciliation – Division A

| | Active | DROP | Terminated Vested | Disabled | Retired | Beneficiaries | Total |
|---|---|---|---|---|---|---|---|
| **January 1, 2014** | 24 | 67 | 9 | 27 | 790 | 396 | 1,313 |
| **Changes During Year** | | | | | | | |
| New Participants | | | | | | | |
| Retirements | (1) | (18) | (6) | | 25 | | |
| Disabilities | | | | | | | |
| Non-Vested Terminations | | | | | | | |
| Vested Terminations | | | | | | | |
| DROP Enrollments | (6) | 6 | | | | | |
| Deaths | | | | (2) | (49) | (29) | (80) |
| New Beneficiaries | | | | | | 21 | 21 |
| Benefits Expired | | | | | | | |
| Other | (1) | | | | | (1) | (2) |
| **January 1, 2015** | 16 | 55 | 3 | 25 | 766 | 387 | 1,252 |
| **Average Age** | 55.3 | 59.7 | 54.9 | 70.8 | 73.3 | 79.0 | |

# Reconciliation – Division B

| | Active | DROP | Terminated Vested | Disabled | Retired | Beneficiaries | Total |
|---|---|---|---|---|---|---|---|
| **January 1, 2014** | 2,335 | 130 | 538 | 42 | 537 | 93 | 3,675 |
| **Changes During Year** | | | | | | | |
| New Participants | 200 | | | | | | 200 |
| Retirements | (24) | (32) | (29) | | 85 | | |
| Disabilities | (12) | | | 12 | | | |
| Non-Vested Terminations | (72) | | | | | | (72) |
| Vested Terminations | (58) | | 58 | | | | |
| DROP Enrollments | (32) | 32 | | | | | |
| Deaths | (7) | | (2) | | (18) | (5) | (32) |
| New Beneficiaries | | | | | | 11 | 11 |
| Benefits Expired | | | | | | | |
| Other | 7 | | 1 | | (2) | 8 | 14 |
| **January 1, 2015** | 2,337 | 130 | 566 | 54 | 602 | 107 | 3,796 |
| **Average Age** | 46.8 | 64.6 | 49.9 | 56.3 | 69.6 | 67.1 | |

## Reconciliation - Total

| | Active | DROP | Terminated Vested | Disabled | Retired | Beneficiaries | Total |
|---|---|---|---|---|---|---|---|
| **January 1, 2014** | 2,359 | 197 | 547 | 69 | 1,327 | 489 | 4,988 |
| **Changes During Year** | | | | | | | |
| New Participants | 200 | | | | | | 200 |
| Retirements | (25) | (50) | (35) | | 110 | | |
| Disabilities | (12) | | | 12 | | | |
| Non-Vested Terminations | (72) | | | | | | (72) |
| Vested Terminations | (58) | | 58 | | | | |
| DROP Enrollments | (38) | 38 | | | | | |
| Deaths | (7) | | (2) | (2) | (67) | (34) | (112) |
| New Beneficiaries | | | | | | 32 | 32 |
| Benefits Expired | | | | | | | |
| Other | 6 | | 1 | | (2) | 7 | 12 |
| **January 1, 2015** | 2,353 | 185 | 569 | 79 | 1,368 | 494 | 5,048 |
| **Average Age** | 46.9 | 63.1 | 49.9 | 60.9 | 71.7 | 76.4 | |

# Active Participants Age / Years of Service Distribution

Shown below is the distribution of active participants based on age and years of service since their hire date.

| | Years of Service as of 01/01/2015 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Age** | **0-4** | **5-9** | **10-14** | **15-19** | **20-24** | **25-29** | **30+** | **Total** |
| Under 25 | 67 | 7 | | | | | | **74** |
| 25-29 | 75 | 38 | 12 | | | | | **125** |
| 30-34 | 81 | 45 | 49 | 5 | | | | **180** |
| 35-39 | 85 | 55 | 54 | 23 | 1 | | | **218** |
| 40-44 | 76 | 61 | 80 | 61 | 24 | 1 | | **303** |
| 45-49 | 77 | 73 | 86 | 80 | 45 | 58 | **3** | **422** |
| 50-54 | 52 | 62 | 80 | 72 | 49 | 83 | **54** | **452** |
| 55-59 | 44 | 43 | 59 | 62 | 44 | 67 | **50** | **369** |
| 60-64 | 21 | 33 | 33 | 21 | 12 | 30 | **20** | **170** |
| 65 and over | 9 | 5 | 7 | 7 | 4 | 4 | **4** | **40** |
| **Total** | **587** | **422** | **460** | **331** | **179** | **243** | **131** | **2,353** |

