

CITY OF LEESBURG
MUNICIPAL POLICE OFFICERS'
PENSION TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2014

CONTRIBUTIONS APPLICABLE TO THE PLAN/
FISCAL YEAR ENDED SEPTEMBER 30, 2016

December 8, 2014

Ms. Barbara C. Cooper
Plan Administrator
Post Office Box 296
Danville, Indiana 46122

Re: City of Leesburg Municipal Police Officers' Pension Trust Fund

Dear Barb:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Leesburg Municipal Police Officers' Pension Trust Fund. 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, and asset information supplied by the City of Leesburg, financial reports prepared by the custodian bank, and 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 Leesburg, nor does anyone at Foster &

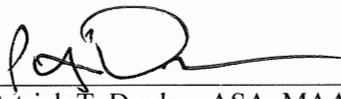
Foster, Inc. act as a member of the Board of Trustees of the City of Leesburg Municipal Police Officers' Pension Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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:



Patrick T. Donlan, ASA, MAAA
Enrolled Actuary #14-6595

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Leesburg Municipal Police Officers' Pension Trust Fund, performed as of October 1, 2014, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2016.

The contribution requirements, compared with those developed in the October 1, 2013 actuarial valuation, are as follows:

Valuation Date Applicable Plan/Fiscal Year End	10/1/2013 <u>9/30/2015</u>	10/1/2014 <u>9/30/2016</u>
Total Required Contribution % of Total Annual Payroll	20.37%	17.26%
Less Member Contributions % of Total Annual Payroll	7.65%	7.65%
Equals Required City and State % of Total Annual Payroll	12.72%	9.61%
Less State Contribution ¹ % of Total Annual Payroll	\$160,225 4.71%	\$160,225 4.71%
Balance from City ² % of Total Annual Payroll	8.01%	4.90%

¹ The City may use up to \$213,695.18 of State Monies under the "traditional" interpretation of Chapter 99-1 Florida Statutes, if received, in determining their bottom line funding requirement.

² As requested by the Division of Retirement, the required contribution from the City and State for the year ending September 30, 2015, is 12.72% of the actual Non-DROP payroll realized in that year. As a budgeting tool, the City may contribute 8.01% of each non-DROP Member's Salary and then make a one-time adjustment to account for the actual State Monies received (up to the maximum \$213,695.18). The City and State requirement for the fiscal year ending September 30, 2016 will be 9.61% of the actual Non-DROP payroll realized in that year. Please note the City has a prepaid contribution of \$10,798.05 available to offset the fiscal 2015 requirements.

As can be seen, the Total Required Contribution has decreased when expressed as a percentage of Total Annual Payroll. This decrease is the result of net favorable actuarial experience over the past year. The principal components of favorable experience were average increases in pensionable earnings that were less than the assumed rate by more than 5%, greater than expected employee turnover and a 9.6% investment return (Actuarial Asset Basis) which exceeded the 7.75% assumption. These gains were partially offset by the effect of no inactive mortality and the disablement of one Member.

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 of Trustees in order to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Patrick T. Donlan, EA, ASA, MAAA

By: 
Christine M. O'Neal, EA, ASA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes – There were no plan changes since the prior valuation.

Actuarial Assumption/Method Changes – The payroll growth assumption used for amortizing the Unfunded Actuarial Accrued Liabilities is limited to the historical 10-year average and thus the assumption was decreased from 2.9% to 1.6%.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data		
Number Included		
Actives	65	70
Service Retirees	29	27
Beneficiaries	0	1
Terminated Vested	10	9
Disability Retirees	1	0
DROP Retirees	1	1
	<hr/>	<hr/>
Total	106	108
Total Annual Payroll	\$3,403,703	\$3,755,014
Payroll Under Assumed Ret. Age	3,403,703	3,755,014
Annual Rate of Payments to:		
Service Retirees	771,474	688,271
Beneficiaries	0	22,283
Terminated Vested	18,286	34,609
Disability Retirees	17,305	0
DROP Retirees	50,491	50,491
B. Assets		
Actuarial Value ¹	16,705,631	15,312,331
Market Value ¹	17,781,102	15,987,684
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	10,384,058	11,682,065
Disability Benefits	572,908	606,308
Death Benefits	186,920	197,116
Vested Benefits	661,225	683,792
Refund of Contributions	166,537	171,441
Service Retirees	7,751,346	6,747,968
Beneficiaries	0	21,539
Terminated Vested	242,246	166,603
Disability Retirees	222,668	0
DROP Retirees ¹	690,627	611,189
Excess State Monies Reserve	0	0
	<hr/>	<hr/>
Total	20,878,535	20,888,021

