WilkinsMiller

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
SEPTEMBER 30, 2019

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Mobile
Mobile, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Mobile, Alabama Police and Firefighters Retirement Plan (the Plan), which comprise the statement of fiduciary net position as of September 30, 2019, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Wilkins Miller LLC
Certified Public Accountants + Advisors
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56 South Section Street Fairhope, Alabama 36532 | 5 Dauphin Street, Suite 100 Mobile, Alabama 36602

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of September 30, 2019, and the changes in its financial status for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Report on Supplementary Information

U.S. generally accepted accounting principles require that the schedules of pension information included on pages 17 - 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other supplementary information included on page 20 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of the Plan's management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wilkins Miller, LLC

Mobile, Alabama
April 16, 2020

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019

Assets	
Cash	$ 3,534,568
Investments, at fair value:	
Cash and cash equivalents	3,147,170
Fixed income securities	37,704,035
Equities	15,341,297
Investment in Limited Partnerships	92,131,271
Pooled and mutual funds	49,517,793
Total investments	197,841,566
Receivables	
Accrued income	236,339
Employer contribution	18,523,588
Total receivables	18,759,927
Total assets	220,136,061
Liabilities	
Accounts payable	277,842
Due to City of Mobile	7,546,715
Total liabilities	7,824,557
Net position restricted for pensions	$ 212,311,504

See accompanying notes to financial statements

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2019

Additions	
Investment income	
Net appreciation in fair value of investments	$ 2,865,312
Interest and dividends	3,106,381
Other income	209,034
	6,180,727
Less investment and custodial fees	(450,477)
Investment income, net	5,730,250
Contributions	
Employee	3,384,100
Employer	20,699,025
Total contributions	24,083,125
Total additions	29,813,375
Deductions	
Benefits paid to participants	19,241,022
Refunds of employee contributions	664,865
Miscellaneous expense	7,154
Total deductions	19,913,041
Net increase	9,900,334
Net position restricted for pensions	
Beginning of year	202,411,170
End of year	$ 212,311,504

See accompanying notes to financial statements

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 - PLAN DESCRIPTION

The following brief description of the City of Mobile, Alabama Police and Firefighters Retirement Plan (the Plan) provides only general information. The Plan was established by an Act of the Alabama State Legislature (the Act) on September 2, 1964. Participants should refer to the Act for a more complete description of the Plan's provisions.

General. The Plan is a single-employer defined benefit pension plan.

Participation. Every member of the police and fire departments of the City of Mobile (the City), except for civilian employees hired after April 15, 1985, certain civilian employees hired before April 15, 1985, and certain police officers and firefighters who elected not to participate during a temporary period of discretionary participation, comes under the provisions and benefits of the Plan.

Funding. The Plan provides for the following methods of funding:

Employer contributions
The City is required to contribute an actuarially determined amount each Plan year. The contribution is determined as of October 1st of each Plan year and the contribution must be made within 18 months.

Employee contributions
Participants who have earned less than 30 years of service are required to contribute 8% of basic salary, as defined by the Plan.

Municipal court receipts
The Plan receives 5% of all fines and moneys paid, except court costs, as a result of prosecutions for violations of ordinances and laws of the City. These receipts are included in employer contributions.

Fire insurance premium tax
The Plan receives 2% of the gross fire insurance premiums collected on policies which cover property within the City limits and its police jurisdiction. These receipts are included in employer contributions.

NOTE 1 - PLAN DESCRIPTION (CONTINUED)

Benefits. Participants in the Plan are entitled to certain benefits depending upon whether sufficient assets are in the Plan to cover the benefits. The Plan provides for retirement, disability, and death benefits. Also, the Plan provides for certain types of benefits including a Deferred Retirement Option Plan (DROP).