## Asset Allocation

The following table illustrates the allocation of the Plan Fiduciary Net Position as of December 31, 2014:

| Asset Class | Total Allocation |
|---|---|
| Bonds | 29% |
| Equity | 65% |
| Real Estate | 5% |
| Cash | 1% |
| Total | 100% |

The following table illustrates the expected rate of return for each of the asset classes in Plan Fiduciary Net Position as of December 31, 2014:

| Asset Class | Expected Nominal Return | Expected Real Rate of Return |
|---|---|---|
| Bonds | 4.1% | 1.6% |
| Equity | 7.4% | 4.9% |
| Real Estate | 7.2% | 4.7% |
| Cash | 2.8% | 0.3% |

## Five Year History of Asset Returns and Portfolio Percentages

| Year Ended December 31, | Assumed Return | Actual Return | Percentage of Bonds | Percentage of Stocks | Percentage of Real Estate | Percentage of Cash |
|---|---|---|---|---|---|---|
| 2010 | 8.0% | 13.7% | 28% | 67% | 5% | 0% |
| 2011 | 8.0% | -1.2% | 32% | 62% | 6% | 0% |
| 2012 | 8.0% | 14.5% | 30% | 62% | 5% | 3% |
| 2013 | 8.0% | 18.8% | 26% | 66% | 5% | 3% |
| 2014 | 8.0% | 5.6% | 29% | 65% | 5% | 1% |

The actual experience figures are the approximate time-weighted rates of return for the particular year. Income includes dividends, interest, and unrealized and realized gains (losses), based upon statements of Fund Balances. The time-weighted balance reflects estimated transaction dates for income, employer contributions, expenses, and disbursements.

# Five Year History of Actual verses Assumed Salary Increases

| Year Ended December 31, | Assumed Increases | Actual Increases |
|---|---|---|
| 2010 | 6.0% | -1.0% |
| 2011 | 6.0% | 0.7% |
| 2012 | 6.0% | 3.4% |
| 2013 | 6.0% | 2.2% |
| 2014 | Graded[1] | 3.7% |

Each figure is the rate of increase in the average compensation from the prior year ("weighted" by each individual participant's compensation), as reported for the actuarial valuations. The average includes only continuing active employees who have a full year of compensation in both the current and prior years, based on their reported dates of employment.

.

[1] Assumed salary increase is a graded scale going from 10.0% per year at age 15 to 2.0% at age 70.

# Actuarial Assumptions and Methods

| | |
|---|---|
| Expected Return on Assets | 8.00%. |
| Discount Rate | 8.00%[1]. |
| Salary Increases | Sample Rates |

| Age | Rate |
|---|---|
| 15 | 10.0% |
| 20 | 9.0% |
| 25 | 8.0% |
| 30 | 7.0% |
| 35 | 6.0% |
| 40 | 5.0% |
| 45 | 4.5% |
| 50 | 4.0% |
| 55 | 3.5% |
| 60 | 3.0% |
| 65 | 2.5% |
| 70 | 2.0% |

| | |
|---|---|
| Payroll Growth | For purposes of projecting Total Participants' Compensation (under maximum assumed retirement age) from the calendar year forward nine months to the plan year beginning October 1, a 2% increase assumption is applied. |
| General Inflation | 2.5% |
| Benefit and Compensation Limits | N/A. |
| Maximum Compensation | Compensation is limited to $265,000 per year, projected to increase at the rate of 4.5% per year. |
| Maximum Benefit | The maximum accrued benefit payable as a life annuity (the value of the Plan's Survivor Annuity is not subject to this limitation) commencing between ages 62 and 65 is $210,000, projected to increase at the rate of 4.5% per year. |
| Mortality Rates | RP-2000 Fully Generational Scale AA. |
| Post-Disablement Mortality | 80% of the 1965 Railroad Board Ultimate Mortality Table |

[1] Based on the employer's funding policy, projected assets are projected to always be sufficient to cover projected benefit payments, so the EROA is used as the discount rate.

