



April 29, 2015

Via Email

Florida Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000
local_ret@dms.myflorida.com

To whom it may concern:

Re: 2014 Disclosure under F.S. 112.664

We understand that Florida Statutes (F.S.) 112.664(1) and F.S. 112.664(2)(b)2. require certain information to be disclosed to the Department of Management Services within 60 days of the April 29, 2015 effective date for Florida Administrative Code (F.A.C.) Rule 60T-1.0035, or June 28, 2015, since the Board of Trustees of the City of Vero Beach Police Officers' Retirement Fund (the Plan) has formally approved the October 1, 2014 actuarial valuation of the Plan.

An attachment provides information under F.S. 112.664(1) in the format described in F.A.C. Rule 60T-1.0035. We have uploaded the semi-colon delimited file described by the rule.

The disclosure requirements for F.S. 112.664(2)(b)2. are found on page 20 of our attached October 1, 2014 actuarial valuation of the Plan. The GASB 67 Supplement as of September 30, 2014 has also been attached.

Please let us know if you have any questions or need additional information. Please also confirm that the disclosure requirements have been satisfied for the Plan.

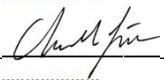
Sincerely,

A handwritten signature in black ink, appearing to read 'Chad M. Little', is positioned above the typed name.

Chad M. Little, ASA, EA
Partner, Consulting Actuary

cc: Cindy Lawson
Heather McCarty

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were 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, meet the requirements of Section 112.664(1), F.S., and Section 60T-1.0035, F.A.C.

(a) City/District.....	City of Vero Beach Vero Beach Police Officers' Retirement Fund
(b) Plan Name.....	
(c) Plan Type.....	Defined Benefit
(d) Valuation Date.....	10/01/2014
(e) Interest Rate:	
(e)(1) Discount Rate, net of investment fees.....	7.75%
(e)(2) Long-Term Expected Rate of Return, net of investment fees.....	7.75%
(f) Certification Statement	
(f)(1) Signature	
(f)(2) Actuary's Name.....	Chad M. Little
(f)(3) Enrollment Number.....	14-6619
(f)(4) Signature Date.....	04/29/2015
(f)(5) Cover letter attached (pdf)?.....	Y

Section 112.664(1)(a), F.S. Total pension liability

assuming mortality under the RP-2000 Combined Mortality Table for healthy participants (by gender) with fully generational projection using Scale AA

(g) Total pension liability:	
(g)(1) Service cost.....	\$478,211
(g)(2) Interest.....	2,881,001
(g)(3) Benefit changes.....	118,425
(g)(4) Difference between expected and actual experience.....	96,146
(g)(5) Changes in assumptions.....	721,020
(g)(6) Benefit payments.....	(2,240,182)
(g)(7) Contribution refunds.....	(8,102)
(g)(8) Net change in total pension liability.....	\$2,046,519
(g)(9) Total pension liability – beginning of year.....	<u>\$37,860,947</u>
(g)(10) Total pension liability – ending of year.....	\$39,907,466
(h) Plan fiduciary net position:	
(h)(1) Contributions – Employer.....	\$869,837
(h)(2) Contributions – State.....	233,451
(h)(3) Contributions – Member.....	167,975
(h)(4) Net investment income.....	3,088,757
(h)(5) Benefit payments.....	(2,240,182)
(h)(6) Contributions refunds.....	(8,102)
(h)(7) Administrative expense.....	(86,354)
(h)(8) Other.....	0
(h)(9) Net change in plan fiduciary net position.....	\$2,025,382
(h)(10) Plan fiduciary net position – beginning of year.....	<u>\$33,407,578</u>
(h)(11) Plan fiduciary net position – ending of year.....	\$35,432,960
(i) Net pension liability/(asset) [(g)(10) minus (h)(11)].....	\$4,474,506

Section 112.664(1)(b), F.S. Total pension liability

assumed interest rate that is 200 basis points lower than that assumed in the valuation of the Plan (as well as RP-2000 fully generational, Scale AA)

(j) Total pension liability:	
(j)(1) Service cost.....	\$478,211
(j)(2) Interest.....	2,881,001
(j)(3) Benefit changes.....	118,425
(j)(4) Difference between expected and actual experience.....	96,146
(j)(5) Changes in assumptions.....	11,330,091
(j)(6) Benefit payments.....	(2,240,182)
(j)(7) Contribution refunds.....	(8,102)
(j)(8) Net change in total pension liability.....	\$12,655,590
(j)(9) Total pension liability – beginning of year.....	<u>\$37,860,947</u>
(j)(10) Total pension liability – ending of year.....	\$50,516,537
(k) Plan fiduciary net position:	
(k)(1) Contributions – Employer.....	\$869,837
(k)(2) Contributions – State.....	233,451
(k)(3) Contributions – Member.....	167,975
(k)(4) Net investment income.....	3,088,757
(k)(5) Benefit payments.....	(2,240,182)
(k)(6) Contributions refunds.....	(8,102)
(k)(7) Administrative expense.....	(86,354)
(k)(8) Other.....	0
(k)(9) Net change in plan fiduciary net position.....	\$2,025,382
(k)(10) Plan fiduciary net position – beginning of year.....	<u>\$33,407,578</u>
(k)(11) Plan fiduciary net position – ending of year.....	\$35,432,960
(l) Net pension liability/(asset) [(j)(10) minus (k)(11)].....	\$15,083,577

Section 112.664(1)(c), F.S. (on last valuation basis)

(m) Number of Years, and fractional parts of Years, for which the Market Value of Assets are adequate to sustain expected retirement benefits	22.16
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Section 112.664(1)(c), F.S. (on Section 112.664(1)(a), F.S. basis)

(n) Number of Years, and fractional parts of Years, for which the Market Value of Assets are adequate to sustain expected retirement benefits	21.92
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Section 112.664(1)(c), F.S. (on Section 112.664(1)(b), F.S. basis)

(o) Number of Years, and fractional parts of Years, for which the Market Value of Assets are adequate to sustain expected retirement benefits	16.68
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Section 112.664(1)(d), F.S. (on last valuation basis)

(p) Recommended Plan contributions in Annual Dollar Value.....	\$1,106,085
(q) Recommended Plan contributions as a Percentage of Valuation Payroll.....	43.94%

Section 112.664(1)(d), F.S. (on Section 112.664(1)(a), F.S. basis)

(r) Recommended Plan contributions in Annual Dollar Value.....	\$1,183,218
(s) Recommended Plan contributions as a Percentage of Valuation Payroll.....	47.01%

Section 112.664(1)(d), F.S. (on Section 112.664(1)(b), F.S. basis)

(t) Recommended Plan contributions in Annual Dollar Value.....	\$2,232,303
(u) Recommended Plan contributions as a Percentage of Valuation Payroll.....	88.69%



Freiman Little Actuaries, LLC (321) 453-6542 office
4105 Savannahs Trail (321) 453-6998 facsimile
Merritt Island, FL 32953

City of Vero Beach

Police Officers' Retirement Fund

Actuarial Valuation as of October 1, 2014



February 13, 2015

REPORT TO DETERMINE MINIMUM FUNDING REQUIREMENTS
FOR THE PLAN AND FISCAL YEAR
ENDING SEPTEMBER 30, 2016



February 13, 2015

Board of Trustees
City of Vero Beach Police Officers' Retirement Fund
Vero Beach, Florida

RE: Actuarial Valuation as of October 1, 2014

Dear Board Members:

We are pleased to present the actuarial valuation as of October 1, 2014 for the City of Vero Beach Police Officers' Retirement Fund (the Plan). This report provides a review of the current funded status of the Plan, establishes the minimum funding requirements for the fiscal year ending September 30, 2016 and provides an analysis of experience since the last valuation. In addition to providing the summary and derivation of actuarial findings, this report describes the data, assumptions, and methods used to create these results.

