

CITY OF PALMETTO
POLICE OFFICERS' RETIREMENT PLAN

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2013

CONTRIBUTIONS APPLICABLE TO THE CITY'S
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2015



January 13, 2014

Board of Trustees
c/o Ms. Karen Simpson
City of Palmetto Police Officers' Retirement Plan
P. O. Box 1209
Palmetto, FL 34220

Re: City of Palmetto
Police Officers' Retirement Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Palmetto Police Officers' Retirement Plan. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year.

The 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, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, financial reports, and asset information supplied by the Board of Trustees, in addition to the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this 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 of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Palmetto, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Palmetto Police Officers' Retirement Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By:



Douglas H. Lozen, EA, MAAA
Enrolled Actuary # 11-7778

DHL/lke
Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Palmetto Police Officers' Retirement Plan, performed as of October 1, 2013, has been completed, and the results are presented in this Report. The contribution amounts developed in this valuation are applicable to the plan/fiscal year ended September 30, 2015.

The contribution requirements, compared with amounts developed in the October 1, 2012, actuarial valuation, are as follows:

Valuation Date	10/1/2012	10/1/2013
Applicable Plan/Fiscal Yr. End	<u>9/30/2014</u>	<u>9/30/2015</u>
Total Required Contribution % of Total Annual Payroll	40.18%	39.70%
Member Contributions % of Total Annual Payroll	5.00%	5.00%
City and State Required Contribution % of Total Annual Payroll	35.18%	34.70%
State Contribution ¹ % of Total Annual Payroll	101,867 6.43%	101,867 6.43%
Balance from City % of Total Annual Payroll	28.75%	28.27%

¹ The City may use annual State Contributions up to \$101,867, if received, in determining its minimum recommended funding requirement. For budgeting purposes, the required Sponsor Contribution (City and State) is 34.70% of Pensionable Earnings for the fiscal year ending September 30, 2015. The precise City requirement for the year is this amount, less actual State Contributions (up to the maximum \$101,867).

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board to discuss the Report and answer any questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Douglas H. Lozen, EA, MAAA

By: 
Drew D. Ballard

Plan Changes Since Prior Valuation

Ordinance 2013-09, adopted August 5, 2013, provided for compliance with the Internal Revenue Code. A letter of No Actuarial Impact was submitted for this amendment.

Actuarial Assumption/Method Changes Since Prior Valuation

Also, in conjunction with this valuation, the investment return assumption has been decreased from 7.8% to 7.7% per year compounded annually, net of investment related expenses. The Board previously approved a reduction in the investment return assumption by 0.1% each year until the assumption ultimately reaches 7.5%.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assum <u>10/1/2013</u>	Old Assum <u>10/1/2013</u>	Old Assum <u>10/1/2012</u>
A. Participant Data			
Number Included			
Actives	33	33	32
Service Retirees	23	23	22
DROP Retirees	1	1	2
Beneficiaries	0	0	0
Terminated Vested	4	4	3
Disability Retirees	2	2	2
Total	<u>63</u>	<u>63</u>	<u>61</u>
Total Annual Payroll	1,641,125	1,641,125	1,425,061
Payroll Under Assumed Ret. Age	1,583,202	1,583,202	1,425,061
Annual Rate of Payments to:			
Service Retirees	559,907	559,907	510,066
DROP Retirees	37,222	37,222	90,572
Beneficiaries	0	0	0
Terminated Vested	61,965	61,965	46,788
Disability Retirees	25,376	25,376	25,376
B. Assets			
Actuarial Value ¹	9,147,738	9,147,738	8,806,109
Market Value ¹	9,579,905	9,579,905	8,736,205
C. Liabilities			
Present Value of Benefits			
Active Members			
Retirement Benefits	6,585,188	6,468,335	5,994,789
Disability Benefits	574,640	566,057	520,209
Death Benefits	105,376	103,569	95,611
Vested Benefits	355,497	347,106	323,082
Refund of Contributions	43,381	43,252	30,082
Service Retirees	6,159,396	6,107,155	5,581,879
DROP Retirees ¹	499,663	495,257	1,107,452
Beneficiaries	0	0	0
Terminated Vested	540,815	534,021	341,440
Disability Retirees	214,938	213,643	219,547
Excess State Reserve	21,251	21,251	16,268
Total	<u>15,100,145</u>	<u>14,899,646</u>	<u>14,230,359</u>