	<u>10/1/2014</u>	<u>10/1/2013</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	27,557,626	29,445,503
Present Value of Future Member Contributions	2,108,158	2,252,581
Normal Cost (FIL Method)	421,590	599,879
Present Value of Future Normal Costs (Entry Age)	3,951,914	4,035,595
Actuarial Accrued Liability	17,465,185	16,183,978
Unfunded Actuarial Accrued Liability (UAAL)	759,554	871,647
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	8,906,887	7,547,299
Actives	2,823,634	3,871,602
Member Contributions	2,164,059	2,354,645
	<hr/>	<hr/>
Total	13,894,580	13,773,546
Non-vested Accrued Benefits	571,931	479,544
	<hr/>	<hr/>
Total Present Value Accrued Benefits	14,466,511	14,253,090
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	(36,490)	
Benefits Paid	(822,819)	
Interest	1,072,730	
Other	0	
	<hr/>	
Total:	213,421	

Valuation Date Applicable to Fiscal Year Ending	10/1/2014 <u>9/30/2016</u>	10/1/2013 <u>9/30/2015</u>
E. Pension Cost		
Normal Cost (with interest) % of Total Annual Payroll ²	12.87	16.59
Administrative Expenses (with interest) % of Total Annual Payroll ²	1.13	0.81
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 28 years (as of 10/1/2014) % of Total Annual Payroll ²	3.26	2.97
Total Required Contribution % of Total Annual Payroll ²	17.26	20.37
Expected Member Contributions % of Total Annual Payroll ²	7.65	7.65
Expected City & State Contribution % of Total Annual Payroll ²	9.61	12.72
F. Past Contributions		
Plan Years Ending:	<u>9/30/2014</u>	
Total Required Contribution	791,174	
City and State Requirement	532,189	
Actual Contributions Made:		
Members	258,985	
City	371,964	
State	160,225	
Total	<u>791,174</u>	
G. Net Actuarial Gain (Loss)	N/A	

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 10/1/2013 and 10/1/2014.

² Contributions developed as of 10/1/2014 are expressed as a percentage of total annual payroll at 10/1/2014 of \$3,403,703.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	\$759,554
2015	703,407
2016	641,069
2021	217,204
2026	49,407
2033	72,054
2042	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	-1.1%	5.2%
Year Ended	9/30/2013	0.6%	5.2%
Year Ended	9/30/2012	0.7%	6.2%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	9.6%	7.75%
Year Ended	9/30/2013	9.2%	7.75%
Year Ended	9/30/2012	6.5%	7.9%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2014	\$3,403,703
	10/1/2004	2,899,724
(b) Total Increase		17.4%
(c) Number of Years		10.00
(d) Average Annual Rate		1.6%

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.



Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #14-6595

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, 2013	\$871,647
(2)	City and State Normal Cost Applicable for the year *	341,885
(3)	Interest on (1) and (2)	94,049
(4)	Sponsor Contributions to the System during the year ending September 30, 2014	532,189
(5)	Interest on (4)	15,838
(6)	Unfunded Accrued Liability as of October 1, 2014 (1)+(2)+(3)-(4)-(5)	759,554

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2014 Amount</u>	<u>Amortization Amount</u>
"A"	10/1/1991	7	413,609	69,995
"B"	10/1/1998	14	366,942	37,347
"C"	10/1/2001	17	(1,020,309)	(92,176)
"D"	10/1/2003	19	(47,344)	(4,017)
"E"	10/1/2004	20	277,170	22,884
Method Change	10/1/2008	14	276,567	28,149
Assum Changes	10/1/2010	16	395,882	37,072
Benefit Change	10/1/2012	28	(165,014)	(11,670)
Assum Changes	10/1/2012	18	37,378	3,268
Benefit Change	10/1/2012	28	224,673	15,889
			<u>759,554</u>	<u>106,741</u>

*Includes \$29,265 for administrative expenses.

