

CITY OF MARCO ISLAND  
POLICE OFFICERS' PENSION PLAN

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2013  
(As Revised April 2, 2015)

CONTRIBUTIONS APPLICABLE TO THE  
PLAN/FISCAL YEAR ENDED SEPTEMBER 30, 2015



April 2, 2015

Thel Whitley, Administrator  
City of Marco Island Police Officers' Pension Plan  
The Pension Resource Center  
P. O. Box 152665  
Cape Coral, FL 33915-2665

Re: City of Marco Island  
Police Officers' Pension Plan

Dear Board:

We are pleased to present to the Board this revised report of the annual actuarial valuation of the City of Marco Island Police Officers' Pension 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 City of Marco Island, 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.

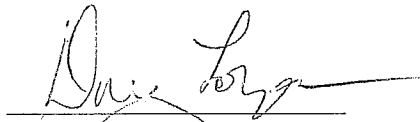
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the 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 Marco Island, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Marco Island Police Officers' Pension 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 #14-7778

DHL/lke

Enclosures

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## SUMMARY OF REPORT

The revised regular annual actuarial valuation of the City of Marco Island Police Officers' Pension Plan, performed as of October 1, 2013, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the City's plan/fiscal year ending September 30, 2015.

The contribution requirements, compared with those set forth in the April 1, 2015, Actuarial Impact Statement (determined as of October 1, 2012), are as follows:

Valuation Date Applicable Fiscal Year End	10/1/2012 <u>9/30/2014</u>	10/1/2013 <u>9/30/2015</u>
Total Required Contribution % of Total Annual Payroll	40.05%	39.26%
Member Contributions % of Total Annual Payroll	1.00%	0.50%
Required City and State Cont. % of Total Annual Payroll	39.05%	38.76%
State Contribution * % of Total Annual Payroll	145,004 7.09%	145,004 7.09%
Balance from City % of Total Annual Payroll	31.96%	31.67%

\* The City may use up to \$153,652 in State Contributions (under the traditional interpretation of Chapter 99-1, Florida Statutes) for determining its minimum funding requirements. For budgeting purposes, the required Sponsor Contribution (City and State) is 38.76% 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 \$153,652).

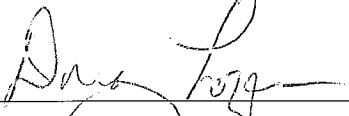
In addition, the City also has a \$100,430 prepaid contribution that may be utilized for the fiscal year ending September 30, 2014.

Experience since the prior valuation has been more favorable than expected on the basis of the actuarial assumptions. The primary components of favorable experience included average increases in pensionable valuation compensation that were less than the assumed rate by more than 2% and greater than expected employee turnover. These gains were partially offset by the effect of a 6.82% investment return (Actuarial Asset Value Basis), falling short of the 7.50% assumption.


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:

  
\_\_\_\_\_  
Douglas H. Lozen, EA, MAAA

By :

  
\_\_\_\_\_  
Drew D. Ballard, EA, MAAA

## CHANGES SINCE PRIOR VALUATION

### Plan Changes

This valuation of the Plan reflects a reduction in the Member Contribution Rate from 5% to 1% for the fiscal year beginning October 1, 2013 and 0.5% for the fiscal year beginning October 1, 2014. This change complies with the most recent Collective Bargaining Agreement (as ratified September 26, 2013), and is also expected to be reflected in a Plan amendment in fiscal 2015.

### Actuarial Assumption/Method Changes

There have been no changes in methods or assumptions since the prior valuation.

## COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2013</u>	<u>10/1/2012</u>
A. Participant Data		
Number Included		
Actives	34	32
Service Retirees	9	5
Beneficiaries	0	0
Terminated Vested <sup>1</sup>	11	11
Disability Retirees	0	0
Total	<u>54</u>	<u>48</u>
Total Annual Payroll	2,045,756	2,030,227
Payroll Under Assumed Ret. Age	2,045,756	2,030,227
Annual Rate of Payments to:		
Service Retirees	168,396	110,488
Beneficiaries	0	0
Terminated Vested	169,965	125,455
Disability Retirees	0	0
B. Assets		
Actuarial Value	5,643,836	4,522,707
Market Value	6,095,776	4,817,776
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	7,179,772	7,432,852
Disability Benefits	228,718	229,658
Death Benefits	39,711	42,284
Vested Benefits	824,293	763,502
Refund of Contributions	21,556	21,919
Service Retirees	2,312,197	1,539,991
Beneficiaries	0	0
Terminated Vested <sup>1</sup>	1,436,705	1,123,601
Disability Retirees	0	0
Total	<u>12,042,952</u>	<u>11,153,807</u>

<sup>1</sup> Includes non-vested terminations awaiting refunds.