C. Liabilities - (Continued)	New Assum <u>10/1/2013</u>	Old Assum <u>10/1/2013</u>	Old Assum <u>10/1/2012</u>
Present Value of Future Salaries	15,573,437	15,481,523	13,800,563
Present Value of Future Member Cont.	778,672	774,076	690,028
Normal Cost (Entry Age Normal)			
Retirement Benefits	299,220	293,492	286,826
Disability Benefits	50,679	50,105	48,073
Death Benefits	6,258	6,157	5,499
Vested Benefits	21,436	20,964	20,353
Refund of Contributions	6,948	6,944	5,103
Total Normal Cost	<u>384,541</u>	<u>377,662</u>	<u>365,854</u>
Present Value of Future Normal Costs	3,595,911	3,509,408	3,326,997
Actuarial Accrued Liability			
Retirement Benefits	3,735,400	3,690,233	3,328,529
Disability Benefits	136,269	135,103	123,746
Death Benefits	46,923	46,410	44,332
Vested Benefits	145,303	142,885	135,298
Refund of Contributions	4,276	4,280	4,871
Inactives ¹	7,414,812	7,350,076	7,250,318
State Excess Reserve	21,251	21,251	16,268
Total Actuarial Accrued Liability	<u>11,504,234</u>	<u>11,390,238</u>	<u>10,903,362</u>
Unfunded Actuarial Accrued Liability (UAAL)	2,356,496	2,242,500	2,097,253
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives ¹	7,414,812	7,350,076	7,250,318
Actives	2,187,191	2,152,726	1,991,477
Member Contributions	<u>609,450</u>	<u>609,450</u>	<u>568,072</u>
Total	10,211,453	10,112,252	9,809,867
Non-vested Accrued Benefits	426,571	418,505	386,777
Total Present Value Accrued Benefits	<u>10,638,024</u>	<u>10,530,757</u>	<u>10,196,644</u>
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	107,267	0	
New Accrued Benefits	0	219,376	
Benefits Paid	0	(655,054)	
Interest	0	769,791	
Other	0	0	
Total:	<u>107,267</u>	<u>334,113</u>	

Valuation Date Applicable to the Fiscal Year Ending	New Assum 10/1/2013 <u>9/30/2015</u>	Old Assum 10/1/2013 <u>9/30/2015</u>	Old Assum 10/1/2012 <u>9/30/2014</u>
E. Pension Cost			
Normal Cost (with interest) % of Total Annual Payroll ²	25.22	24.78	26.67
Administrative Expense (with interest) % of Total Annual Payroll ²	1.38	1.38	1.30
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 25 years as of 10/1/13 (with interest) % of Total Annual Payroll ²	13.10	12.48	12.21
Total Required Contribution % of Total Annual Payroll ²	39.70	38.64	40.18
Expected Member Contributions % of Total Annual Payroll ²	5.00	5.00	5.00
Expected City & State Contrib. % of Total Annual Payroll ²	34.70	33.64	35.18

F. Past Contributions

Plan Year Ending:	<u>9/30/2013</u>
Total Required Contribution City and State Requirement	557,399 482,075
Actual Contributions Made:	
Members	75,324
State	101,867 ³
City	<u>385,392</u>
Total	562,583

G. Actuarial Gain (Loss) (148,596)

¹ Assets and DROP Liabilities include accumulated DROP Balances as of 9/30/12 and 9/30/13.

² Contributions developed as of 10/1/13 are expressed as a percentage of Payroll Under Assumed Retirement Age at 10/1/13 of \$1,583,202

³ "Frozen", per Chapter 185, Florida Statutes.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2013	\$2,356,496
2014	2,322,809
2015	2,275,137
2020	1,972,551
2025	1,494,443
2030	705,129
2035	(10,709)
2038	0

I. (i) 3 Year Comparison of Actual and Assumed Increases in Pensionable Compensation

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2013	5.9%	8.1%
Year Ended	9/30/2012	1.2%	8.0%
Year Ended	9/30/2011	-2.5%	8.0%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2013	5.1%	7.8%
Year Ended	9/30/2012	3.5%	7.9%
Year Ended	9/30/2011	1.6%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2013	\$1,641,125
	10/1/2003	1,370,283
(b) Total Increase		19.8%
(c) Number of Years		10.00
(d) Average Annual Rate		1.8%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was 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, 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.