Statement by Enrolled Actuary:

"This actuarial valuation and/or cost determination 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."

We look forward to the presentation of these results to you in person and we are always available to answer any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chad Little'.

Chad M. Little, ASA, EA
Partner, Consulting Actuary
Enrollment Number 14-6619

A handwritten signature in black ink, appearing to read 'Paula C. Freiman'.

Paula C. Freiman, ASA, EA
Partner, Consulting Actuary
Enrollment Number 14-5796

Table of Contents

Board Summary	1
Summary of Principal Valuation Results	1
Summary of Significant Events	2
Results Derivation	5
Financial Information	5
Present Value of Benefits	9
Accrued Liability	10
Normal Cost – Entry Age Normal	11
Unfunded Accrued Liability	12
Minimum Funding Requirements	15
Reconciliation of Unfunded Accrued Liability	16
Reconciliation of City Minimum Required Contribution	16
Accounting Information	17
Information Required by GASB 67	17
Information Required by GASB 27	17
Statement of Accumulated Plan Benefits (FASB 35)	18
Other Disclosures Required by the State of Florida	18
Required Disclosure Under F.S. 112.664(1)	19
Required Disclosure Under F.S. 112.664(2)(b)2.	20
Supplementary Information	21
Summary of Participant Data	21
Outline of Plan Provisions	25
Description of Assumptions and Methods	28
Glossary of Actuarial Terms	30

Section

1

Board Summary

This report presents the results of the October 1, 2014 actuarial valuation of the City of Vero Beach Police Officers' Retirement Fund (the Plan).

Summary of Principal Valuation Results

A summary of the key valuation findings as of October 1, 2014 are compared with the results of the last two valuations below.

Minimum Funding Requirements

Fiscal Year Ending September 30,	2014	2015	2016
Minimum Required City Contribution*	\$851,013	\$844,479	\$872,634
Expected State Contribution	<u>252,275</u>	<u>236,381</u>	<u>233,451</u>
Employer Minimum Funding Required (City plus State)	\$1,103,288	\$1,080,860	\$1,106,085
Minimum Required City Contribution*	29.6%	32.5%	34.7%
Expected State Contribution	<u>8.8%</u>	<u>9.1%</u>	<u>9.3%</u>
Employer Minimum Funding Required (City plus State)	38.4%	41.6%	44.0%

Funded Status

Valuation Date October 1,	2012	2013	2014
Accrued Liability (AL)	\$36,315,246	\$37,388,896	\$39,228,207
Actuarial Value of Assets	<u>28,622,785</u>	<u>30,454,547</u>	<u>33,133,933</u>
Unfunded Accrued Liability (UAL)	\$7,692,461	\$6,934,349	\$6,094,274
Funded Percentage	78.8%	81.5%	84.5%

Key Assumptions

Valuation Date October 1,	2012	2013	2014
Assumed Rate of Investment Return	7.75%	7.75%	7.75%
Salary Increase Assumption	6.25% - 4.28%	6.25% - 4.28%	6.25% - 4.28%
Funding Method	Entry Age	Entry Age	Entry Age

*The Minimum Required City Contribution is made at the beginning of the fiscal year.

Summary of Significant Events

Determination of the funded status of the Plan and minimum funding requirements are based on participant data, asset information, Plan provisions, actuarial methods and assumptions, as well as contributions made to the Plan by the State of Florida. Any significant events associated with these items are discussed in the following.

Participant Data

The number of active members increased from 46 to 48 where 1 member retired, 2 members entered the DROP, 2 members terminated non-vested, and there were 7 new hires. Terminations less than expected is the primary cause of the demographic loss. This loss was offset by a small gain due to pay increases less than expected.

Historical pay information follows.

Year Ended 9/30	Average Annual Salary Increase for Continuing Active Members		Payroll From Annual Report	Increase (Decrease) in Annual Report Payroll	Valuation Date 10/1	Payroll Projected for 12 Mo. Pd. Beginning on Val. Date	Increase (Decrease) in Valuation Payroll
	Actual	Expected					
2005		6.5%	3,481,359		2005	3,572,227	3.6%
2006		6.5%	3,345,362	(3.9%)	2006	3,520,610	(1.4%)
2007		6.5%	3,415,819	2.1%	2007	3,673,793	4.4%
2008		6.5%	3,659,849	7.1%	2008	3,858,411	5.0%
2009		6.5%	3,733,644	2.0%	2009	3,869,093	0.3%
2010	(1.2%)	6.5%	3,577,177	(4.2%)	2010	3,723,032	(3.8%)
2011	3.4%	6.5%	3,297,317	(7.8%)	2011	3,186,869	(14.4%)
2012	(1.2%)	6.5%	3,013,887	(8.6%)	2012	3,043,048	(4.5%)
2013	(2.3%)	4.8%	2,947,305	(2.2%)	2013	2,725,692	(10.4%)
2014	4.3%	4.8%	2,899,869	(1.6%)	2014	2,907,418	6.7%
9-Year Average:				(2.0%)	10-Year Average:		(1.7%)

In general, should a pattern of consistent gains or losses develop, assumptions may require revision.

Assets

Whereas the assets were assumed to achieve a 7.75% investment return (net of expenses), the return on the market value of assets was 9.4%. Due to the smoothing method used to produce the actuarial value of assets which recognizes market value gains and losses over a five year period, a 10.8% return was achieved on the actuarial value of assets producing an investment related gain.

The following provides a summary of the actual return on investments for the 12 month periods ending on the date specified.

<u>Year Ending September 30,</u>	<u>Net Investment Return</u>	
	<u>Market Value</u>	<u>Actuarial Value</u>
2014	9.4%	10.8%
2013	14.5%	7.9%
2012	19.3%	1.9%
2011	(0.5%)	0.4%
2010	9.4%	2.1%
2009	(1.7%)	1.5%
2008	(12.6%)	5.6%
2007	14.2%	10.4%
2006	6.6%	7.0%
2005	10.9%	5.3%
10-Year Average:	6.6%	5.2%

Investment returns less than the assumed rate of return result in increased annual minimum required contributions in the future.

Plan Provisions

During the last year there were two ordinance amendments. Ordinance No. 2014-06 was adopted effective March 4, 2014. Ordinance No. 2014-09 was adopted effective April 15, 2014.

Ordinance No. 2014-06 revised provisions of the Plan to comply with Internal Revenue Code and was deemed to have no significant impact at the time of adoption.

Ordinance No. 2014-09 revised the definition of Compensation and Credited Service. The impact of this Ordinance was reflected in the October 1, 2013 actuarial valuation of the Plan. The liability of the Plan was based on accrued hours which we understood were frozen as of October 1, 2012. Frozen sick leave hours over 120 days could be used to increase retirement benefits. Normal Retirement benefits could also reflect frozen sick leave hours under 120 days plus the number of frozen vacation hours on the books. However, during the last year we were informed that accrued hours were not frozen effective October 1, 2012.