	<u>10/1/2013</u>	<u>10/1/2012</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	13,373,006	12,445,080
Present Value of Future Member Cont.	66,865	72,377
Normal Cost (Entry Age Normal)		
Retirement Benefits	454,679	471,234
Disability Benefits	29,177	32,120
Death Benefits	2,757	2,745
Vested Benefits	79,547	70,703
Refund of Contributions	5,268	6,068
Total Normal Cost	<u>571,428</u>	<u>582,870</u>
Present Value of Future Normal Costs	3,452,573	3,207,217
Actuarial Accrued Liability		
Retirement Benefits	4,368,720	4,808,954
Disability Benefits	75,768	87,691
Death Benefits	21,223	25,174
Vested Benefits	372,741	359,713
Refund of Contributions	3,025	1,466
Inactives	<u>3,748,902</u>	<u>2,663,592</u>
Total Actuarial Accrued Liability	8,590,379	7,946,590
Unfunded Actuarial Accrued Liability (UAAL)	2,946,543	3,423,883
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	3,748,902	2,663,592
Actives	2,255,270	2,444,984
Member Contributions	<u>458,001</u>	<u>466,567</u>
Total	6,462,173	5,575,143
Non-vested Accrued Benefits	<u>720,479</u>	<u>662,665</u>
Total Present Value Accrued Benefits	7,182,652	6,237,808
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	620,709	
Benefits Paid	(138,507)	
Interest	462,642	
Other	<u>0</u>	
Total:	944,844	

Valuation Date	10/1/2013	10/1/2012
Applicable to Fiscal Year Ending	<u>9/30/2015</u>	<u>9/30/2014</u>

## E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll <sup>1</sup>	28.98	29.79
Administrative Expense (with interest) % of Total Annual Payroll <sup>1</sup>	1.63	1.14
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 32 years as of 10/1/2013 (with interest) % of Total Annual Payroll <sup>1</sup>	8.65	9.12
Total Required Contribution % of Total Annual Payroll <sup>1</sup>	39.26	40.05
Expected Member Contributions % of Total Annual Payroll <sup>1</sup>	0.50	1.00
Expected City & State Contrib. % of Total Annual Payroll <sup>1</sup>	38.76	39.05

## F. Past Contributions

Plan Years Ending: 9/30/2013

Total Required Contribution	939,256
City and State Requirement	838,737

Actual Contributions Made:

Members	117,507
City	701,384
State	137,352
Total	<u>956,243</u>

G. Net Actuarial Gain (Loss)	407,354
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<sup>1</sup> Contributions developed as of 10/1/2013 are expressed as a percentage of total annual payroll at 10/1/2013 of \$2,045,756

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2013	\$2,946,543
2014	2,984,076
2015	3,066,392
2020	3,553,512
2030	1,564,244
2040	315,805
2045	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	3.4%	6.0%
Year Ended	9/30/2012	2.6%	6.0%
Year Ended	9/30/2011	2.5%	6.0%

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

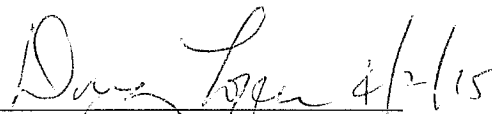
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2013	6.8%	7.5%
Year Ended	9/30/2012	5.6%	7.5%
Year Ended	9/30/2011	-1.3%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2013	\$2,045,756
	10/1/2005	1,459,781
(b) Total Increase		40.1%
(c) Number of Years		8.00
(d) Average Annual Rate		4.3%

## 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 #14-7778

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 LIABILITY

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2012	\$3,423,883
(2)	City and State Normal Cost Applicable for the year <sup>1</sup>	503,727
(3)	Interest on (1) and (2)	293,732
(4)	Sponsor Contributions to the System during the year ending September 30, 2013	838,736
(5)	Interest on (4)	<u>28,709</u>
(6)	Expected Unfunded Accrued Liability as of October 1, 2013 (1)+(2)+(3)-(4)-(5)	\$3,353,897
(7)	Actuarial (Gain)/Loss	<u>(407,354)</u>
(8)	Unfunded Accrued Liability as of October 1, 2013 (6)+(7)	\$2,946,543