<u>Retirement</u>
The Plan provides that a participant, who was hired prior to March 28, 1990, with at least 20 years of service (the last 10 years of which are consecutive) and who has attained 50 years of age, may retire and receive a monthly payment equal to 2.5% of his or her final average salary (average of the highest salary for 36 months of the previous ten years of service) multiplied by the number of years in service and divided by twelve. The benefit, however, cannot exceed 75% of the participant's final average salary. The Plan provides that a participant, who was hired on or after March 28, 1990, with 20 years of service (the last 10 years of which are consecutive) and who has attained 55 years of age, may retire and receive a monthly payment equal to 2.5% of his or her final average salary (average of the highest salary for 60 months of the previous ten years of service) multiplied by the first 20 years of service, and 2.25% of his or her final average salary for years of service in excess of 20 years. The benefit however is not to exceed 72.5% of the participant's final average salary.

<u>Disability</u>
If a participant who has at least 15 years of service becomes permanently physically or mentally disabled other than while performing his or her duties as a uniformed officer by reason other than hypertension, heart disease, respiratory disease, AIDS, hepatitis, or cancer, he or she shall receive a monthly disability benefit equal to 2.5% of his or her final salary multiplied by his or her years of service, but not more than 60% of his or her final salary.

If any participant becomes permanently physically or mentally disabled while performing his or her duties as a uniformed officer other than due to hypertension, heart disease, respiratory disease, AIDS, hepatitis, or cancer; or, any participant who has completed three years of service as a uniformed officer becomes permanently physically or mentally disabled due to hypertension, heart disease, respiratory disease, AIDS, hepatitis, or cancer, the participant shall receive a monthly disability benefit equal to 45% of the participant's final salary at the time the participant became disabled. However, any participant who can demonstrate to the Board of Trustees of the City of Mobile, Alabama Police and Firefighters Retirement Plan that he or she is totally disabled from gainful employment, he or she shall receive a disability benefit equal to 60% of the participant's final salary at the time the participant became disabled.

NOTE 1 - PLAN DESCRIPTION (CONTINUED)

Benefits (continued)

Death

Whenever the employment of a participant of the Plan is terminated by death before eligibility for pension benefits has been established, the contributions of such participant to the Plan shall be refunded in a lump sum plus up to $5,000 in matching benefits, without interest, to the named beneficiary on file with the Plan secretary. If a participant who is eligible for a retirement benefit dies prior to his or her annuity starting date, his or her eligible family members shall receive a benefit equal to the greater of, (1) the benefit they would have received had the participant met the requirements of the Plan, as the case may be, retired, or terminated employment on the day preceding his or her death and begun to receive his or her benefit in accordance with the 50% survivor's benefit, or (2) in a single lump sum equal to the lesser of twice the participant's contributions to the Plan or the sum of the participant's contributions to the Plan plus $5,000.

Other

Whenever the employment of a participant of the Plan is terminated other than by reason of death or disability after completion of 15 years of service (the last ten years without a break in service exceeding one year), he or she shall receive a pension beginning on the first day following the latest of his or her termination of employment or on his or her 65th birthday. If a participant terminates employment prior to 15 years of service for causes other than death or disability, he or she will receive a refund of his or her contributions excluding interest.

DROP program

Effective October 1, 1997, the Plan was amended to provide for the addition of a Deferred Retirement Option Plan (DROP). The DROP program is available for participants who are eligible for retirement and who wish to continue their respective jobs with the police or fire departments. Those retirees who elect the DROP will have their monthly retirement benefit accumulated in a DROP account. DROP accounts earn a rate of interest that is based on the actual investment return of the fund for the prior Plan year, less two percent, if the return is at least equal to the assumed investment return.

As of September 30, 2019 the following amounts were accumulated in the DROP accounts:

Benefit payments accrued	$ 905,732
Accumulated earnings	60,491
Total accrued	$ 966,223

NOTE 1 - PLAN DESCRIPTION (CONTINUED)

Benefits (continued)

DROP program (continued)
The statement of fiduciary net position only presents a liability for DROP benefits due but not yet distributed to members who had ended their participation in the DROP program at September 30 (none at September 30, 2019).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investment valuation and income recognition

The Plan's investments are stated at fair value as provided by Wells Fargo Bank (the Custodian). When available, fair value is determined by quoted market price. Short-term investments are reported at cost, which approximates fair value. Investments for which quotations are not readily available are valued at their fair value as provided by the Custodian under the direction of the Plan's Board of Trustees with the assistance of a valuation service.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Administrative expenses

Certain administrative costs are financed through the Plan's investment earnings. Expenses that are paid directly by the City are excluded from these financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures including the actuarial present value of accumulated plan benefits at the date of the financial statements, and changes therein. Actual results may differ from those estimates.

