

CITY OF TEMPLE TERRACE  
POLICE OFFICERS' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES  
COMPLIANCE

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed 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, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

By: Patrick T. Donlan Date: 6/26/2015

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Enrolled Actuary #14-6595



When reviewing the following schedules, please note the following:

- 1) The purpose of producing this report is solely to satisfy the requirements set forth by Section 112.664, Florida Statutes, and is mandatory for every Florida public pension fund, excluding the Florida Retirement System (FRS).
- 2) None of the schedules shown have any impact on the funding requirements of the Plan. These schedules are for statutory compliance purposes only.
- 3) In the schedules that follow, the columns labeled “ACTUAL” represent the final recorded GASB 67/68 results. The columns labeled “HYPOTHETICAL” illustrate what the results would have been if different assumptions were used.
- 4) It is our opinion that the Plan’s actual assumptions utilized in the October 1, 2014 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	ACTUAL	HYPOTHETICAL		
	7.60% RP-2000 Static 9/30/2014	7.60% RP-2000 Generational 9/30/2014	5.60% RP-2000 Generational 9/30/2014	9.60% RP-2000 Generational 9/30/2014
<b>Total Pension Liability</b>				
Service Cost	673,853	701,539	1,066,197	490,101
Interest	2,826,257	2,967,556	2,872,009	2,974,050
Change in Excess State Money	-	-	-	-
Change in Funding Standard Account	-	-	-	-
Share Plan Allocation	-	-	-	-
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	-	-	-
Changes of Assumptions	-	-	-	-
Contributions - Buy Back	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,071,931)	(2,071,931)	(2,071,931)	(2,071,931)
Net Change in Total Pension Liability	1,428,179	1,597,164	1,866,275	1,392,220
Total Pension Liability - Beginning	37,563,374	39,394,880	51,269,316	31,539,224
Total Pension Liability - Ending (a)	<u>38,991,553</u>	<u>\$ 40,992,044</u>	<u>\$ 53,135,591</u>	<u>\$ 32,931,444</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	1,536,551	1,536,551	1,536,551	1,536,551
Contributions - State	154,522	154,522	154,522	154,522
Contributions - Employee	303,725	303,725	303,725	303,725
Contributions - Buy Back	-	-	-	-
Net Investment Income	2,236,955	2,236,955	2,236,955	2,236,955
Benefit Payments, Including Refunds of Employee Contributions	(2,071,931)	(2,071,931)	(2,071,931)	(2,071,931)
Administrative Expense	(18,966)	(18,966)	(18,966)	(18,966)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,140,856	2,140,856	2,140,856	2,140,856
Plan Fiduciary Net Position - Beginning	18,871,673	18,871,673	18,871,673	18,871,673
Plan Fiduciary Net Position - Ending (b)	<u>\$ 21,012,529</u>	<u>\$ 21,012,529</u>	<u>\$ 21,012,529</u>	<u>\$ 21,012,529</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 17,979,024</u>	<u>\$ 19,979,515</u>	<u>\$ 32,123,062</u>	<u>\$ 11,918,915</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.60% and RP-2000 Static Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	21,012,528	-	2,682,106	-	1,495,032	19,825,454
2015	19,825,454	-	2,465,252	-	1,413,055	18,773,257
2016	18,773,257	-	2,519,378	-	1,331,031	17,584,910
2017	17,584,910	-	2,579,604	-	1,238,428	16,243,734
2018	16,243,734	-	2,659,831	-	1,133,450	14,717,353
2019	14,717,353	-	2,713,139	-	1,015,420	13,019,634
2020	13,019,634	-	2,764,813	-	884,429	11,139,250
2021	11,139,250	-	2,847,730	-	738,369	9,029,889
2022	9,029,889	-	2,889,602	-	576,467	6,716,754
2023	6,716,754	-	2,936,170	-	398,899	4,179,483
2024	4,179,483	-	3,008,677	-	203,311	1,374,117
2025	1,374,117	-	3,048,889	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 11.45

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.60% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2  
Hypothetical Assumptions: 7.60% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	21,012,528	-	2,682,222	-	1,495,028	19,825,334
2015	19,825,334	-	2,466,203	-	1,413,010	18,772,141
2016	18,772,141	-	2,521,318	-	1,330,873	17,581,696
2017	17,581,696	-	2,583,446	-	1,238,038	16,236,288
2018	16,236,288	-	2,666,234	-	1,132,641	14,702,695
2019	14,702,695	-	2,725,277	-	1,013,844	12,991,262
2020	12,991,262	-	2,780,872	-	881,663	11,092,053
2021	11,092,053	-	2,868,526	-	733,992	8,957,519
2022	8,957,519	-	2,916,427	-	569,947	6,611,039
2023	6,611,039	-	2,970,434	-	389,562	4,030,167
2024	4,030,167	-	3,050,579	-	190,371	1,169,959
2025	1,169,959	-	3,101,327	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 11.38