Because hours were not actually frozen, assumptions have been revised back to those used in the October 1, 2012 actuarial valuation of the Plan where retirement benefits are increased 1% to account for sick leave over 120 days. In addition, Members are assumed to include accrued sick leave under 120 days and accrued vacation under 60 days as 0.6923 in Credited Service for Normal Retirement eligibility and benefits. Normal Retirement benefits are increased by the following table of factors based on Credited Service earned:

<u>Service</u>	<u>Factor</u>	<u>Service</u>	<u>Factor</u>	<u>Service</u>	<u>Factor</u>	<u>Service</u>	<u>Factor</u>
10	1.0692	15	1.0462	20	1.0346	25	1.0277
11	1.0629	16	1.0433	21	1.0330	26	1.0266
12	1.0577	17	1.0407	22	1.0315	27	1.0256
13	1.0533	18	1.0385	23	1.0301	28	1.0247
14	1.0495	19	1.0364	24	1.0288	29	1.0239
						30	1.0231

Methods

A fresh start has been implemented on the amortization of the unfunded accrued liability over 26 years. Future amortization bases are to be amortized over 25 years.

Whereas the October 1, 2013 actuarial valuation of the Plan removed DROP balances from assets and liabilities, this October 1, 2014 actuarial valuation of the Plan includes DROP balances in both assets and liabilities.

Assumptions

The mortality table continues to be based on the RP-2000 Combined Mortality. Scale AA has been applied to reflect mortality improvements to the valuation year.

See the section above regarding Plan provisions regarding a revision in assumptions made to reflect accrued hour usage toward benefits.

State Contributions

The Estimated Minimum Required City Contribution assumes that the premium tax money received from the State will be in the same amount received in the prior year. Should the amount received be less than expected, the City will need to contribute any potential shortfall to the Plan.

Section 2 Results Derivation

In this section, the assets and liabilities of the Plan are shown in detail. Assets and liabilities are then compared to determine the funded status and minimum funding requirements. Finally, analysis is performed to explain movement in results from the prior valuation.

While asset information is based on the fair market value of assets, along with any techniques used to smooth out market fluctuations, liabilities are determined through a combination of the benefit provisions, participant census data which contains information for the members who will receive those benefits, and the methods and assumptions used with regard to how benefits will be paid to members. A summary of participant data, an outline of the benefit provisions, and a description of the methods and assumptions used in this valuation are described in Section 4.

Financial Information

Over the life of the Plan, the majority of assets are typically generated from investment return. In this section, we describe how the assets of the Plan are invested, show how the actuarial value of assets is derived, and review the investment results since the prior valuation.

Investment Allocation

Valuation Date	October 1, 2013		October 1, 2014	
Short term investments	\$1,453,891	4%	\$793,589	2%
Equity	21,016,930	65%	22,268,185	64%
Fixed income	8,055,238	24%	9,000,378	25%
Real estate	2,780,302	8%	3,268,221	9%
Net receivables/payables	101,217	0%	<u>102,587</u>	<u>0%</u>
DROP accounts*	<u>(472,051)</u>	<u>(1%)</u>		
Net market value of assets	\$32,935,527	100%	\$35,432,960	100%

*Whereas the October 1, 2013 actuarial valuation of the Plan removed DROP balances from assets and liabilities, this October 1, 2014 actuarial valuation of the Plan includes DROP balances in both assets and liabilities.

Reconciliation of Market Value of Assets

Year Ending September 30,	2013	2014
1. Market Value of Assets Beginning of Year	\$29,566,638	\$33,407,578
2. Contributions		
a. City	\$887,980	\$869,837
b. State	236,381	233,451
c. Plan Members	159,398	167,975
d. Service Purchase	<u>0</u>	<u>0</u>
e. Total Contributions	\$1,283,759	\$1,271,263
3. Investment earnings		
a. Realized gains and (losses)	\$595,264	\$72,618
b. Unrealized gains and (losses)	2,999,716	2,357,984
c. Interest and dividends	855,471	926,812
d. Investment expense	<u>(206,783)</u>	<u>(268,657)</u>
e. Net investment income	\$4,243,668	\$3,088,757
4. Deductions		
a. Regular pension benefits	\$(1,490,603)	\$(1,685,547)
b. Contribution refunds	(33,264)	(8,102)
c. DROP distributions	(85,291)	(554,635)
d. Administrative expenses	<u>(77,329)</u>	<u>(86,354)</u>
e. Total Deductions	\$(1,686,487)	\$(2,334,638)
5. Market Value of Assets End of Year	\$33,407,578	\$35,432,960
6. DROP Accounts*	<u>\$(472,051)</u>	
7. Net Market Value of Assets End of Year	\$32,935,527	

*Whereas the October 1, 2013 actuarial valuation of the Plan removed DROP balances from assets and liabilities, this October 1, 2014 actuarial valuation of the Plan includes DROP balances in both assets and liabilities.

Development of Historical Gain or Loss on Market Value of Assets

Year Ending September 30,	2014	2013
1. Market Value of Assets - Beginning of Year	\$33,407,578	\$29,566,638
2. Contributions	1,271,263	1,283,759
3. Benefit Payments + Administrative Expenses	(2,334,638)	(1,686,487)
4. Expected Return on Assets	<u>2,572,541</u>	<u>2,266,649</u>
5. Expected Value of Assets at End of Year	\$34,916,744	\$31,430,559
6. Market Value of Assets - End of Year	\$35,432,960	\$33,407,578
7. Gain (Loss) for Plan Year	\$516,216	\$1,977,019
	2012	2011
1. Market Value of Assets - Beginning of Year	\$25,330,192	\$25,697,620
2. Contributions	1,160,253	1,101,963
3. Benefit Payments + Administrative Expenses	(1,753,490)	(1,330,490)
4. Expected Return on Assets	<u>1,992,595</u>	<u>2,036,061</u>
5. Expected Value of Assets at End of Year	\$26,729,550	\$27,505,154
6. Market Value of Assets - End of Year	\$29,566,638	\$25,330,192
7. Gain (Loss) for Plan Year	\$2,837,088	\$(2,174,962)

Development of Actuarial Value of Assets

The market value of assets is adjusted to recognize gains and losses over a five-year period. However, the Actuarial Value of Assets is limited to no more than 120% or less than 80% of the market value of assets.

1.	Market Value of Assets as of October 1, 2014			\$35,432,960
2.	Phase-In Gains (Losses) Over Five Year Period			
		Original	Percent	Unrecognized
		Gain (Loss)	Unrecognized	Gain (Loss)
a.	Year Ending 9/30/2014	\$516,216	80%	\$412,973
b.	Year Ending 9/30/2013	1,977,019	60%	1,186,211
c.	Year Ending 9/30/2012	2,837,088	40%	1,134,835
d.	Year Ending 9/30/2011	(2,174,962)	20%	(434,992)
e.	Year Ending 9/30/2010	335,484	0%	0
f.	Total			\$2,299,027
3.	Preliminary Actuarial Value of Assets as of October 1, 2014			\$33,133,933
4.	Corridor Around Market Value			
a.	Minimum = 80% of Market Value of Assets			\$28,346,368
b.	Maximum = 120% of Market Value of Assets			\$42,519,552
c.	Corridor Adjustment to Preliminary Actuarial Value			\$0
5.	Cumulative Balance of State Funding Available for Benefit Improvements			\$0
6.	DROP Account Balance			\$119,955
7.	Actuarial Value of Assets as of October 1, 2014 Before Method Change - Excludes DROP Balances			\$33,013,978
8.	Actuarial Value of Assets as of September 30, 2014 After Method Change - Includes DROP Balances			\$33,133,933