Risks and uncertainties

The Plan's financial status may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which has been declared a pandemic by the World Health Organization. Possible areas that may be affected include, but are not limited to, the decline in value of assets held by the Plan. Based on information provided by the Custodian, the value of the Plan's investments had declined by approximately 20% as of March 20, 2020.

NOTE 3 - PLAN MEMBERSHIP

Participation in the Plan as of October 1, 2018, according to the latest actuarial valuations, was comprised of the following:

	October 1
Active members	
Regular active members	876
DROP program members	27
	903
Inactive employees and beneficiaries currently receiving benefits	
Retired - service retirement	543
Retired - disability retirement	48
Retired - beneficiaries	140
	731
Inactive employees entitled to but not yet receiving benefits	
Deferred vested members	22
	1,656

NOTE 4 - CASH AND INVESTMENTS

Deposits

The Plan's cash deposits were comprised of cash in bank, amounting to $3,534,568 at September 30, 2019. The bank holding the Plan's deposits is a certified participant in the Security for Alabama Funds Enhancement (SAFE) program. Through the SAFE program, all public funds are protected through a collateral pool administered by the Alabama State Treasury. All of the Plan's deposits were fully insured or collateralized at September 30, 2019.

Credit risk

The Plan's investment policy allows for U.S. Treasury, federal agencies, and U.S. government guaranteed obligations up to 100% of the fixed income securities portfolio. The Plan's investment policy provides that its investments in corporate bonds, debentures, notes, asset-backed securities, equipment trust certificates rated Baa3 or BBB- or higher (investment grade) by Moody's, Fitch or Standard and Poor's (including split-rated bonds), and investment grade money market instruments are allowed up to 100% of the fixed income securities portfolio. Below investment grade securities are allowed up to 20% of the market value of the fixed income securities portfolio after consideration of whether they are prudent under the circumstances then prevailing. The Plan's investments in fixed income securities were rated by applicable rating services at September 30, 2019 as follows:

Rating	2019
U.S. Agencies	$ 13,996,235
Aaa	1,041,723
Aa1	813,175
Aa3	1,279,048
A2	4,026,435
A3	6,173,346
Baa1	4,237,053
Baa2	6,137,020
	$ 37,704,035

Custodial credit risk

Custodial credit risk is the risk the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of a failure of the counterparty. The Plan's investments are either held in the name of the Plan or held in trust under the Plan's name.

NOTE 4 - CASH AND INVESTMENTS (CONTINUED)

Foreign currency risk

Foreign currency risk is the risk that significant fluctuations in exchange rates may adversely affect the fair value of an investment. The Plan's holdings in the international equity discipline are primarily composed of underlying investments in international equities primarily in British, Japanese and other Asian companies. The Plan has no stated restrictions on the amount of investment in foreign currency-denominated securities. The Plan's investment policy states that the international funds shall be diversified by country and industry with diversification targets of 10% of Plan assets with a permissible range of 5% to 15%.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's policy regarding concentration of credit risk specifies the portfolio shall not hold investments in a single company exceeding ten percent of the market value of the portfolio. Further, it provides guidelines regarding target allocation ranges for various investment disciplines.

The following are investments at September 30, 2019 that represent 5% or more of the Plan's net position.

State Street Russell 1000 Securities Lending Fund (Limited partnership)	$ 50,359,917
American Core Realty Fund (Limited partnership)	10,765,534
SSGA S&P Mid-Cap 400 Equity Fund (Pooled and mutual funds)	21,272,816
WCM Focused International Growth Fund (Pooled and mutual funds)	11,514,757

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan's investment policy does not require a maximum term for any single fixed income security. The Plan's investment policy does not address weighted average portfolio maturities.