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years.)
<u>Interest Rate</u>	7.75% per year, compounded annually, net of investment related expenses.
<u>Retirement Age</u>	100% at first eligibility for Normal Retirement. Also, any Member who has reached Normal Retirement eligibility is assumed to continue employment for one additional year.
<u>Early Retirement</u>	Commencing at eligibility for Early Retirement Members are assumed to retire with an immediate benefit at the rate of 2% per year.
<u>Disability Rate</u>	See table below (1207). It is assumed that 75% of disablements and active member deaths are service related.
<u>Termination Rate</u>	See table below (1302).
<u>Salary Increases</u>	5.2% per year until the assumed retirement age; see table below. Projected salary at retirement is increased individually to account for non-regular compensation.
<u>Cost-of-Living Adjustment</u>	None.
<u>Administrative Expenses</u>	\$37,072 added to Normal Cost (average of non-investment expenses for the past 2 years).
<u>Payroll Growth Assumption</u>	1.6% annually for amortizing UAAL (prior 2.9%)
<u>Funding Method</u>	Frozen Entry Age Actuarial Cost Method.
<u>Asset Valuation</u>	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 50</u>
20	9.0%	.07%	21.9%
30	7.5	.11	36.3
40	3.9	.19	60.2
50	1.2	.51	100.0

VALUATION NOTES

Total Annual Payroll is the annual rate of pay for the fiscal year following the valuation date 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 the current year's cost for benefits yet to be funded.

Unfunded Actuarial Accrued Liability (UAAL) is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service.

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.

Frozen Entry Age Actuarial Cost Method 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. See the "Reconciliation of Unfunded Actuarial Accrued Liability" for details regarding the current status of the separate liabilities.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1992	77,914.00	N/A
1993	83,595.00	7.3%
1994	91,204.00	9.1%
1995	93,883.00	2.9%
1996	103,247.00	10.0%
1997	109,924.00	6.5%
1998	116,718.00	6.2%
1999	118,411.00	1.5%
2000	114,628.00	-3.2%
2001	120,045.00	4.7%
2002	137,613.00	14.6%
2003	159,149.65	15.7%
2004	166,624.90	4.7%
2005	184,093.15	10.5%
2006	184,827.50	0.4%
2007	184,093.15	-0.4%
2008	184,093.15	0.0%
2009	170,126.72	-7.6%
2010	159,138.64	-6.5%
2011	161,436.95	1.4%
2012	155,518.07	-3.7%
2013	155,996.52	0.3%
2014	160,225.10	2.7%

EXCESS STATE MONIES RESERVE

	<u>Actual State Distribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	116,718.18	116,718.18	0.00
1999	118,410.85	116,718.18	1,692.67
2000	114,627.92	116,718.18	0.00
2001	120,045.31	117,037.18	3,008.13
2002	137,612.65	117,037.18	20,575.47
2003	159,149.65	117,037.18	42,112.47
2004	166,624.90	117,037.18	49,587.72
2005	184,093.15	117,037.18	67,055.97
2006	184,827.50	213,695.18	0.00
2007	184,093.15	213,695.18	0.00
2008	184,093.15	213,695.18	0.00
2009	170,126.72	213,695.18	0.00
2010	159,138.64	213,695.18	0.00
2011	161,436.95	213,695.18	0.00
2012	155,518.07	213,695.18	0.00
2013	155,996.52	213,695.18	0.00
2014	160,225.10	213,695.18	<u>0.00</u>
Total:			184,032.43
Less amounts used in funding Ord. No. 05-114 (Compensation Definition):			(116,976.46)
Less amounts used in funding Ord. No. 14-05 (Multiplier Increase):			(67,055.97)
Total Current State Monies Reserve:			0.00

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	589,171.00
Cash	9,701.19
Total Cash and Equivalents	598,872.19
Total Receivable	0.00
Investments:	
Corporate Bonds	4,247,784.45
Stocks	11,567,215.73
Pooled/Common/Commingled Funds:	
Equity	1,378,027.44
Total Investments	17,193,027.62
Total Assets	17,791,899.81
<u>LIABILITIES</u>	
Prepaid City Contribution	10,798.05
Total Liabilities	10,798.05
NET POSITION RESTRICTED FOR PENSIONS	17,781,101.76