Present Value of Benefits

Valuation as of October 1,	2013	2014
1. Active Members		
a. Retirement Benefits	\$17,596,473	\$17,021,207
b. Deferred Benefits	518,442	569,910
c. Survivor Benefits	164,820	165,440
d. Disability Retirement	<u>813,340</u>	<u>828,397</u>
e. Total for Active Members	\$19,093,075	\$18,584,954
2. Terminated Vested Deferred	\$152,971	\$165,312
3. Members in Payment Status		
a. Retirement Benefits	\$20,845,475	\$23,481,770
b. Beneficiaries	217,650	417,438
c. Disability Retirement	<u>355,669</u>	<u>252,458</u>
d. Total for Members in Payment Status	\$21,418,794	\$24,151,666
4. Present Value of Benefits	\$40,664,840	\$42,901,932

Accrued Liability

Valuation as of October 1,	2013	2014
1. Active Members		
a. Retirement Benefits	\$15,051,937	\$14,243,434
b. Deferred Benefits	188,164	156,137
c. Survivor Benefits	98,039	85,569
d. Disability Retirement	<u>478,991</u>	<u>426,089</u>
e. Total for Active Members	\$15,817,131	\$14,911,229
2. Terminated Vested Deferred	\$152,971	\$165,312
3. Members in Payment Status		
a. Retirement Benefits	\$20,845,475	\$23,481,770
b. Beneficiaries	217,650	417,438
c. Disability Retirement	<u>355,669</u>	<u>252,458</u>
d. Total for Members in Payment Status	\$21,418,794	\$24,151,666
4. Accrued Liability	\$37,388,896	\$39,228,207

Normal Cost – Entry Age Normal

Valuation as of October 1,	2013	2014
1. Preliminary Normal Cost		
a. Retirement Benefits	\$379,044	\$418,577
b. Deferred Benefits	44,988	61,015
c. Survivor Benefits	9,081	11,861
d. Disability Retirement	<u>45,098</u>	<u>58,904</u>
e. Total	\$478,211	\$550,357
2. Total Normal Cost		
a. Preliminary Normal Cost	\$478,211	\$550,357
b. Estimated Administrative Expense	<u>69,531</u>	<u>81,842</u>
c. Total Normal Cost	\$547,742	\$632,199
d. Total Normal Cost (% of Pay)	20.1%	21.7%
3. Estimated Employer Normal Cost		
a. Total Normal Cost	\$547,742	\$632,199
b. Expected Employee Contributions	<u>(154,117)</u>	<u>(171,003)</u>
c. Estimated Employer Normal Cost	\$393,625	\$461,196
d. Estimated Employer Normal Cost (% of Pay)	14.4%	15.9%
4. Actual Employer Normal Cost		
a. Total Normal Cost	\$478,211	
b. Actual Administrative Expense	86,354	
c. Actual Employee Contributions	<u>(167,975)</u>	
d. Estimated Employer Normal Cost	\$396,590	
5. Valuation Payroll		
a. Hires After 10/1/2012	\$213,643	\$443,817
b. Hires Prior to 10/1/2012	<u>2,512,049</u>	<u>2,463,601</u>
c. Total	\$2,725,692	\$2,907,418
6. Basis for Employee Contributions		
a. Hires After 10/1/2012	\$213,643	\$443,817
b. Hires Prior to 10/1/2012	<u>2,491,388</u>	<u>2,463,601</u>
c. Total	\$2,705,031	\$2,907,418

Unfunded Accrued Liability

Valuation as of October 1,

2014

Unfunded Actuarial Liability

1. Accrued Liability	\$39,228,207
2. Actuarial Value of Assets	<u>33,133,933</u>
3. Unfunded Accrued Liability	\$6,094,274

Determination of Expected Unfunded Accrued Liability

1. Unfunded Accrued Liability as of Prior Year	\$6,934,349
2. Normal Cost (Net of Employee Contributions)	396,590
3. Interest on UAL and NC	568,148
4. Contributions	
a. City	\$869,837
b. State of Florida	<u>233,451</u>
c. Total	\$1,103,288
5. Interest on Contribution for Time on Deposit	67,412
6. Change in Plan, Methods or Assumptions	<u>160,186</u>
7. Expected UAL as of Current Year	\$6,888,573

Calculation of (Gain) or Loss

1. Actual Unfunded Accrued Liability	\$6,094,274
2. Expected UAL	<u>6,888,573</u>
3. Total (Gain) or Loss	\$(794,299)
4. Breakdown of (Gain) or Loss	
a. Investment Experience	\$(890,445)
b. Demographic Experience	<u>96,146</u>
c. Total (Gain) or Loss	\$(794,299)

Calculation of Actuarial Asset Gain or (Loss)

1. Actuarial Value of Assets - Beginning of Year	\$30,926,598
2. Expected Interest on Assets	2,396,811
3. Contributions	1,271,263
4. Benefit Payments + Administrative Expenses	(2,334,638)
5. Interest on items (3) and (4)	<u>(16,546)</u>
6. Expected Value of Assets at End of Year	\$32,243,488
7. Actuarial Value of Assets - End of Year	<u>33,133,933</u>
8. Gain (Loss) for Plan Year = (7) - (6)	\$890,445
9. Actual Investment Income	\$3,270,710
10. Actual % Return	10.8%

Amortization of Unfunded Liability

The Unfunded Accrued Liability is being amortized as a level dollar amount based on the assumed net investment return assumption. A fresh start has been implemented on the amortization of the Unfunded Accrued Liability over 26 years effective October 1, 2014. Future Unfunded Accrued Liability which arises from changes in Plan provisions, actuarial assumptions, changes in methods and actuarial gains or losses are to be amortized over 25 years. However, the Governmental Accounting Standards Board requires the total of all amortization payments in a year to be at least equal to a 30-year amortization of the total Unfunded Accrued Liability.

Amortization Bases

Effective October 1,	Source	Remaining Balance	Years Remain	Amortization Payment
2014	Unfunded Accrued Liability	\$6,094,274	26	511,834

Projected Unfunded Accrued Liability and Amortization Payments

Valuation as of October 1,	Unfunded Accrued Liability	Amortization Payment
2014	\$6,094,274	\$511,834
2015	6,015,079	511,834
2016	5,929,746	511,834
2017	5,837,800	511,834
2018	5,738,728	511,834
2019	5,631,978	511,834
2020	5,516,955	511,834
2021	5,393,018	511,834
2022	5,259,476	511,834
2023	5,115,584	511,834
2024	4,960,541	511,834
2025	4,793,482	511,834
2026	4,613,476	511,834
2027	4,419,519	511,834
2028	4,210,531	511,834
2029	3,985,346	511,834
2030	3,742,709	511,834
2031	3,481,268	511,834
2032	3,199,565	511,834
2033	2,896,030	511,834
2034	2,568,971	511,834
2035	2,216,565	511,834
2036	1,836,848	511,834
2037	1,427,703	511,834
2038	986,849	511,834
2039	511,829	511,829

Actions Taken to Reduce Unfunded Actuarial Accrued Liability

The Unfunded Accrued Liability is being amortized as a level dollar amount based on the assumed net investment return assumption. A fresh start has been implemented on the amortization of the Unfunded Accrued Liability over 26 years effective October 1, 2014. Future Unfunded Accrued Liability which arises from changes in Plan provisions, actuarial assumptions, changes in methods and actuarial gains or losses are to be amortized over 25 years. However, the Governmental Accounting Standards Board requires the total of all amortization payments in a year to be at least equal to a 30-year amortization of the total Unfunded Accrued Liability.