Douglas H. Lozen, EA, MAAA
Enrolled Actuary #11-7778

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

Ms. Sarah Carr
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2012	\$2,097,253
(2)	City Normal Cost Applicable for the Year	294,601
(3)	Expected Administrative Expenses for the Year	17,799
(4)	Interest on (1), (2), and (3)	187,259
(5)	Sponsor Contributions to the System during the year ending September 30, 2013	487,259
(6)	Interest on (5)	15,749
(7)	Expected Unfunded Accrued Liability as of October 1, 2013 (1)+(2)+(3)+(4)-(5)-(6)	2,093,904
(8)	New UAAL due to Experience (Gain)/Loss	148,596
(9)	Increase in UAAL due to Assumption Change	113,996
(10)	UAAL as of October 1, 2013	\$2,356,496

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2013 Amount</u>	<u>Amortization Amount</u>
UAAL	10/1/1987	4	3,743	1,042
Amendment	10/1/1989	6	54,548	10,856
Assumption Change	10/1/1990	7	(70,032)	(12,362)
Method Change	10/1/1991	8	41,151	6,573
Amendment	10/1/1991	8	14,308	2,286
Method Change	10/1/1992	9	26,491	3,889
Assumption Change	10/1/1994	11	29,524	3,784
Assumption Change	10/1/1995	12	(18,374)	(2,229)
Amendment	10/1/1995	12	(159,155)	(19,305)
Assumption Change	10/1/1998	15	(204,217)	(21,749)
Amendment	10/1/1998	15	331,276	35,280
Experience Gain	10/1/1999	1	(10,572)	(10,572)
Experience Gain	10/1/2000	2	(35,939)	(18,636)
Experience Gain	10/1/2001	3	(2,361)	(846)
Experience Loss	10/1/2002	4	116,364	32,403
Amendment	10/1/2002	19	14,603	1,382
Experience Gain	10/1/2003	5	(27,091)	(6,250)
Assumption Change	10/1/2003	20	(25,916)	(2,396)
Experience Loss	10/1/2004	6	16,968	3,377
Experience Gain	10/1/2005	7	(127,988)	(22,592)
Assumption Change	10/1/2005	22	122,351	10,874
Experience Loss	10/1/2006	8	45,453	7,261
Amendment	10/1/2006	23	153,490	13,408

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

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(9)	Increase in UAAL due to Assumption Change	113,996
(10)	UAAL as of October 1, 2013	\$2,356,496

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2013 Amount</u>	<u>Amortization Amount</u>
Experience Gain	10/1/2007	9	(110,756)	(16,257)
Assumption Change	10/1/2008	25	(503,552)	(42,683)
Experience Loss	10/1/2008	20	1,694,073	156,649
Experience Loss	10/1/2009	21	238,510	21,602
Experience Gain	10/1/2010	22	(162,483)	(14,441)
Assumption Change	10/1/2010	22	101,792	9,047
Method Change	10/1/2010	22	370,774	32,952
Experience Gain	10/1/2011	23	(138,431)	(12,093)
Assumption Change	10/1/2011	23	104,180	9,101
Amendment	10/1/2011	23	(10,701)	(935)
Experience Loss	10/1/2012	24	114,333	9,832
Assumption Change	10/1/2012	24	107,540	9,248
Experience Loss	10/1/2013	25	148,596	12,595
Assumption Change	10/1/2013	25	113,996	9,663
			<u>2,356,496</u>	<u>199,758</u>

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rates

RP 2000 Combined Healthy – Sex Distinct.
Disabled lives set forward 5 years.

Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

Interest Rate

7.7% (previously 7.8%) per year compounded annually, net of investment related expenses.

Normal Retirement Age

<u>Number of Years after First Eligibility for Normal Retirement</u>	<u>Probability of Retirement</u>
0	80%
1-4	40%
5	100%

Early Retirement Rate

5% for each eligible year.

Salary Increases

<u>Years of Service</u>	<u>Rates</u>
Less than 10	9.4%
11-15	6.0%
16-20	6.5%
21 or more	4.0%

Terminal Leave Pay

<u>Credited Service as of 10/1/2011</u>	<u>Percentage Increase to Liabilities</u>
10 or more years	4.5%
1-10 years	3.5%
Less than 1 year	0.0%

Cost of Living Adjustments

None.

Payroll Increases

None.

Administrative Expenses

\$21,056

Funding Method

Entry Age Normal Actuarial Cost Method

Termination Rates

<u>Age</u>	<u>Rates</u>
25	5.7%
30	5.0%
35	3.8%
40	2.6%
45	1.6%
50	0.8%

Disability Rates

<u>Age</u>	<u>Probability of Disability</u>
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%

It is assumed that 75% of disablements and active Member deaths are service related.