Withdrawal Rates

Sample Rates

| | Years of Service | | | |
|---|---|---|---|---|
| **Age** | **1** | **2** | **3** | **4+** |
| **20** | 38.6% | 38.6% | 38.6% | 19.3% |
| **30** | 19.4% | 19.4% | 19.4% | 9.7% |
| **40** | 9.0% | 9.0% | 9.0% | 4.5% |
| **50** | 10.0% | 10.0% | 10.0% | 5.0% |
| **60** | 10.0% | 10.0% | 10.0% | 5.0% |

Disability Rates

Sample Rates

| Age | Rate |
|---|---|
| 20 | .09% |
| 30 | .11% |
| 40 | .15% |
| 50 | .33% |
| 60 | 1.18% |

Actuarial Value of Assets

Assets are valued using 5-year smoothed market value without phase-in.

Decrement Timing

Middle of year decrements, with 100% retirement occurring at beginning of year.

Timing of Contribution

The contribution is assumed to be made at the beginning of the fiscal year.

Employees Covered

All Participants as of the actuarial valuation date.

Administrative Expenses

Expenses for the current plan year are assumed to equal actual expenses for the second prior plan year. If actual expenses for the second prior plan year differ from the second prior plan year's estimate, a make-up contribution or credit is included.

Marital Status

70% of all active male participants are assumed to be married; 55% of all active female participants are assumed to be married. The marital status of a terminated vested participant who has not yet elected a form of benefit payment is assumed to be that reported by the participant at his or her date of termination and recorded in the Pension Office.

Spouse's Ages

Unless actual data has been provided, male spouses are assumed to be three years older than female spouses.

Remarriage

Sample Rates

| Age | Rate |
|---|---|
| 25 | 8.755% |
| 30 | 6.280% |
| 35 | 4.107% |
| 40 | 2.614% |
| 45 | 1.768% |
| 50 | 1.178% |
| 55 | .744% |
| 60 | .469% |
| 65 | .290% |
| 70 | .198% |

Using the October 1, 2001, valuation results, an analysis was made of the impact of the reduction in the Survivor Annuity from 75% to 50% upon remarriage (Division A). Based on these remarriage rates, the analysis showed that the impact was equivalent to valuing (1) a 73.63% Survivor Annuity for active, terminated vested, retired and disabled participants and (2) a benefit equal to 99.16% of the actual monthly benefit for beneficiaries already receiving the Survivor Annuity.

Actuarial Cost Method

Entry Age Normal with Frozen Initial Liability – Changes in plan provisions, to the extent unfunded, are reflected in a supplemental component of the Unfunded Frozen Initial Liability. Changes in actuarial assumptions are reflected in future Normal Costs.

Fiscal Year End

September 30, 2015.

Measurement Date

January 1, 2015.

Measurement Period

January 1, 2014 to January 1, 2015.

Valuation Date

January 1, 2015.

Census Data

As of January 1, 2015.

Completeness of Assumptions

All benefits and expenses to be provided by the Plan are recognized in the valuation. All known events are taken into account; no current trends are assumed to discontinue in the future.

## Changes in Methods/Assumptions Since the Prior Year

**Method Changes**
The accounting valuation has been updated to reflect GASB68 starting in fiscal year ending September 30, 2015.

The method used to calculate the past Excess Contributions has been updated. The balance was reset as of September 30, 2014, and it is no longer being subtracted directly from the present value of benefits to come up with the normal cost. Also, now the balance of the account is used to reduce the contribution requirement rather than the change from year to year.

**Assumption Changes**
Both the funding and financial accounting valuations used an updated mortality assumption going from RP-2000 updated to 2014 with scale AA to RP-2000 generational with scale AA.

# Actuarial Assumptions and Methods

## Discussion of Actuarial Assumptions and Methods

City of Tampa selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 68. Aon Hewitt provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

## Calculation of Normal Costs and Liabilities

The method used to calculate the service cost and projected benefit obligation for determining pension expense is the entry age normal cost method. Under this cost method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working life time as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay each year. The Normal Cost is equal to the prorated cost for the year of the valuation.