Minimum Funding Requirements

Actuarial Valuation as of October 1, Required Funding for Year Ending September 30,	2013 2015	2014 2016
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As a Dollar Amount

1. Total Normal Cost	\$547,742	\$632,199
2. Amortization of Unfunded Accrued Liability	<u>571,011</u>	<u>511,834</u>
3. Minimum Required Contribution at Valuation Date	\$1,118,753	\$1,144,033
4. Interest Adjustment	\$108,987	\$110,803
5. Expected Employee Contributions	\$146,880	\$148,751
6. Expected State Contribution	236,381	233,451
7. Remaining City Minimum Required Contribution	<u>844,479</u>	<u>872,634</u>
8. Total Minimum Required Contribution for Funding Year	\$1,227,740	\$1,254,836
9. City Plus State Minimum Required Contribution Projected to Beginning of Funding Year	\$1,080,860	\$1,106,085

As a Percent of Payroll

10. Expected Employee Contributions	5.6%	5.9%
11. Expected State Contribution	9.1%	9.3%
12. Remaining City Minimum Required Contribution	<u>32.5%</u>	<u>34.7%</u>
13. Total Minimum Required Contribution for Funding Year	47.2%	49.9%
14. City Plus State Minimum Required Contribution Projected to Beginning of Funding Year	41.6%	44.0%
15. Valuation Payroll		
a. Hires After 10/1/2012	\$213,643	\$443,817
b. Hires Prior to 10/1/2012	<u>2,512,049</u>	<u>2,463,601</u>
c. Total	\$2,725,692	\$2,907,418
16. Projected Valuation Payroll		
a. Hires After 10/1/2012	\$198,589	\$412,614
b. Hires Prior to 10/1/2012	<u>2,402,887</u>	<u>2,104,404</u>
c. Total	\$2,601,476	\$2,517,018
17. Projected Basis for Employee Contributions	\$198,589	
a. Hires After 10/1/2012	<u>2,381,698</u>	
b. Hires Prior to 10/1/2012	\$2,580,287	
c. Total		

Reconciliation of Unfunded Accrued Liability

	Unfunded Accrued <u>Liability</u>	Funded <u>Percent</u>	Change in Unfunded Accrued <u>Liability</u>	Change in Funded <u>Percent</u>
As of Prior Valuation	\$6,934,349	81.5%		
Changes in Contribution Rate due to:				
Normal Operation of Plan	6,728,387	82.7%	\$(205,962)	1.2%
Investment Experience	5,837,942	85.0%	(890,445)	2.3%
Demographic Experience	5,934,088	84.8%	96,146	(0.2%)
Mortality Projection Update	5,975,849	84.7%	41,761	(0.1%)
Accruals Are Not Frozen	6,094,274	84.4%	118,425	(0.3%)
DROP Balance in Assets/Liabs	6,094,274	84.5%	<u>0</u>	<u>0.1%</u>
Total Changes			\$(840,075)	3.0%
As of Current Valuation	\$6,094,274	84.5%		

Reconciliation of City Minimum Required Contribution

	<u>Dollar Amount</u>	<u>Percent of Pay</u>
As of Prior Valuation	\$844,479	32.5%
Changes in Contribution due to:		
Normal Operation of Plan	\$35,544	2.7%
Change in Expected State Contribution	2,719	0.1%
Investment Experience	(77,237)	(3.1%)
Demographic Experience	44,345	1.6%
Mortality Projection Update	4,209	0.1%
Accruals Are Not Frozen	15,834	0.7%
Fresh Start at 26 Years	<u>2,741</u>	<u>0.1%</u>
Total Changes	\$28,155	2.2%
As of Current Valuation	\$872,634	34.7%

Section 3 Accounting Information

Information Required by GASB 67

A supplemental report provides information under the Governmental Accounting Standards Board No. 67.

Information Required by GASB 27

Annual Pension Cost and Net Pension Obligation

Fiscal Year Ending September 30,	2011	2012	2013	2014
1. Beginning of year NPO	\$(1,180,205)	\$(1,177,552)	\$(1,174,905)	\$(1,171,378)
2. City Plus State Contributions	1,003,043	1,069,836	1,124,361	1,103,288
3. Pension Cost	<u>1,005,696</u>	<u>1,072,483</u>	<u>1,127,888</u>	<u>1,106,804</u>
4. End of year NPO	\$(1,177,552)	\$(1,174,905)	\$(1,171,378)	\$(1,167,862)

Fiscal Year Ending September 30,	2011	2012	2013	2014
1. Annual Required Contribution	\$1,003,043	\$1,069,836	\$1,124,361	\$1,103,288
2. Interest on NPO	(94,416)	(94,204)	(91,055)	(90,782)
3. Amortization of NPO	<u>97,069</u>	<u>96,851</u>	<u>94,582</u>	<u>94,298</u>
4. Pension Cost	\$1,005,696	\$1,072,483	\$1,127,888	\$1,106,804

Note: Assumptions used can be found in the "Description of Assumptions and Methods" in Section 4 of this report.

Statement of Accumulated Plan Benefits (FASB 35)

The following table is based on prior accounting standards and is required by the State. The actuarial present value of accumulated plan benefits is an estimate of the liability for all benefits accrued to date.

Valuation as of October 1,	2013	2014
1. Actuarial present value of accumulated plan benefits		
a. Participants currently receiving benefits	\$21,890,845	\$24,151,666
b. Terminated members due deferred benefit	152,971	165,312
c. Other participants	<u>12,161,010</u>	<u>12,155,853</u>
d. Total vested plan benefits	\$34,204,826	\$36,472,831
e. Total non-vested plan benefits	<u>584,693</u>	<u>503,706</u>
f. Total accumulated plan benefits	\$34,789,519	\$36,976,537
2. Change in present value of accumulated plan benefits		
a. Accumulated plan benefits beginning of year		\$34,789,519
b. Increase (decrease) during year due to:		
i. Plan amendment		\$(23,313)
ii. Change in assumptions or methods		38,687
iii. Increase for interest and probability of payment due to decrease in discount period and benefits accrued		4,419,928
iv. Benefits paid		(2,248,284)
v. Other changes		<u>0</u>
vi. Net increase (decrease)		\$2,187,018
c. Accumulated plan benefits end of year		\$36,976,537

Other Disclosures Required by the State of Florida

Valuation as of October 1,	2013	2014
Present value of active member:		
Future salaries:	\$18,304,110	\$19,710,870
Future contributions:	1,052,176	1,183,707
Active Member accumulated contributions:	1,193,853	1,180,389

Required Disclosure Under F.S. 112.664(1)

As required under F.S. Section 112.664(1) we have produced the following information:

- (a) Total pension liability calculated assuming mortality under the RP-2000 Combined Mortality Table for healthy participants (by gender) with fully generational projection using Scale AA.
- (b) Total pension liability calculated using an assumed interest rate that is 200 basis points lower than that assumed in the valuation of the Plan.
- (c) Determination of the number of months or years for which the current market value of assets is adequate to sustain the payment of expected retirement benefits.
- (d) Recommended contribution to the Plan using the most recent valuation and the contributions necessary prepared pursuant to (a) and (b) stated as a dollar amount and % of payroll.