Actuarial Asset Method

The Actuarial Value of Assets utilizes a four-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a four-year period.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the fiscal year following the valuation year of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

EXCESS STATE MONIES RESERVE

	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Addition to Excess State Monies Reserve</u>
1998	\$59,560.23	\$59,560.23	\$0.00
1999	57,050.17	59,560.23	0.00
2000	64,923.90	59,560.23	5,363.67
2001	64,608.10	59,560.23	5,047.87
2002	74,901.71	59,560.23	15,341.48
2003	99,422.54	59,560.23	39,862.31
2004	103,045.19	59,560.23	43,484.96
2005	108,732.34	59,560.23	49,172.11
2006	110,320.22	59,560.23	50,759.99
2007	108,732.34	101,867.23	6,865.11
2008	108,732.34	101,867.23	6,865.11
2009	102,966.30	101,867.23	1,099.07
2010	102,744.94	101,867.23	877.71
2011	102,428.40	101,867.23	561.17
2012	99,465.82	101,867.23	0.00
2013	106,849.88	101,867.23	<u>4,982.65</u>
Total			230,283.21
Reserve used for benefits in Ord. 06-901			<u>(209,032.39)</u>
Total State Monies Reserve			21,250.82

BALANCE SHEET
September 30, 2013

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	302,344.34	302,344.34
Checking Account	600.00	600.00
Cash	15,444.54	15,444.54
Total Cash and Equivalents	318,388.88	318,388.88
Receivable:		
Overpayment of Retirement Benefits	10,518.64	10,518.64
Accrued Income	24,750.47	24,750.47
Total Receivable	35,269.11	35,269.11
Investments:		
U. S. Bonds and Bills	420,687.89	410,564.00
Federal Agency Guaranteed Securities	486,987.39	500,770.47
Corporate Bonds	1,837,473.70	1,802,585.25
Stocks	3,802,351.93	4,857,401.83
Mutual Funds:		
Fixed Income	448,716.25	435,282.88
Equity	1,028,491.27	1,219,643.01
Total Investments	8,024,708.43	9,226,247.44
TOTAL ASSETS	8,378,366.42	9,579,905.43
<u>LIABILITIES AND NET ASSETS</u>		
Total Liabilities	0.00	0.00
Net Assets, including DROP Account Balances	8,378,366.42	9,579,905.43
TOTAL LIABILITIES AND NET ASSETS	8,378,366.42	9,579,905.43

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2013
Market Value Basis

REVENUES

Contributions:		
Member	75,324.25	
City	385,392.12	
State	106,849.88	
Total Contributions		567,566.25
Earnings from Investments		
Interest & Dividends	242,378.73	
Net Realized Gain (Loss)	268,067.14	
Unrealized Gain (Loss)	501,735.99	
Total Earnings and Investment Gains		1,012,181.86
	EXPENDITURES	
Expenses:		
Investment Related ¹	59,937.74	
Administrative	21,056.26	
Total Expenses		80,994.00
Distributions to Members:		
Benefit Payments	593,084.77	
Lump Sum DROP Balances	51,355.94	
Termination Payments	10,613.20	
Total Distributions		655,053.91
Change in Net Assets for the Year		843,700.20
Net Assets Beginning of the Year		8,736,205.23
Net Assets End of the Year		9,579,905.43

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
September 30, 2013

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a four year period. In the first year, 25% of the gain or loss is recognized. In the second year 50%, in the third year 75%, and in the fourth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/(Loss)	<u>Gains/Losses Not Yet Recognized</u>			
		Amounts Not Yet Recognized by Valuation Year			
		2013	2014	2015	2016
09/30/2010	(1,443,956)	0	0	0	0
09/30/2011	(381,853)	(95,463)	0	0	0
09/30/2012	642,681	321,340	160,670	0	0
09/30/2013	275,053	206,290	137,526	68,763	0
Total		432,167	298,196	68,763	0

Development of Investment Gain/Loss

Market Value of Assets, 09/30/2012	8,736,205
Contributions Less Benefit Payments & Admin Expenses	(108,544)
Expected Investment Earnings *	677,191
Actual Net Investment Earnings	952,244
09/30/2013 Actuarial Investment Gain/(Loss)	275,053

*Expected Investment Earnings = $0.078 * [8,736,205 + 0.5 * (108,544)]$

Development of Actuarial Value of Assets

Market Value of Assets, 09/30/2013	9,579,905
(Gains)/Losses Not Yet Recognized	(432,167)
Actuarial Value of Assets, 09/30/2013	9,147,738