As of September 30, 2019, maturities of the Plan's fixed income securities were as follows:

	Investment Maturities (fair value by years)			
	1-5	6-10	More Than 10	Fair Value
Corporate bonds	$ 15,246,051	$ 8,461,749	$ -	$ 23,707,800
U.S. Agencies	200,348	3,063,204	10,732,683	13,996,235
	$ 15,446,399	$ 11,524,953	$ 10,732,683	$ 37,704,035

NOTE 4 - CASH AND INVESTMENTS (CONTINUED)

Rate of return

For the year ended September 30, 2019, the estimated annual money-weighted rate of return on Plan investments, net of investment expenses, was 2.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 5 - FAIR VALUE MEASUREMENTS

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB Statement No. 72) established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement. The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan can access at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3: Inputs to the valuation methodology are unobservable.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2019.

Cash and cash equivalents: money market funds are valued at cost, which approximates fair value.

Fixed income securities: corporate bonds and U.S. agency securities are valued based on market transactions involving similar assets traded in active markets.

Equities: valued at the closing price reported on the active market on which the individual securities are traded.

Investment in Limited Partnerships: valued based on market transactions involving similar assets traded in active markets.

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

Pooled and mutual funds: value based on the daily closing price as reported by the respective fund. Pooled and mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The valuation methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth, by level within the fair value hierarchy, the Plan's investments at fair value as of September 30, 2019.

	Total	Level 1	Level 2
Cash and cash equivalents	$ 3,147,170	$ 3,147,170	$ -
Fixed income securities	37,704,035	-	37,704,035
Equities	15,341,297	15,341,297	-
Investment in Limited Partnerships	92,131,271	-	92,131,271
Pooled and mutual funds	49,517,793	49,517,793	-
Total	$ 197,841,566	$ 68,006,260	$ 129,835,306

NOTE 6 - INCOME TAX STATUS

The Plan obtained its latest determination letter as of September 24, 2014, in which the Internal Revenue Service (IRS) stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan's management and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, they believe that the Plan was qualified, and the related trust was tax-exempt as of the financial statement date.

NOTE 7 - PLAN ADMINISTRATION

The responsibilities for general administration of the Plan are entrusted to a Board of Trustees made up of three elected police officers, three elected firefighters, the Executive Director of Financial Services for the City of Mobile and two members appointed by the governing body of the City of Mobile. The Plan's assets are held in trust by Wells Fargo. Plan benefit provisions were established and may be amended by the Plan's Board of Trustees subject to approval by the City of Mobile City Council. Cost of living adjustments may be provided by the Plan's Board of Trustees after consultation with its actuary and other advisors. Contribution requirements were established and may be amended subject to approval by the Board of Trustees and the City of Mobile City Council.

The Plan has an investment advisor and uses various professional investment managers to manage the Plan's assets.

Certain administrative functions are performed by employees of the City. These employees are not compensated by the Plan nor are they members of the Plan. Salaries and other administrative expenses paid by the City of Mobile totaled $205,003 for the year ended September 30, 2019.

NOTE 8 - PLAN TERMINATION

The City may terminate the Plan with the consent of the majority of the participants for any reason at any time. In case of termination, the rights of participants to their benefits as of the date of termination, to the extent then funded or protected by law, if greater, shall be non-forfeitable.

NOTE 9 - NET PENSION LIABILITY OF THE CITY OF MOBILE

The components of the net pension liability of the City at September 30, 2019, are as follows:

	2019
Total pension liability	$ 295,269,830
Plan fiduciary net position	(212,311,504)
City's net pension liability	$ 82,958,326
Plan fiduciary net position as a percentage of the total pension liability	71.90%

NOTE 9 - NET PENSION LIABILITY OF THE CITY OF MOBILE (CONTINUED)

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2018 (and rolled forward to September 30, 2019), using the following actuarial assumptions, applied to all periods included in the measurement:

	October 1, 2018
Inflation	2.25 percent
Salary increases	3.0 percent per annum
Investment rate of return	7.32 percent, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Blue Collar Mortality Table

The actuarial assumptions used in the October 1, 2018 valuations were based on results of an actuarial experience study for the period October 1, 2009 through October 1, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation are summarized in the discussion below.