	RP-2000 Fully Generational Using Scale AA			Actual Valuation Results - 7.75% and RP-2000 Projected to 2014 Using Scale AA
	2% Decrease	Current Discount Rate	2% Increase	
	(5.75%)	(7.75%)	(9.75%)	
Total pension liability	\$50,516,537	\$39,907,466	\$32,571,943	\$39,228,207
Plan fiduciary net position	<u>(35,432,960)</u>	<u>(35,432,960)</u>	<u>(35,432,960)</u>	<u>(35,432,960)</u>
Net pension liability	<u>\$15,083,577</u>	<u>\$4,474,506</u>	<u>\$(2,861,017)</u>	<u>\$3,795,247</u>
 Plan fiduciary net position as a percentage of the total pension liability	 70.1%	 88.8%	 108.8%	 90.3%
 Years of benefit payments:				
Expected for current members:	97	97	97	N/A
Paid for with current assets:	16	21	97	N/A
 City Plus State Contribution Requirement				
Dollar Amount	\$2,232,303	\$1,183,218	\$364,744	\$1,106,085
Percent of Payroll	88.7%	47.0%	14.5%	44.0%

Required Disclosure Under F.S. 112.664(2)(b)2.

F.S. Section 112.664(2)(b)2. - For the previous five years, beginning with 2013, a side-by-side comparison of the plan's assumed rate of return compared to the actual rate of return, as well as the percentages of cash, equity, bond and alternative investments in the plan portfolio. The actual rate of return is as provided by the investment monitor.

Year Ending September 30,	2014	2013	2012	2011	2010	2009
Assumed rate of return	7.75%	7.75%	8.00%	8.00%	8.00%	8.00%
Actual rate of return	9.08%	14.17%	19.27%	(1.69%)	9.89%	(1.41%)
Percentages of assets in:						
Cash	2%	4%	4%	6%	4%	2%
Equity	64%	65%	61%	56%	58%	59%
Bond	25%	24%	27%	35%	38%	39%
Alternative	9%	7%	8%	3%	0%	0%
Total	100%	100%	100%	100%	100%	100%

Section
4Supplementary
Information

Summary of Participant Data

Member Statistics

Year Beginning October 1,	2013	2014
<u>Active Participants</u>		
Number	46	48
Average Age	39.9	38.5
Average Credited Service	13.4	11.9
Percent Male	93.5	93.8
Average Valuation Salary	\$ 63,296	\$ 62,502
Total Valuation Salary	\$ 2,911,631	\$ 3,000,108
Payroll Covered in Valuation	\$ 2,725,692	\$ 2,907,418
Annual Report	\$ 2,947,305	\$ 2,899,869
<u>Terminated With Rights to Deferred Benefits</u>		
Number	1	1
Average Age	45.2	46.2
Percent Male	100.0	100.0
Average Annual Benefit	\$ 26,563	\$ 26,563
<u>Retired and DROP Participants</u>		
Number	39	41
Average Age	62.6	62.5
Percent Male	92.3	92.7
Average Annual Benefit	\$ 43,370	\$ 46,040
DROP Balance	\$ 472,051	\$ 119,955
<u>Beneficiaries</u>		
Number	2	3
Average Age	53.8	60.4
Percent Male	0.0	0.0
Average Annual Benefit	\$ 8,998	\$ 13,282
<u>Disability Retirements</u>		
Number	3	2
Average Age	67.0	68.5
Percent Male	100.0	100.0
Average Annual Benefit	\$ 12,075	\$ 13,193

Number of Active Members by Age and Service as of October 1, 2014

Age	Service							Total
	< 1	< 5	< 10	< 15	< 20	< 25	25+	
< 21								
< 25	1	4						5
< 30	4	2						6
< 35	1	2	4					7
< 40			2	4	1			7
< 45	1		3		4		1	9
< 50				2		4	3	9
< 55					1	3	1	5
55+								
Total	7	8	9	6	6	7	5	48

Active Valuation Pay by Age and Service as of October 1, 2014

Age	Service							Total
	< 1	< 5	< 10	< 15	< 20	< 25	25+	
< 21								
< 25	30,307	44,952						42,023
< 30	39,614	46,370						41,866
< 35	37,989	45,738	53,592					49,119
< 40			54,547	60,410	92,749			63,355
< 45	39,727		56,120		71,310		85,328	64,295
< 50				69,059		93,882	90,471	87,229
< 55					65,329	76,582	92,691	77,553
55+								
Total	38,069	45,503	54,647	63,293	73,886	86,468	89,886	62,502

Reconciliation of Plan Participants

	Active	Term. Vested	DROP	Retired	Disabled	Survivor	Total
October 1, 2008	57	1	1	30	3	3	95
Retirement			(1)	1			
DROP	(1)		1				0
Nonvested Termination	(1)						(1)
New Hires							0
October 1, 2009	55	1	1	31	3	3	94
Retirement							0
DROP							0
Nonvested Termination	(5)						(5)
Vested Termination							0
Death							0
New Hires	4						4
October 1, 2010	54	1	1	31	3	3	93
Retirement	(2)			2			0
DROP	(3)		3				0
Nonvested Termination	(4)						(4)
Vested Termination	(1)	1					0
Death							0
New Hires	4						4
October 1, 2011	48	2	4	33	3	3	93
Retirement	(1)	(1)	(1)	3		(1)	0
Nonvested Termination	(3)						(3)
Death							(1)
New Hires	4						4
October 1, 2012	48	1	3	36	3	2	93
Retirement	(1)		(1)	2			0
Nonvested Termination	(7)						(7)
Death				(1)			(1)
New Hires	6						6
October 1, 2013	46	1	2	37	3	2	91
Retirement	(1)		(2)	3			0
DROP	(2)		2				0
Nonvested Termination	(2)						(2)
Death				(1)	(1)	1	(1)
Rehire	1						1
New Hires	6						6
October 1, 2014	48	1	2	39	2	3	95

Reconciliation of DROP Account Balances

Fiscal Year Ending September 30,	2013	2014
Beginning Balance	\$318,553	\$472,051
Additions	181,663	169,449
Investment Income	57,126	33,090
Disbursements	<u>(85,291)</u>	<u>(554,635)</u>
Ending Balance	\$472,051	\$119,955

Outline of Plan Provisions

Plan Type: Single-employer Defined Benefit Pension Plan

Legal Authority: The Plan was established and is amended by local ordinance.

Effective Date: October 19, 1954. Most recently Plan provisions have been amended with the following ordinances.

<u>Ord. No.</u>	<u>Adopted</u>	<u>Ord. No.</u>	<u>Adopted</u>
2010-11	02/02/2010	2014-06	03/04/2014
2010-21	08/17/2010	2014-09	04/15/2014
2011-07	07/19/2011		
2011-08	07/19/2011		
2013-02	01/08/2013		

Ordinance No. 2014-06 revised provisions of the Plan to comply with Internal Revenue Code and was deemed to have no significant impact at the time of adoption.