(A) 09/30/2012 Actuarial Assets: 8,806,109

(I) Net Investment Income:

1. Interest and Dividends	242,379
2. Realized Gains (Losses)	268,067
3. Change in Actuarial Value	(335)
4. Investment Expenses	(59,938)
Total	450,173

(B) 09/30/2013 Actuarial Assets: 9,147,738

Actuarial Assets Rate of Return = $2I/(A+B-I)$: 5.1%
Market Value of Assets Rate of Return: 11.0%

10/01/2013 Limited Actuarial Assets: 9,147,738

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2013
Actuarial Asset Basis

REVENUES

Contributions:		
Member	75,324.25	
City	385,392.12	
State	106,849.88	
Total Contributions		567,566.25
Earnings from Investments		
Interest & Dividends	242,378.73	
Net Realized Gain (Loss)	268,067.14	
Change in Actuarial Value	(335.01)	
Total Earnings and Investment Gains		510,110.86
EXPENDITURES		
Expenses:		
Investment Related ¹	59,937.74	
Administrative	21,056.26	
Total Expenses		80,994.00
Distributions to Members:		
Benefit Payments	593,084.77	
Lump Sum DROP Balances	51,355.94	
Termination Payments	10,613.20	
Total Distributions		655,053.91
Change in Net Assets for the Year		341,629.20
Net Assets Beginning of the Year		8,806,109.23
Net Assets End of the Year ²		9,147,738.43

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2012 to September 30, 2013

09/30/2012 Balance	54,474.09
Plus Additions	37,221.96
Investment Return Earned	1,500.60
Less Distributions	(51,355.94)
09/30/2013 Balance	41,840.71

STATISTICAL DATA

	<u>10/1/2010</u>	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>
Actives	34	33	32	33
Average Current Age	39.5	39.9	39.3	39.9
Average Age at Employment	29.8	30.8	30.9	31.2
Average Past Service	9.7	9.1	8.4	8.7
Average Annual Salary	\$48,577	\$45,635	\$44,533	\$49,731

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	1	1	0	0	0	0	0	0	0	0	0	2
25 - 29	0	1	2	0	0	2	0	0	0	0	0	5
30 - 34	1	0	0	0	0	2	1	0	0	0	0	4
35 - 39	0	1	0	0	0	2	3	0	0	0	0	6
40 - 44	0	0	1	0	0	1	1	0	0	0	0	3
45 - 49	1	0	0	0	0	2	2	2	1	0	0	8
50 - 54	0	0	0	0	0	0	0	1	1	0	0	2
55 - 59	0	0	0	0	0	2	0	0	0	0	0	2
60 - 64	0	0	0	0	0	0	0	1	0	0	0	1
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	3	3	3	0	0	11	7	4	2	0	0	33

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/12	32
b. Terminations	
i. Vested (partial or full) with deferred benefits	1
ii. Non-vested or full lump sum distribution received	1
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	0
g. Voluntary withdrawal	0
h. Continuing participants	30
i. New entrants	3
j. Total active life participants in valuation	33

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving Benefits	Receiving Death Benefits	Receiving Disability Benefits	DROP	Vested Deferred	Total
a. Number prior valuation	22	0	2	2	3	29
b. In	1	0	0	0	1	2
c. Out	0	0	0	1	0	1
d. Number current valuation	23	0	2	1	4	30

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 2013-09)

<u>Eligibility</u>	Full-time employees who are classified as Police Officers participate as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Police Officer.
<u>Salary</u>	Gross Compensation reportable on the Member's W-2 form, including overtime, bonuses, lump sum payments of unused sick and vacation time. Effective July 1, 2011, annual overtime shall not exceed 300 hours. Additionally, lump sum payments for accrued unused sick and vacation time at the time of termination or retirement shall not exceed the amounts in place on July 1, 2011.
<u>Average Final Compensation</u>	Average Salary for the 5 best years of the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	5.0% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of: 1) age 55 with 10 years of Credited Service, or 2) the completion of 23 years of Credited Service, regardless of age.
Benefit	3.0% of Average Final Compensation for each year of Credited Service.
Maximum Benefit	75% of Average Final Compensation for Members hired after June 7, 1982.

Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 with 10 years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year that the benefit commencement date precedes the Normal Retirement Date.
<u>Vesting</u>	
Schedule	100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the Early (reduced) or Normal Retirement Date.
<u>Death Benefits</u>	
10 or more years of designated Credited Service	Monthly accrued benefit payable to beneficiary for life at otherwise Early (reduced) or Normal (unreduced) Retirement Date.
Less than 10 years of Credited Service	Refund of accumulated contributions.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.
<u>Disability</u>	
Eligibility	Covered from Date of Employment.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	
Service Incurred	Benefit accrued to date of disability, actuarially reduced for payment prior to

Normal Retirement, but not less than 62% of Average Final Compensation.

Non-Service Incurred

10 or More Years of Credited Service

Benefit accrued to date of disability, actuarially reduced for payment prior to Normal Retirement, but not less than 25% of Average Final Compensation.

Less than 10, but at least 5 Years of Credited Service

Benefit accrued to date of disability, actuarially reduced for payment prior to Normal Retirement, but not less than 20% of Average Final Compensation.

Less Than 5 Years of Credited Service

Benefit accrued to date of disability, actuarially reduced for payment prior to Normal Retirement.

Maximum Benefit

75% of Average Final Compensation for Members hired after June 7, 1982.

Duration

Payable for life (with 120 payments guaranteed) or until recovery (as determined by the Board). Optional forms of payment are available.

Deferred Retirement Option Plan (DROP)

Eligibility

Satisfaction of Normal Retirement requirements.

Participation

Not to exceed 60 months from the date of first eligibility for Normal Retirement.

Rate of Return

At Member's election, either: a) 6.5% effective annual rate, or b) Net Investment Return (total return less brokerage commission, transaction costs and management fees) credited each fiscal quarter.

Distribution

Cash lump sum (options available) at termination of employment.

DISCLOSURE INFORMATION PER STATEMENT NO. 25 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

The schedule provided below has been prepared in accordance with the requirements of paragraph 37 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/01/13	9,147,738	11,504,234	2,356,496	79.52%	1,641,125	143.59%
10/01/12	8,806,109	10,903,362	2,097,253	80.77%	1,425,061	147.17%
10/01/11	8,541,139	10,377,766	1,836,627	82.30%	1,505,965	121.96%
10/01/10	8,453,641	10,237,834	1,784,193	82.57%	1,651,607	108.03%
10/01/09	8,159,830	9,569,617	1,409,787	85.27%	1,740,014	81.02%

The schedule provided below has been prepared in accordance with the requirements of paragraph 38 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2013	482,075	385,392	101,867	101.08%*
2012	433,096	333,664	99,466	100.01%
2011	398,227	296,359	101,867	100.00%*
2010	361,041	259,174	101,867	100.00%*
2009	281,987	186,422	101,867	102.23%*

* Frozen per Chapter 185, Florida Statutes, as amended.

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/13

City and State	32.00%	
Plan Members	5.00%	
Actuarially Determined Contribution (City and State)	482,075	
Contributions made	487,259	
Actuarial valuation date	10/1/2011	
Actuarial cost method	Entry Age Normal	
Amortization method	Level Dollar	
Remaining amortization period	27 Years (as of 10/1/2011)	
Asset valuation method	4 Year Smooth	
Actuarial assumptions:		
Investment rate of return	7.9%	(as of 10/1/2011)
Projected salary increase*	4.0%-9.4%	
* Includes inflation at	4.0%	
Post Retirement COLA	none	

THREE YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2013	483,339	100.81%	(182,477)
9/30/2012	434,307	99.73%	(178,557)
9/30/2011	403,076	98.80%	(179,734)

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

DEVELOPMENT OF NET PENSION OBLIGATION (NPO)

This municipal Defined Benefit Plan has been subject to the minimum funding standards since the adoption of the "Florida Protection of Public Employee Retirement Benefits Act" (Part VII of Chapter 112, Florida Statutes) in 1980. Accordingly, the sponsor has funded the actuarially determined required contributions for all years from October 1, 1987, through the transition date, October 1, 1997. Thus, the NPO on October 1, 1997, is 0.

The recent development of the Net Pension Obligation is as follows:

	<u>9/30/11</u>	<u>9/30/12</u>	<u>9/30/13</u>
Actuarially Determined			
Contribution (A)	398,227	433,096	482,075
Interest on NPO	(14,767)	(14,379)	(14,106)
Adjustment to (A)	19,616	15,590	15,370
	-----	-----	-----
Annual Pension Cost	403,076	434,307	483,339
Contributions Made	398,226	433,130	487,259
	-----	-----	-----
Increase in NPO	4,850	1,177	(3,920)
NPO Beginning of Year	(184,584)	(179,734)	(178,557)
	-----	-----	-----
NPO End of Year	(184,584)	(179,734)	(178,557)