Investment policy

The Plan's policy in regard to the authorized types of investment securities and allocation of invested assets is established and may be amended by the Plan's Board of Trustees. The Plan is required to be actuarially sound, strive to achieve sufficient earnings to meet present and future obligations, earn the highest total return on invested funds consistent with safety and in accordance with generally accepted investment practices, favor investments which will have a positive impact on the local and state economy where investment characteristics are equivalent, and achieve performance equal to or greater than the actuarial assumption.

The Plan's policy includes a multi-manager team investment approach that diversifies Plan assets so as to minimize the risk associated with dependence on the success of one enterprise. Allocations among firms should not exceed plus or minus five percent of the allocated portfolio value.

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE 9 - NET PENSION LIABILITY OF THE CITY OF MOBILE (CONTINUED)

The Plan's policy allows for investment in domestic large cap equities, domestic small/mid cap growth equities, domestic small/mid cap value equities, international equities, fixed income securities, and alternative investments including closed-end limited partnerships in private equity, mezzanine finance, opportunistic real estate, and pooled funds of the foregoing.

The Plan's policy states the specific targets and permissible diversification ranges by asset class are as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Broad equity markets	5.0 %	6.01 % per annum
Domestic large cap equity	28.0 %	6.91 % per annum
Domestic mid cap equity	9.5 %	8.91 % per annum
Domestic small cap equity	9.5 %	5.01 % per annum
International equity	10.0 %	3.31 % per annum
Domestic fixed income	25.0 %	0.81 % per annum
Alternative investments	13.0 %	7.51 % per annum
	100.0 %	5.07 % per annum

Discount rate

The discount rate used to measure the total pension liability was 7.32 percent. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.32 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.32 percent) or one percentage point higher (8.32 percent) than the current rate:

	1% Decrease (6.32%)	Current Discount (7.32%)	1% Increase (8.32%)
City's net pension liability	$ 119,505,462	$ 82,958,326	$ 53,210,321

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2019	2018	2017	2016	2015	2014
Change in total pension liability						
Service cost	$ 1,389,633	$ 1,405,646	$ 1,576,326	$ 1,414,553	$ 1,501,441	$ 1,542,522
Interest	20,170,527	19,275,199	18,546,963	18,550,878	18,407,492	18,287,147
Demographic experience	10,438,083	1,267,621	9,154,812	(1,557,256)	1,341,073	-
Changes of assumptions	-	10,671,600	-	-	-	-
Benefit payments, including refunds of member contributions	(19,905,887)	(20,299,667)	(19,059,277)	(18,335,869)	(19,657,648)	(17,958,800)
Net change in total pension liability	12,092,356	12,320,399	10,218,824	72,306	1,592,358	1,870,869
Total pension liability, beginning	283,177,474	270,857,075	260,638,251	260,565,945	258,973,587	257,102,718
Total pension liability, ending (a)	295,269,830	283,177,474	270,857,075	260,638,251	260,565,945	258,973,587
Change in plan fiduciary net position						
Contributions - employer	20,699,025	18,717,733	19,977,104	19,701,944	16,354,458	14,950,855
Contributions - employees	3,384,100	3,279,235	3,306,936	2,995,750	2,969,379	2,945,173
Net investment and miscellaneous income (loss)	5,730,250	15,731,328	20,075,805	11,927,721	(6,881,722)	10,307,058
Benefit payments, including refunds of member contributions	(19,905,887)	(20,299,667)	(19,059,277)	(18,335,869)	(19,657,648)	(18,186,135)
Administrative expenses	(7,154)	(9,118)	(49,685)	(18,061)	(4,989)	(110,549)
Net change in Plan fiduciary net position	9,900,334	17,419,511	24,250,883	16,271,485	(7,220,522)	9,906,402
Plan fiduciary net position, beginning	202,411,170	184,991,659	160,740,776	144,469,292	151,689,814	141,783,412
Plan fiduciary net position, ending (b)	212,311,504	202,411,170	184,991,659	160,740,777	144,469,292	151,689,814
City's net pension liability, ending (a) - (b)	$ 82,958,326	$ 80,766,304	$ 85,865,416	$ 99,897,474	$ 116,096,653	$ 107,283,773
Plan fiduciary net position as a percentage of the total pension liability	71.90 %	71.48 %	68.30 %	61.67 %	55.44 %	58.57 %
Covered payroll	$ 39,958,343	$ 40,740,794	$ 39,003,598	$ 36,451,544	$ 35,887,574	$ 36,010,184
City's net pension liability as a percentage of covered payroll	207.61 %	198.24 %	220.15 %	274.06 %	323.50 %	297.93 %