Ordinance No. 2014-09 revised the definition of Compensation and Credited Service. The impact of this Ordinance was reflected in the October 1, 2013 actuarial valuation of the Plan. Part of the impact reflected in the October 1, 2013 actuarial valuation decreased the liability of the Plan for accrued hours being frozen effective October 1, 2012. However, in the last fiscal year we were informed accrued hours are not frozen effective October 1, 2012. The decrease in liability reflected in the October 1, 2013 actuarial valuation has been reversed to increase Plan liability as of October 1, 2014 in this valuation of the Plan.

Plan Administrator: The Board of Trustees

Board Composition: The trustees consist of five members which may include participants of any DROP who have at least 18 months remaining in the DROP at the time they take office, none who are elected city officials, and who are selected as follows:

- (a) Two members who are legal residents of the city appointed by city council,
- (b) Two are police officer participants elected by a majority of the active police officer members of this fund, and
- (c) The fifth member is chosen by a majority of the previous four members and will be appointed to the board of trustees by city council, as a ministerial duty.

Funding Requirements: Employer contributions are actuarially determined and subject to State statute. Employee contributions are as described below and may be amended by ordinance.

Plan Year: The 12-month period from October 1st to the following September 30th.

Member: Full-time sworn police officers are eligible immediately upon hire.

Credited Service: Aggregate years and fractional part of years as a contributing Member, including unused medical leave days in excess of 120 days. Effective with Ordinance 2013-21, accrued sick leave under 120 days and accrued vacation under 60 days may be applied to service for Normal Retirement eligibility and benefits only. Credited Service also includes certain military service.

Additional Credited Service may be purchased. Unused annual and medical leave will be used in the calculation of benefits as reported to the Board by the City per City policy

Vesting: 100% upon earning ten years of Credited Service.

Compensation: Total cash remuneration including shift differential, state and local incentives, "actual overtime" (but excluding "court overtime") paid by the city to a police officer for services rendered. Payments for accrued unused sick or annual leave are not included. Effective with Ordinance 2013-02, overtime is limited to 300 hours per calendar year. Compensation or salary contributed as employee-elective salary reductions or deferrals to any salary reduction, deferred compensation, or tax-sheltered annuity program authorized under IRC is included. For the purpose of benefit calculation the Board of Trustees shall use the employee's compensation as reported by the City in accordance with the City's policies.

Employee Contributions: Prior to Ordinance 2013-02, 3.0% of Compensation. Effective with Ordinance 2013-02, Employee Contributions are increased to 5.5% of Compensation for Members hired prior to October 1, 2012 and to 8.0% of Compensation for Members hired after October 1, 2012. A Member who terminates non-vested is entitled to refund of accumulated Employee Contributions without interest.

Average Monthly Salary: One-twelfth the average of Compensation for the five highest years of Credited Service.

Normal Retirement Date: The first day of the month coincident with or next following the earlier of (i) age 55 and ten years of Credited Service, or (ii) 25 years of Credited Service with no age requirement.

Accrued Benefit: $3\% \times \text{Average Monthly Salary} \times \text{Credited Service}$, plus $\$5 \times \text{Credited Service}$.

Cost-of-Living-Adjustment: 1% annually on October 1st.

Late Retirement Benefit: Benefit as determined for Normal Retirement taking into account Compensation and Credited Service through the actual date of retirement.

Early Retirement Date: The first day of the month coincident with or next following the date the Member earns ten years of Credited Service and attains age 50.

Early Retirement Benefit: The Accrued Benefit reduced by 2.5% for each year the Member is younger than the Normal Retirement Date. (Note: the early retirement reduction is only taken on the 3% multiplier benefit and is not taken on the flat $\$5 \times \text{Credited Service}$ benefit.)

Disability Benefits: Members are eligible for service-connected Disability Benefits immediately upon hire. Members are eligible for a non-service-connected Disability Benefit after earnings at least ten years of Credited Service. The monthly Disability Benefit is the greater of (i) the Accrued Benefit and (ii) 50% of Average Monthly Salary.

Pre-Retirement Survivor Benefits: Members are eligible for service-connected Pre-Retirement Survivor Benefits immediately upon hire. Members are eligible for non-service-connected Pre-Retirement Survivor Benefits after one year of service. The monthly survivor benefit is the greater of (i) the Accrued Benefit and (ii) 25% of Average Monthly Salary.

Optional Forms of Benefit: Pension benefits described above are payable in the form of a 10 year certain and continuous annuity. Members may optionally choose an actuarially equivalent single life annuity, or joint and last survivor annuity (with 50%, 66 2/3, 75%, or 100% continuance), or a joint and survivor annuity (with 50%, 66 2/3, 75%, or 100% continuance).

Actuarial Equivalence: The 1983 Group Annuity Mortality Table (100% male) and an interest rate of 7.0% (with no COLA assumed payable) is defined for use in the determination of Optional Forms of Benefit.

Deferred Retirement Option Plan (DROP): Members are eligible to enter the DROP at the Normal Retirement Date. The Accrued Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates at the net investment return earned on Fund assets less an administrative fee. The maximum DROP participation duration is 5 years. DROP participants are not eligible for pre-retirement death or disability benefits.

Description of Assumptions and Methods

Assumed Rate of Investment Return: 7.75% per year net of investment expenses.

Salary Increase – Total Payroll: Based on individual salary increase assumptions and other decrements assumed in the valuation of Plan liabilities.

Salary Increase – Individual: The following table of annual increases based on service:

<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>
0	6.250%				
1	5.850%	11	4.850%	21	4.500%
2	5.600%	12	4.800%	22	4.475%
3	5.500%	13	4.750%	23	4.450%
4	5.350%	14	4.700%	24	4.425%
5	5.250%	15	4.650%	25	4.400%
6	5.150%	16	4.625%	26	4.375%
7	5.100%	17	4.600%	27	4.350%
8	5.000%	18	4.575%	28	4.325%
9	4.950%	19	4.550%	29	4.300%
10	4.900%	20	4.525%	30	4.275%

Accrued Leave: Effective with the October 1, 2013 actuarial valuation, the liability of the Plan was based on accrued hours which we understood were frozen as of October 1, 2012. Frozen sick leave hours over 120 days could be used to increase retirement benefits. Normal Retirement benefits could also reflect frozen sick leave hours under 120 days plus the number of frozen vacation hours on the books. However, during the last year we were informed that accrued hours were not frozen effective October 1, 2012.

Because hours were not actually frozen, assumptions have been revised back to those used in the October 1, 2012 actuarial valuation of the Plan where retirement benefits are increased 1% to account for sick leave over 120 days. In addition, Members are assumed to include accrued sick leave under 120 days and accrued vacation under 60 days as 0.6923 in Credited Service for Normal Retirement eligibility and benefits. Normal Retirement benefits are increased by the following table of factors based on Credited Service earned:

<u>Service</u>	<u>Factor</u>	<u>Service</u>	<u>Factor</u>	<u>Service</u>	<u>Factor</u>	<u>Service</u>	<u>Factor</u>
10	1.0692	15	1.0462	20	1.0346	25	1.0277
11	1.0629	16	1.0433	21	1.0330	26	1.0266
12	1.0577	17	1.0407	22	1.0315	27	1.0256
13	1.0533	18	1.0385	23	1.0301	28	1.0247
14	1.0495	19	1.0364	24	1.0288	29	1.0239
						30	1.0231

Mortality: RP-2000 Combined Mortality Table projected to the valuation year using Scale AA.

75% of active deaths are assumed to be service connected.