	Date Established	Years Remaining	10/1/2013 Amount	Amortization Amount
Initial	10/1/2005	32	1,077,336	60,495
Amendment	10/1/2005	22	985,164	67,642
Loss	10/1/2006	16	755,922	63,861
Loss	10/1/2007	16	295,168	24,936
Loss	10/1/2008	16	769,303	64,992
Method Change	10/1/2008	16	(167,603)	(14,159)
Loss	10/1/2009	6	194,971	36,065
Gain	10/1/2010	7	(467,359)	(75,627)
Assump. Change	10/1/2010	17	171,347	13,884
Gain	10/1/2011	8	(296,863)	(42,893)
Assump. Change	10/1/2011	18	512,854	39,989
Gain	10/1/2012	9	(475,966)	(62,370)
Amendment	10/1/2012	29	(377)	(22)
Gain	10/1/2013	10	<u>(407,354)</u>	<u>(49,009)</u>
			2,946,543	127,784
Minimum Payment	10/1/2013	30	2,946,543	170,658

<sup>1</sup> Includes \$22,368 for administrative expenses. Additionally, the City and State Normal Cost is based on a 5% Member Contribution Rate, as this was the actual rate contributed by active Members for the fiscal year ended September 30, 2013.

## DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2012	\$3,423,883
(2)	Expected UAAL as of October 1, 2013	3,353,897
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	33,190
	Salary Increases	(302,255)
	Active Decrements	(117,291)
	Inactive Mortality	10,137
	Other	<u>(31,135)</u>
	Increase in UAAL due to (Gain)/Loss	(407,354)
(4)	Actual UAAL as of October 1, 2013	\$2,946,543

## ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	<p>RP2000, Combined Healthy – sex distinct. Disabled lives are set forward five years.</p> <p>Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.</p>
<u>Interest Rate</u>	7.50% per year compounded annually, net of investment related expenses.
<u>Retirement Age</u>	Earlier of Age 55 and 6 years of service or 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
<u>Early Retirement</u>	Commencing with the earliest Early Retirement Date (Age 50 with 6 years of service). Members are assumed to retire with an immediate subsidized benefit at the rate of 5.00% per year.
<u>Disability Rate</u>	See table on following page (1202). It is assumed that 75% of disablements and active Member deaths are service related.
<u>Termination Rate</u>	See table on following page (1305).
<u>Salary Increases</u>	6.00% per year until the assumed retirement age; see Table on following page. Projected salary at retirement is increased 20% to account for non-regular compensation.
<u>Administrative Expenses</u>	\$32,083 annually.
<u>Payroll Increase</u>	3.00% per year.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method
<u>Actuarial Asset Method</u>	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

	% Becoming Disabled <u>During the Year</u>	% Terminating <u>During the Year</u>	Current Salary as a % of Salary <u>at Age 55</u>
20	0.051%	17.2%	13.0%
30	0.058%	15.0%	23.3%
40	0.121%	8.2%	41.7%
50	0.429%	1.7%	74.7%



## VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay as of 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 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 (40 years for the initial liability). The required amount is adjusted for interest according to the timing of contributions during the year.

## HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
2006	54,781.00	____%
2007	92,192.71	68.3%
2008	95,758.33	3.9%
2009	99,567.96	4.0%
2010	102,822.00	3.3%
2011	96,375.00	-6.3%
2012	133,463.61	38.5%
2013	137,352.30	2.9%

## EXCESS STATE MONIES RESERVE

<u>Year</u>	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies For Reserve</u>
2006	54,781	153,652	0
2007	92,193	153,652	0
2008	95,758	153,652	0
2009	99,568	153,652	0
2010	102,822	153,652	0
2011	96,375	153,652	0
2012	133,464	153,652	0
2013	137,352	153,652	0
Total Reserve			0

BALANCE SHEET  
September 30, 2013

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Checking Account	161,826.07	161,826.07
Money Market	272,381.33	272,381.33
Pending Trades Receivable	2,059.27	2,059.27
Pending Trades Payable	(9,641.29)	(9,641.29)
Cash	13,747.27	13,747.27
Total Cash and Equivalents	440,372.65	440,372.65
Receivable:		
Member Buy-Back Contributions	15,711.20	15,711.20
Additional City Contributions	0.00	0.00
State Contributions	137,352.30	137,352.30
Pending Equity Dividends	4,574.77	4,574.77
Accrued Income	5,610.23	5,610.23
Total Receivable	163,248.50	163,248.50
Investments:		
Federal Agency Guaranteed Securities	2,216,033.71	2,199,766.98
Stocks	2,721,892.68	3,397,529.24
Total Investments	4,937,926.39	5,597,296.22
TOTAL ASSETS	5,541,547.54	6,200,917.37
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payable:		
Unpaid Administrative Expenses	4,711.00	4,711.00
Prepaid City Contribution	100,430.49	100,430.49
Total Liabilities	105,141.49	105,141.49
Net Assets	5,436,406.05	6,095,775.88
TOTAL LIABILITIES AND NET ASSETS	5,541,547.54	6,200,917.37