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2014
Market Value Basis

ADDITIONS

Contributions:

Member	258,984.96	
City	371,963.60	
State	160,225.10	
Total Contributions		791,173.66
Investment Income:		
Net Increase in Fair Value of Investments	1,608,528.24	
Interest & Dividends	369,364.49	
Less Investment Expense ¹	(109,825.17)	
Net Investment Income		1,868,067.56
Total Additions		2,659,241.22

DEDUCTIONS

Distributions to Members:

Benefit Payments	729,522.97	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	93,296.07	
Total Distributions		822,819.04
Administrative Expense		43,004.57
Total Deductions		865,823.61
Net Increase in Net Position		1,793,417.61
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		15,987,684.15
End of the Year		17,781,101.76

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

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2014

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*	
09/30/2011	-1.32%	
09/30/2012	17.07%	
09/30/2013	11.80%	
09/30/2014	11.76%	
Annualized Rate of Return for prior four (4) years:		9.61%
(A) 10/01/2013 Actuarial Assets:		\$15,312,331.24
(I) Net Investment Income:		
1. Interest and Dividends	369,364.49	
2. Realized Gains (Losses)	1,222,117.15	
3. Change in Actuarial Value	(13,706.73)	
4. Investment Related Expenses	(109,825.17)	
Total		1,467,949.74
(B) 10/01/2014 Actuarial Assets:		\$16,705,631.03
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		9.61%
10/01/2014 Limited Actuarial Assets:		\$16,705,631.03

*Market Value Basis, net of investment related expenses.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2013 to September 30, 2014

09/30/2013 Balance	44,158.43
Plus Additions	78,567.98
Investment Return Earned	7,834.16
Less Distributions	0.00
09/30/2014 Balance	130,560.57

Note: Investment Return Earned is based on available data through June 30,2014
Investment Return Earned does not include earnings for the Quarter ending September 30, 2014

RECONCILIATION OF CITY'S PREPAID CONTRIBUTION FOR THE
FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2014

(1) City Prepaid as of September 30, 2013	(\$6,020.03)
(2) City and State Required Contribution Rate (from the November 26, 2013 Actuarial Impact Statement)	15.72%
(3) Pensionable Payroll Derived from Member Contributions	\$3,385,424.31
(4) Required City and State Contribution (2) x (3) + (1)	526,168.67
(5) Less Allowable State Contribution	<u>(160,225.10)</u>
(6) Equals Required City Contribution	365,943.57
(7) Less Actual City Contributions	<u>(376,741.62)</u>
(8) Equals City's Prepaid Contribution as of September 30, 2014	(\$10,798.05)

STATISTICAL DATA

(Averages are salary weighted)

	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>
Number	71	70	70	65
Average Current Age	40.3	40.5	40.5	40.7
Average Age at Employment	30.4	29.9	29.9	29.6
Average Past Service	9.9	10.5	10.6	11.0
Average Annual Salary	\$51,940	\$51,738	\$53,643	\$52,365

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	0	1	0	0	0	0	0	0	0	0	0	1
25 - 29	2	4	3	0	0	0	0	0	0	0	0	9
30 - 34	2	2	1	1	3	7	0	0	0	0	0	16
35 - 39	1	0	1	1	0	2	2	0	0	0	0	7
40 - 44	0	0	0	0	1	3	5	5	1	0	0	15
45 - 49	0	0	0	0	1	2	1	2	5	0	0	11
50 - 54	0	0	0	0	0	1	0	1	0	0	0	2
55 - 59	0	0	0	0	0	0	2	1	0	0	0	3
60 - 64	0	0	0	0	0	1	0	0	0	0	0	1
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	5	7	5	2	5	16	10	9	6	0	0	65

MEMBER RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2013	70
b. Terminations	
i. Vested (partial or full) with deferred benefits	3
ii. Non-vested or full lump sum distribution received	5
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. Entered DROP	2
g. Continuing members	60
h. New entrants	5
i. Total active life participants in valuation	65

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

	<u>Service Retirees, Vested Receiving Benefits</u>	<u>Receiving Death Benefits</u>	<u>Receiving Disability Benefits</u>	<u>Vested Deferred</u>	<u>DROP</u>	<u>Total</u>
a. Number prior valuation	27	1	0	9	1	38
b. In	2	0	1	3	2	8
c. Out	0	1	0	2	2	5
d. Number current valuation	29	0	1	10	1	41