Note: GASB Statement No. 67 was implemented in Plan year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN

Fiscal Year Ended	
September 30, 2014	2.10 %
September 30, 2015	(4.56)%
September 30, 2016	8.20 %
September 30, 2017	9.00 %
September 30, 2018	8.51 %
September 30, 2019	2.82 %

Note: GASB Statement No. 67 was implemented in Plan year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

SCHEDULE OF CONTRIBUTIONS

Fiscal Year End	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
September 30, 2014	$ 14,950,855	$ 14,950,855	$ -	$ 36,010,184	41.52 %
September 30, 2015	16,354,458	16,354,458	-	35,887,574	45.57 %
September 30, 2016	19,701,944	19,701,944	-	36,451,544	54.05 %
September 30, 2017	19,977,104	19,977,104	-	39,003,598	51.22 %
September 30, 2018	18,717,733	18,717,733	-	40,740,794	45.94 %
September 30, 2019	20,699,025	20,699,025	-	39,958,343	51.80 %

Notes to Schedule of Contributions:

Valuation date	October 1, 2018
Notes	Actuarially determined contribution rates are calculated as of September 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.
Other information	Effective October 1, 2018, the mortality basis was changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to the RP-2000 Blue Collar Mortality Table with full generational improvements in mortality using Scale AA

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	30 years
Asset valuation method	Open 5-year smoothed market
Inflation	2.25 percent
Salary increases	3.0 percent per annum
Investment rate of return	7.32 percent, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Blue Collar Mortality Table

Note: GASB Statement No. 67 was implemented in Plan year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

REVENUES BY SOURCE

Fiscal Year	Employee Contributions	Employer and Other Contributions	Investment and Other Income (Loss)	Total
2010	$ 3,034,919	$ 15,037,059	$ 6,824,505	$ 24,896,483
2011	3,043,066	13,852,639	656,029	17,551,734
2012	3,006,582	17,508,284	15,263,723	35,778,589
2013	3,108,945	19,707,446	15,096,423	37,912,814
2014	2,945,173	14,950,855	10,805,399	28,701,427
2015	2,969,379	16,354,458	(6,515,744)	12,808,093
2016	2,995,750	19,701,944	12,371,221	35,068,915
2017	3,306,936	19,977,104	17,597,268	40,881,308
2018	3,279,235	18,717,733	16,161,315	38,158,283
2019	3,384,100	20,699,025	6,180,727	30,263,852

EXPENSES BY TYPE

Fiscal Year	Benefits	Administrative and Other Expenses	Refunds	Total
2010	$ 15,326,349	$ 414,026	$ 705,860	$ 16,446,235
2011	16,015,197	474,058	674,887	17,164,142
2012	16,485,304	507,675	770,972	17,763,951
2013	16,879,218	608,945	668,097	18,156,260
2014	17,829,219	608,890	356,916	18,795,025
2015	18,745,918	370,967	911,730	20,028,615
2016	17,458,315	461,561	877,554	18,797,430
2017	18,133,237	502,113	926,040	19,561,390
2018	19,283,035	439,105	1,016,632	20,738,772
2019	19,241,022	457,631	664,865	20,363,518