# ACTUARIAL ASSET VALUATION

September 30, 2013

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*	
09/30/2010	7.82%	
09/30/2011	-2.02%	
09/30/2012	12.78%	
09/30/2013	9.30%	
Annualized Rate of Return for prior four (4) years:		6.82%
(A) 10/01/2012 Actuarial Assets:		\$4,522,707.37
(I) Net Investment Income:		
1. Interest and Dividends	118,128.84	
2. Realized Gains (Losses)	48,477.10	
3. Change in Actuarial Value	217,610.73	
4. Investment Related Expenses	(48,741.66)	
Total		335,475.01
(B) 10/01/2013 Actuarial Assets:		\$5,643,835.91
Actuarial Asset Rate of Return = $2I/(A+B-I)$ :		6.82%
10/01/2013 Limited Actuarial Assets:		\$5,643,835.91

\*Market Value Basis, net of investment related expenses.



RECONCILIATION OF CITY'S PREPAID CONTRIBUTION FOR THE  
FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2013

(1) City and State Required Contribution Rate (from the October 1, 2011 Actuarial Valuation Report)	41.72%
(2) Pensionable Payroll Derived from Member Contributions	\$2,010,394.76
(3) Required City and State Contribution (Item 1 times Item 2)	838,736.69
(4) Less Allowable State Contribution	<u>(137,352.30)</u>
(5) Equals Required City Contribution	701,384.39
(6) Less Actual City Contributions	(737,613.84)
(7) Less City Prepaid Contribution from 2012	<u>(64,201.04)</u>
(8) Equals City's Prepaid Contribution as of September 30, 2013	\$100,430.49



STATISTICAL DATA <sup>1</sup>

	<u>10/1/2010</u>	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>
<u>Active Members</u>				
Number	30	30	32	34
Average Current Age	46.9	47.7	43.5	41.9
Average Age at Employment	39.6	40.3	37.9	36.8
Average Past Service	7.3	7.5	5.6	5.1
Average Annual Salary	\$65,890	\$63,873	\$63,445	\$60,169

<sup>1</sup> Prior to 10/1/2012, averages were salary weighted.

## 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	0	0	0	0	0	0	0	0	0	0	0
25 - 29	3	3	0	0	0	0	0	0	0	0	0	6
30 - 34	1	2	0	0	0	1	0	0	0	0	0	4
35 - 39	2	0	1	0	0	0	0	0	0	0	0	3
40 - 44	1	0	1	1	0	3	1	1	0	0	0	8
45 - 49	0	1	1	0	1	0	2	0	0	0	0	5
50 - 54	0	0	0	0	0	0	3	0	0	0	0	3
55 - 59	1	0	1	1	1	0	0	0	0	0	0	4
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	8	6	4	2	2	5	6	1	0	0	0	34

## VALUATION PARTICIPANT RECONCILIATION

## 1. Active lives

a. Number in prior valuation 10/1/2012	32
b. Terminations	.
i. Vested (partial or full) with deferred benefits	2
ii. Non-vested or full lump sum distribution received	2
iii. Non-vested due return of employee contributions	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	3
f. Voluntary withdrawal	0
g. Continuing participants	25
h. New entrants	8
i. Rehire from Vested Termination Status	1
j. Total active life participants in valuation	34

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested Deferred <sup>1</sup>	<u>Total</u>
a. Number prior valuation	5	0	0	11	16
b. In	4	0	0	3	7
c. Out	0	0	0	3	3
d. Number current valuation	9	0	0	11	20

<sup>1</sup> Includes non-vested terminated members awaiting a refund of member contributions.