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.60% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
Hypothetical Assumptions: 5.60% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	21,012,528	-	2,682,222	-	1,101,599	19,431,905
2015	19,431,905	-	2,466,203	-	1,019,133	17,984,835
2016	17,984,835	-	2,521,318	-	936,554	16,400,071
2017	16,400,071	-	2,583,446	-	846,067	14,662,692
2018	14,662,692	-	2,666,234	-	746,456	12,742,914
2019	12,742,914	-	2,725,277	-	637,295	10,654,932
2020	10,654,932	-	2,780,872	-	518,812	8,392,872
2021	8,392,872	-	2,868,526	-	389,682	5,914,028
2022	5,914,028	-	2,916,427	-	249,526	3,247,127
2023	3,247,127	-	2,970,434	-	98,667	375,360
2024	375,360	-	3,050,579	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 10.12

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.60% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.**

**Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 4  
Hypothetical Assumptions: 9.60% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	21,012,528	-	2,682,222	-	1,888,456	20,218,762
2015	20,218,762	-	2,466,203	-	1,822,623	19,575,182
2016	19,575,182	-	2,521,318	-	1,758,194	18,812,058
2017	18,812,058	-	2,583,446	-	1,681,952	17,910,564
2018	17,910,564	-	2,666,234	-	1,591,435	16,835,765
2019	16,835,765	-	2,725,277	-	1,485,420	15,595,908
2020	15,595,908	-	2,780,872	-	1,363,725	14,178,761
2021	14,178,761	-	2,868,526	-	1,223,472	12,533,707
2022	12,533,707	-	2,916,427	-	1,063,247	10,680,527
2023	10,680,527	-	2,970,434	-	882,750	8,592,843
2024	8,592,843	-	3,050,579	-	678,485	6,220,749
2025	6,220,749	-	3,101,327	-	448,328	3,567,750
2026	3,567,750	-	3,151,234	-	191,245	607,761
2027	607,761	-	3,196,762	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 13.19

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.60% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.**

**Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL		
	7.60% RP-2000 Static	7.60% RP-2000 Generational	5.60% RP-2000 Generational	9.60% RP-2000 Generational
Total Required Contribution	\$2,426,861	\$2,587,506	\$3,407,488	\$1,944,349
Expected Member Contribution	339,808	339,808	336,534	343,081
Expected State Money	154,522	154,522	154,522	154,522
Expected Sponsor Contribution (Fixed \$)	\$1,932,531	\$2,093,176	\$2,916,432	\$1,446,746
Expected Sponsor Contribution (% of Payroll)	66.1%	71.6%	99.8%	49.5%

**ASSETS**

Actuarial Value <sup>1</sup>	19,473,952	19,473,952	19,473,952	19,473,952
Market Value <sup>1</sup>	21,012,528	21,012,528	21,012,528	21,012,528

**LIABILITIES**

Present Value of Benefits				
Active Members				
Retirement Benefits	9,676,619	10,168,266	14,950,083	7,324,516
Disability Benefits	256,803	271,794	379,502	204,283
Death Benefits	79,308	61,900	76,236	51,106
Vested Benefits	1,619,258	1,673,031	2,588,345	1,134,324
Refund of Contributions	376,406	376,484	396,470	358,478
Service Retirees	24,484,017	25,553,544	32,628,399	20,788,414
Beneficiaries	901,311	923,512	1,128,607	780,820
Terminated Vested	453,058	472,062	614,048	373,814
Disability Retirees	1,581,578	1,673,586	2,001,528	1,434,901
DROP Retirees <sup>1</sup>	2,951,086	3,051,165	3,845,759	2,530,941
Excess State Monies Reserve	13,669	13,669	13,669	13,669
Total:	42,393,113	44,239,013	58,622,646	34,995,266
Present Value of Future Salaries	15,330,881	15,342,402	16,681,652	14,216,799
Present Value of Future Member Contributions	1,717,059	1,718,349	1,868,345	1,592,281
Total Normal Cost (Entry Age Normal)	605,329	631,727	967,379	436,014
Present Value of Future Normal Costs (Entry Age Normal)	3,403,143	3,567,332	6,013,538	2,255,994
Total Actuarial Accrued Liability <sup>1</sup>	38,989,970	40,671,681	52,609,108	32,739,272
Unfunded Actuarial Accrued Liability (Entry Age Normal)	19,516,018	21,197,729	33,135,156	13,265,320

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL		
	7.60% RP-2000 Static	7.60% RP-2000 Generational	5.60% RP-2000 Generational	9.60% RP-2000 Generational
<b><u>PENSION COST</u></b>				
Normal Cost <sup>2</sup>	669,173	698,355	1,059,106	486,644
Administrative Expenses <sup>2</sup>	20,966	20,966	20,764	21,168
Payment Required To Amortize UAAL <sup>2</sup>	1,736,722	1,868,185	2,327,618	1,436,537
Total Required Contribution	\$2,426,861	\$2,587,506	\$3,407,488	\$1,944,349

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2014.

<sup>2</sup> Contributions developed as of 10/1/2014 displayed above have been adjusted to account for assumed salary increase and interest components.