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 14-05)

<u>Eligibility</u>	Full-time sworn police officers.
<u>Salary</u>	Reportable W-2 compensation, less Christmas bonuses, but including lump sum payment of accrued sick leave, accrued annual leave, or accrued compensatory leave, plus all tax deferred (IRC Section 414(h)(2) and IRC Section 457 contributions) and tax exempt (IRC Section 125) items of income. Effective January 22, 2013, Salary shall not include more than 300 hours of overtime per year. Additionally, Salary will include the lesser of the amount of unused sick and annual leave time accrued as of January 22, 2013, or the actual amount of sick and vacation leave time for which the retiree receives payment at the time of retirement.
<u>Average Final Compensation</u>	Average of Salary paid during the 5 best years of the last 10 years of Credited Service. (The best 4 years for any Member eligible for Normal Retirement as of January 27, 2014.)
<u>Credited Service</u>	Years and fractional parts of years of service with the City as a Police Officer.
<u>Normal Retirement</u>	
Date	Earlier of 1.) Age 52 (Age 50 for Members eligible for Normal Retirement as of October 1, 2015 under the prior provisions) and the completion of 25 Years of Credited Service, or 2.) Age 55 and the completion of 10 years of Credited Service.
Benefit	3.00% of Average Final Compensation <u>times</u> Credited Service prior to May 27, 2003, and 2.00% for each year between May 27, 2003 and September 30, 2009 and 2.5% for each year of Credited Service thereafter.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 (Age 45 for Members who will be eligible for Early Retirement as of October 1, 2015 under the prior provisions) and completion of 10 years of Credited Service.
Benefit	Accrued benefit, reduced 3.0% per year.

Disability Benefit

Eligibility	Total and permanent; Medical proof required. 10 years of Credited Service required for non-service incurred disability benefit.
Exclusions	Disability resulting from the use of drugs, illegal participation in riots, service in military, etc.
Benefit	
Service Connected	Greater of accrued benefit or 50% of Average Final Compensation.
Non-Service Connected	Greater of accrued benefit or 25% of Average Final Compensation.

Pre-Retirement Death Benefit

Service Connected	Beneficiary receives a monthly benefit which can be provided by the greater of: 1.) present value of Member's accrued benefit, or 2.) lesser of 24 times the Member's Average Final Compensation, or 100 times the Member's anticipated normal retirement benefit.
Non-Service Connected	If less than 10 years of service, beneficiary receives a refund of Member contributions; otherwise, same as service connected benefits.

Death After Retirement

Benefit payable in accordance with optional form of pension selected at time of retirement.

Vesting (Termination of Employment)

Less than 10 years	Refund of Member Contributions.
10 years or more	Accrued pension payable on a reduced basis at Normal (unreduced) or Early (reduced) Retirement Date.

Member Contributions

7.65% of Salary.

City Contributions

Amount required after State premium tax refunds in order to pay current costs and amortize unfunded past service cost, as provided in Part VII, Chapter 112, Florida Statutes.

Board of Trustees

- a.) Two City residents appointed by the City Commission,
- b.) Two Police Officers elected by a majority of Police Officers and
- c.) A fifth Member elected by the Board and appointed (as a ministerial duty) by the City Commission.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 60 months.
Rate of Return	Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.
Form of Distribution	Cash lump sum (options available) at termination of employment.

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/2014

City & State	15.72%
Plan Members	7.65%
Annual Pension Cost	532,189
Contributions made	532,189
Actuarial valuation date	10/1/2012
Actuarial cost method	Frozen Entry Age
Amortization method	Level percentage of pay, closed
Remaining amortization period	30 Years (as of 10/1/2012)
Asset valuation method	4 Year Smooth (Market)
Actuarial assumptions:	
Investment rate of return	7.75% (as of 10/1/2012)
Projected salary increase ¹	5.2% (as of 10/1/2012)
¹ Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of APC ² Contributed	Net Pension Obligation
9/30/2014	532,189	100%	0
9/30/2013	562,144	100%	0
9/30/2012	490,400	100%	0

² Annual Pension Cost from City & State sources beginning with the fiscal year ending September 30, 2012.