

CITY OF TAMPA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS ("OPEB") - (Continued)

The City's historical annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation:

Fiscal Year	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2010	\$ 5,239,855	\$ 2,554,375	48.7%	\$ 14,549,998
9/30/2011	5,401,548	2,781,223	51.5%	17,170,323
9/30/2012	5,289,007	2,360,466	44.6%	20,098,864
9/30/2013	5,629,519	3,250,594	57.7%	22,477,789
9/30/2014	6,260,897	3,138,843	50.1%	25,599,843
9/30/2015	6,660,543	3,755,157	56.4%	28,505,229

Funded Status and Funding Progress

As of September 30, 2014, the latest information available, the actuarial accrued liability for benefits was \$68,945,002, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$68,945,002. The covered payroll (annual payroll for active participating employees) was \$280,430,730 for the 2014-15 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 24.6%. The required Schedule of Funding Progress is included on page 163 in the Required Supplementary Information section.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the 2014-15 fiscal year, the City's OPEB actuarial valuation used the entry age normal cost actuarial method to estimate the unfunded actuarial liability and to determine the annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.0% rate of return on invested assets, which is the City's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a general inflation rate of 2.5% per year, and an annual healthcare cost trend rate of 8.0% initially for the 2014-15 fiscal year, grading down to an ultimate rate of 5.0% for the fiscal year-ending September 30, 2025. Past service liability is amortized over a closed 30-year period as a level percentage of projected payroll assumed to grow 3.5% per year.