## Accounting Information Under GASB 68

Benefit obligations and expense/(income) are calculated under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 68.

The total pension liability represents the actuarial present value of benefits based on the entry age normal cost method as of the measurement date. The service cost represents the actuarial present value of benefits that are attributed to the 2015 fiscal year, reflecting the effect of assumed future pay increases.

The pension expense is the annual amount to be recognized in the income statement as the cost of pension benefits for this plan for the period ending September 30, 2015.

## Description of Actuarial Cost Method for Funding

The Entry Age Normal with Frozen Initial Liability cost method spreads the funding of a portion of the pension benefits over the future service of all active Members and the balance is funded in a separate amortization schedule.

The Frozen Initial Liability is determined and fixed in the first year the cost method is adopted, although it may be redetermined or a supplemental piece added when the Plan is amended. The Frozen Initial Liability is the excess of the Present Value of Benefits over the sum of (a) the Present Value of Future Entry Age Normal Costs, (b) the Present Value of Future Employee Contributions, and (c) the Actuarial Value of Assets in the Trust Fund. The Entry Age Normal Cost is the annual cost determined by assuming the current Plan was always in effect and calculating the amount needed to produce level funding of benefits for all current Members from the date they would have entered the Plan. The Frozen Initial Liability may be amortized over as many as 40 years.

In each subsequent year, the order of steps is reversed. The Present Value of Future Normal Costs is calculated as the excess of the Present Value of Benefits over the sum of (a) the unfunded portion of the Frozen Initial Liability, (b) the Actuarial Value of Assets and (c) the Present Value of Future Employee Contributions.

The Normal Cost is developed by spreading the Present Value of Future City Normal Costs over the future compensation of all Members as a level percentage of pay, i.e., by dividing it by the Present Value of Future Compensation to get the Normal Cost Rate. The Normal Cost Rate is presumed to remain constant from the January 1 valuation date to the following Plan Year, October 1 through September 30. The Normal Cost is the product of the Normal Cost Rate and the current Members' Compensation, after the latter is projected forward nine months with a payroll growth assumption. Actuarial gains or losses are included in the Present Value of Future Normal Costs, and are reflected in the Normal Cost Rate and thereby spread over the remaining future service of the Members in the Normal Cost. The Frozen Initial Liability is not adjusted for actuarial gains or losses.

# Plan Provisions

| | |
|---|---|
| Effective Date | Created as Chapter 23559, Laws of Florida of 1945. Restated in its present form as of October 1, 1981. Summary includes all amendments through Chapter 2004–431, Special Act of 2004. Summary also includes the amendment passed by the 2005 Florida Legislature, which became effective October 1, 2005, the amendment passed by the 2006 Florida Legislature, which became effective October 1, 2006, and the amendment passed by the 2011 Florida Legislature, which became effective October 1, 2011. |
| Plan Year | October 1 to September 30. |
| Eligibility | All permanent employees including elective officers, department heads, and appointive officers, who are not covered by another pension plan. Those hired before October 1, 1981, shall be in Division A. Those hired on or after October 1, 1981, and those Division A employees who elect to change, shall be in Division B. |
| Current Employee Contributions | |
| Division A | 7.00% of Compensation. |
| Division B | None after October 1, 1981. |
| Compensation | Wages and salaries earned by an employee including regular longevity bonuses, overtime and shift premiums, but excluding other premiums, allowances, special payments or any casual nonrecurring or unpredictable bonuses; payments for unused accrued bona fide sick, vacation, or other leave; payments received by an employee pursuant to a nonqualified unfunded deferred salary or wages plan; and severance pay that is paid after an employee severs employment with the City. However, salaries or wages earned but not paid to the employee by the employee's severance date with the City shall be considered Compensation for Plan purposes. Compensation shall also include elective amounts that are excludible from the employee's gross income under Sections 125 (including amounts that are not available to the employee in cash in lieu of group health coverage because the employee is unable to certify that he or she has other health coverage, but only if the employer does not request or collect information regarding the employee's other health coverage as part of the enrollment for the health plan); 403(b) (tax-sheltered annuity); 457 (Section 457 plan); and 132(f)(4) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder. Compensation shall be limited to the cap under Section 401(a)(17) if the Code, as adjusted by the IRS for changes in the cost of living. |