## SUMMARY OF PLAN PROVISIONS

(Through Ordinance 11-02)

<u>Eligibility</u>	Full-time employees who are classified as full-time sworn police officers participate in the System 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. Credited Service is used for determining eligibility for Retirement and Vesting.
<u>Salary</u>	Total W-2 compensation, including up to 300 hours of overtime pay annually and lump sum payments for unused leave, but excluding off-duty pay.
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	5.0% of Salary. This valuation of the Plan additionally reflects a reduction to 1.0% of Salary for the fiscal year beginning October 1, 2013, and 0.5% of Salary for the fiscal year beginning October 1, 2014, per most recent Collective Bargaining Agreement.
<u>Normal Retirement</u>	
Date	Earlier of: 1) age 55 and 6 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.
Benefit	3.00% of Average Final Compensation times Credited Service.
Form of Benefit	Ten Year Certain and Life Annuity (options available).

Early Retirement

## Eligibility

Age 50 and 6 Years of Credited Service.

## Benefit

Accrued benefit, reduced 3.00% for each year prior to Normal Retirement.

Benefit Supplement

\$3.00 per month per year of Credited Service, subject to minimum benefit of \$30.00 per month and maximum benefit of \$90.00 per month.

Cost-of-Living Increase (COLA)

3.00% automatic lifetime COLA, beginning the first July 1<sup>st</sup> following the later of termination or otherwise Normal Retirement Date. The Benefit Supplement is not subject to the COLA.

Vesting

## Schedule

100% after 6 years of Credited Service.

## Benefit Amount

Member will receive the vested portion of his/her accrued benefit payable at the otherwise Normal Retirement Date.

Disability

## Eligibility

## Service Incurred

Covered from Date of Employment.

## Non-Service Incurred

8 years of Credited Service.

## Benefit

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (if Service Incurred).

## Duration

Payable for life and ten years certain or until recovery (as determined by the Board). Options are available.

Death Benefits

## Pre-Retirement

## Vested

Monthly accrued benefit payable to designated beneficiary for 10 years beginning at the otherwise Normal Retirement Date.

## Non-Vested

Refund of accumulated contributions.

## Post-Retirement

Benefits payable to beneficiary in accordance with option selected at retirement.

City and State Contributions

Remaining amount required in order to pay current costs and amortize any unfunded past service cost as provided in Part VII of Chapter 112, F.S.

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)
10/1/2013	5,643,836	8,590,379	2,946,543	65.7%	2,045,756	144.0%
10/1/2012	4,522,707	7,946,590	3,423,883	56.9%	2,030,227	168.6%
10/1/2011	3,591,071	7,423,811	3,832,740	48.4%	1,916,201	200.0%
10/1/2010	2,827,399	6,480,618	3,653,219	43.6%	1,976,687	184.8%
10/1/2009	2,077,907	6,078,152	4,000,245	34.2%	2,024,908	197.6%
10/1/2008	1,363,977	4,977,447	3,613,470	27.4%	2,010,512	179.7%

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	838,737	701,384	137,352	100.0%
2012	725,947	592,483	133,464	100.0%
2011	752,842	656,467	96,375	100.0%
2010	643,473	540,651	102,822	100.0%
2009	549,632	450,064	99,568	100.0%
2008	447,402	374,369	95,758	105.1%

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/2013

City and State	41.72%
Plan Members	5.00%
Actuarially Determined Contribution (City and State)	838,737
Contributions made	838,736
Actuarial valuation date	10/1/2011
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	34 Years (as of 10/1/2011)
Asset valuation method	4-Year Smooth
Actuarial assumptions (as of 10/1/2011):	
Investment rate of return	7.50%
Projected salary increase*	6.00%
* Includes inflation at	3.00%
Post Retirement COLA	3.00%

THREE YEAR TREND INFORMATION

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/2013	839,523	99.91%	(16,556)
9/30/2012	726,720	99.89%	(17,343)
9/30/2011	754,496	99.78%	(18,116)



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>9/30/2011</u>	<u>9/30/2012</u>	<u>9/30/2013</u>	(est.) <sup>1</sup> <u>9/30/2014</u>
Actuarially Determined				
Contribution (A)	752,842	725,947	838,737	798,868
Interest on NPO	(1,582)	(1,449)	(1,301)	(1,242)
Adjustment to (A)	3,236	2,222	2,087	1,992
	-----	-----	-----	-----
Annual Pension Cost	754,496	726,720	839,523	799,618
Contributions Made	752,842	725,947	838,736	798,868
	-----	-----	-----	-----
Increase in NPO	1,654	773	787	750
NPO Beginning of Year	(19,770)	(18,116)	(17,343)	(16,556)
	-----	-----	-----	-----
NPO End of Year	(18,116)	(17,343)	(16,556)	(15,806)

<sup>1</sup> Assumes no increase in Total Annual Payroll utilized for 10/1/2013 valuation.