| | |
|---|---|
| Average Monthly Compensation | The total Compensation received during the 3 years out of the last 6 years of Continuous Service which produces the highest average, divided by 36. |
| Accrued Pension | The amount determined by applying the benefit formula to an employee's Average Monthly Compensation and Service at the date of termination of employment. |
| Continuous Service (Service) | Unbroken service by an employee. Temporary interruptions of service caused by military service, illness or involuntary severance through no fault of the employee, provided he is reinstated, shall not be deemed to be breaks in continuous service. Also, certain time spent on authorized leave of absence shall be recognized (subject to payment of employee contributions). Under certain conditions specified in the Plan provisions, a terminated or retired employee who is rehired may have his prior Service reinstated. |

***Retirement and Death Benefits—Division A***

| | |
|---|---|
| a. Eligibility (Normal Retirement Date) | Completion of at least 6 years of Service and the attainment of age 55. |
| b. Normal Retirement Benefit | A monthly pension commencing on or after Normal Retirement Date payable for life equal to 2% of Average Monthly Compensation times years of Service, plus an additional .5% of Average Monthly Compensation times years of Service in excess of 15 years, for years served after January 1, 1975. A maximum of 30 years of Service is recognized. |
| c. Early Retirement Benefit | None. |
| d. Postretirement Death Benefit | The spouse of a deceased retired participant shall receive a monthly benefit equal to 75% of the participant's benefit, paid as a Survivor Annuity. Dependent children under 18 of a deceased participant shall receive a benefit of $100 per month. The total benefit payable to the spouse and children shall not exceed the amount being received by the deceased participant. Orphaned children under 18 shall receive the spouse's benefit. The Survivor Annuity ceases upon death of the spouse or upon marriage or attainment of age 18 by the dependent/orphaned children; it reduces to 50% of the participant's benefit upon remarriage of the spouse. Dependent parents shall receive the spouse's benefit, if there is no spouse or children, until their death. Dependent parents may elect to withdraw employee contributions in a lump sum in lieu of the monthly benefit. (Upon the death of a terminated vested participant, the same Survivor Annuity is payable on or after the date age 55 would have been attained by the participant.) If a retired participant dies and is not survived by a spouse, children, or dependent parents, the excess, if any, of such participant's total contributions without interest over the total benefits received until death shall be paid in a lump sum to the legal heirs. |

| | |
|---|---|
| e. Preretirement Death Benefit | Before completing 6 years of Service, the full amount of the deceased participant's contributions, without interest, shall be paid to the legal heirs. After completing 6 years of Service, the spouse, children, or dependent parents of a participant who dies prior to retiring shall receive the immediate Survivor Annuity described above, payable as of the date of death. However, if the participant is not survived by a spouse, children, or dependent parents, the full amount of contributions, without interest, shall be paid to the legal heirs. |
| f. Cost-of-Living Adjustment | On January 1, 2005, and each January 1 thereafter, the pension benefit being paid to each retiree or beneficiary (whether attributable to retirement, termination, death or disability benefits) will be increased annually by 2.2%. |

***Retirement and Death Benefits—Division B***

| | |
|---|---|
| a. Eligibility (Normal Retirement Date) | Completion of at least 6 years of Service and the attainment of age 62. |
| b. Normal Retirement Benefit | A monthly pension commencing on or after Normal Retirement Date payable for life equal to 1.20% of Average Monthly Compensation multiplied by years of Service. (The minimum benefit under Section 8(B)(2) for participants who elected to be in Division B is presumed to be no longer controlling.) |
| c. Early Retirement Benefit | After the completion of at least 6 years of Service and the attainment of age 55, an active participant may elect to retire and receive a reduced benefit. The reduced benefit is the Accrued Pension reduced 5/12 of one percent for each month by which the benefit commencement date precedes the Normal Retirement Date. |
| d. Postretirement Death Benefit | The spouse of a deceased retired participant shall receive a monthly benefit equal to 50% of the participant's benefit, paid as a Survivor Annuity. (Upon the death of a terminated vested participant, the same Survivor Annuity is payable to the spouse on or after the date age 62 would have been attained by the participant.) No Survivor Annuity is payable unless the spouse and the participant were married on the date of retirement of the Participant. Former Division A participants shall also have a lump sum benefit equal to their contributions, without interest, less benefits paid. |
| e. Preretirement Death Benefit | Upon the death of an active employee after completing at least 6 years of Service, a lump sum equal to the annual salary is paid to the legal heirs. Also, a surviving spouse shall receive a monthly benefit equal to 50% of the participant's Accrued Pension, payable as of the employee's Normal Retirement Date, or as of his Early Retirement Date with the 5/12 of one percent per month reduction. |
| f. Cost-of-Living Adjustment | On January 1, 2005, and each January 1 thereafter, the pension benefit being paid to each retiree or beneficiary (whether attributable to retirement, termination, death or disability benefits) will be increased annually by 1.2%. |

Disability Benefit

| | |
|---|---|
| a. Eligibility | Total and permanent disability after the completion of at least 6 years of Service. |
| b. Disability Benefit | The participant's Accrued Pension, payable immediately. |
| c. Form of Benefit | A monthly annuity for the life of the participant, subject to a requirement to resume employment and discontinue the Disability Benefit in the case of recovery. After the participant's death, a Survivor Annuity is provided as described above for the applicable Division A or B benefit, beginning at the date of death. |

Vested Termination

| | |
|---|---|
| a. Eligibility | Completion of 6 years of Service. |
| b. Termination Benefit | The participant's Accrued Pension payable as of his Normal Retirement Date, provided Employee Contributions are not refunded. No Early Retirement Benefit is available. |
| c. Form of Benefit | A monthly annuity for the life of the participant. After the participant's death, a Survivor Annuity is provided as described above for the applicable Division A or B benefit, beginning at the latter of the participant's Normal Retirement Date or date of death. |

Non-Vested Termination

| | |
|---|---|
| a. Eligibility | Any actively employed Division A participant. |
| b. Benefit | Refund of Employee Contributions without interest. |
| c. Form of Benefit | Lump sum. |

Deferred Retirement Option Program (DROP)

| | |
|---|---|
| a. Eligibility | Completion of at least 6 years of Service and the attainment of age 55. |
| b. Benefit Amount | The participant's Accrued Normal or Early Retirement Pension calculated as of the beginning of the DROP period, accumulated annually with interest (whether positive or negative) and annual cost-of-living adjustments, as described above for the applicable Division A or B benefit, during the DROP period. Prior to each Plan Year, DROP Members elect to have interest accumulate annually during the DROP calculation period at either (i) a rate reflecting the Fund's net investment performance, as determined by the Board of Trustees, or (ii) a rate reflective of a low risk variable rate selected annually by the Board of Trustees, in its sole discretion, that minimizes exposure to market fluctuations. The Trustees are expected to select an actual, separate investment vehicle that will provide the return for option (ii). |

| | |
|---|---|
| c. Form of Benefit | When the DROP period ends (maximum 7 years), the employee must terminate employment. At that time, the accumulated DROP benefits will be distributed to the participant, or if deceased, such participant's designated beneficiary. In addition, the monthly annuity, including COLA adjustments, will continue to the participant as provided above. |
| d. Other Provisions | Employee Contributions are no longer collected and Continuous Service and Average Monthly Compensation are frozen as of the date of entry into DROP. A participant in DROP is no longer eligible for Disability Benefits. If the participant dies while in the DROP period, the balance of the DROP account will be paid to the designated beneficiary. If the participant has a joint and survivor annuity, the applicable portion will continue to the survivor, otherwise benefits will cease. |
| Ad Hoc Cost-of-Living Adjustment | Effective October 1, 1999, a single adjustment was made to the benefits being paid retirees or their beneficiaries who retired before January 1, 1975, from active service, equal to 1% per year, compounded annually from the date of retirement to January 1, 1999. |
| Officers | Elective officers, department heads and appointive officers shall also participate in the Plan in the same manner as permanent employees, except for special break-in-service rules explained in the statute. |
| Maximum Benefit | IRC Section 415 limits, as in effect prior to EGTRRA (i.e., based on a dollar limitation of $90,000 per year, indexed), apply as modified for governmental plans. |

## Plan Changes Since the Prior Year

The funding and financial accounting valuation does not reflect any plan changes.