Retirement: Members are assumed to retire at a rate of 5% per year eligible for early retirement. In the year of the Normal Retirement Date, Members are assumed to retire at a rate of 80%. For each of the four years subsequent to the Normal Retirement Date, Members are assumed to retire at 40%. 100% of Members are assumed to retire in the fifth year subsequent to the Normal Retirement Date.

Termination: Unisex rates, as follows:

<u>Service</u>	<u>Rate</u>
<6	12.00%
6-10	4.00%
11-15	3.00%
16-19	2.00%
20-24	1.00%

Termination rates are not applied when an active member reaches the age and service combinations where non-zero retirement decrements are in force.

Disability: Unisex rates, as follows:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
<=15	0.00%	34	0.22%	43	0.39%	52	1.20%
16-21	0.14%	35	0.23%	44	0.44%	53	1.31%
22-25	0.15%	36	0.24%	45	0.51%	54	1.43%
26-27	0.16%	37	0.25%	46	0.59%	55	1.55%
28-29	0.17%	38	0.26%	47	0.70%	56	1.68%
30	0.18%	39	0.28%	48	0.79%	57	1.81%
31	0.19%	40	0.30%	49	0.90%	58	1.95%
32	0.20%	41	0.32%	50	1.00%	59	2.09%
33	0.21%	42	0.35%	51	1.10%	>=60	0.00%

75% of disabilities are assumed to be service connected.

Plan Expenses: An average of the prior two years of administrative expense is added to the normal cost.

Marital Assumption: 100% are assumed married with husbands assumed to be three years older than wives.

Liability Load: Liabilities are loaded by 0.9% to reflect the exclusion of the COLA in the determination of optional forms of benefit.

Funding Method: Entry Age (level percent of salary)

Glossary of Actuarial Terms

Present Value of Benefits (PVB): The present value, as of the valuation date, of all benefits that will become payable by the Plan for the current group of members in the census.

Normal Cost (NC): The value of the portion of the total benefit for active members which accrues in the year following the valuation date. Under the Entry Age Normal (Level Percent of Salary) funding method, the NC is a constant fraction of salary from the member's date of entry into the Plan to the member's assumed date of termination, retirement, disability or death.

Accrued Liability (AL): This is the portion of the PVB attributable to the past at the valuation date. For active members, AL is the annual NC accumulated from date of entry to the valuation date for each member. For retired and terminated members, the PVB and the AL are equal. The AL is the estimated liability owed by the pension fund at the valuation date.

Unfunded Accrued Liability (UAL): Any excess of the Accrued Liability over the fund assets. A negative UAL indicates fund assets are greater than the Accrued Liability, otherwise known as a surplus.

Actuarial Value of Assets: The market value of assets is adjusted to recognize gains and losses over a five-year period. The Actuarial Value of Assets shall not be more than 120% or less than 80% of the market value of assets.



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City of Vero Beach

Police Officers' Retirement Fund

GASB 67 Supplement



As of September 30, 2014



February 13, 2015

Board of Trustees
City of Vero Beach Police Officers' Retirement Fund
Vero Beach, Florida

RE: GASB 67 Supplement as of September 30, 2014

Dear Board Members:

We are pleased to present the Governmental Accounting Standards Board Statement No. 67 (GASB 67) Supplement as of September 30, 2014 for the City of Vero Beach Police Officers' Retirement Fund (the Plan).

This report provides information required to be disclosed under GASB 67 as described in the statement and the implementation guide. The total pension liability, net pension liability and discount rate sensitivity information are based on asset information supplied as of September 30, 2014, census data as of October 1, 2014 and assumptions and methods used in the draft actuarial valuation as of October 1, 2014.

Note that DROP balances have been included in both assets and liabilities in this report whereas in the October 1, 2013 actuarial valuation DROP balances were excluded from both assets and liabilities. For the October 1, 2013 actuarial valuation of the Plan we had been notified that accrued hours were limited to those on the books as of October 1, 2012. During the last year we were informed that accrued hours available for use toward pension benefits are not limited to those on the books as of October 1, 2012. We have accounted for this change in Plan provisions in the attached disclosure.

Please let us know if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chad M. Little'.

Chad M. Little, ASA, EA
Partner, Consulting Actuary
Enrollment Number 14-6619

A handwritten signature in black ink, appearing to read 'Paula C. Freiman'.

Paula C. Freiman, ASA, EA
Partner, Consulting Actuary
Enrollment Number 14-5796

Table of Contents

Statement of Fiduciary Net Position	1
Statement of Changes in Fiduciary Net Position	2
Net Pension Liability	3
Calculation of the Discount Rate.....	4
Table 1: Projection of Contributions.....	5
Table 2: Projection of Fiduciary Net Position	6
Table 3: Actuarial Present Value of Projected Benefit Payments.....	8
Schedule of Changes in Net Pension Liability and Related Ratios	10
Schedule of Contributions	11
Schedule of Investment Returns.....	12
Plan Membership Statistics.....	13
Plan Description.....	14
Actuarial Assumptions and Methods	17

Statement of Fiduciary Net Position

As of September 30,	2013	2014
Assets		
Cash and cash equivalents	\$(1,415)	\$0
Receivables:		
Accrued interest and dividends	84,426	84,766
Distributions receivable	<u>16,791</u>	<u>17,821</u>
Total receivables	<u>101,217</u>	<u>102,587</u>
Investments, at fair value:		
Short Term Investments	1,455,306	793,589
US Bonds and Bills	1,852,047	4,662,329
Federal Agency Guaranteed Securities	2,454,049	2,486,810
Corporate Bonds	3,749,142	1,851,239
Stocks	21,016,930	22,268,185
Real Estate	<u>2,780,302</u>	<u>3,268,221</u>
Total investments	<u>33,307,776</u>	<u>35,330,373</u>
Total assets	<u>33,407,578</u>	<u>35,432,960</u>
Liabilities		
Accounts payable and accrued expenses	0	0
Payable for securities purchased	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>0</u>
Net position restricted for pensions	<u>\$33,407,578</u>	<u>\$35,432,960</u>

Note: This statement of fiduciary net position is as supplied by the City as of September 30, 2014. No deferred outflows or inflows of resources have been identified by the City.

Statement of Changes in Fiduciary Net Position

As of September 30, 2014

Additions

Contributions:

Employer	\$869,837
State of Florida	233,451
Employees	<u>167,975</u>
Total contributions	<u>1,271,263</u>

Investment income (loss):

Net appreciation in fair value of investments	2,430,602
Interest and dividends	<u>926,812</u>
Total investment income	<u>3,357,414</u>

Less investment expenses:

Investment expense	<u>268,657</u>
Net investment income	<u>3,088,757</u>

Total additions 4,360,020

Deductions

Benefit payments	2,240,182
Refunds of contributions	8,102
Administrative expenses	<u>86,354</u>
Total deductions	<u>2,334,638</u>

Net increase in net position 2,025,382

Net position restricted for pensions

Beginning of year	<u>33,407,578</u>
End of year	<u>\$35,432,960</u>

Note: This statement of changes in fiduciary net position is as supplied by the City.

Net Pension Liability

The components of the net pension liability at September 30, 2014 were as follows:

Total pension liability	\$39,228,207
Plan fiduciary net position	<u>(35,432,960)</u>
Net pension liability	<u>\$3,795,247</u>

Plan fiduciary net position as a percentage of the total pension liability	90.3%
--	-------

The total pension liability was determined by an actuarial valuation as of October 1, 2014 using the following actuarial assumptions applied to all periods included in the measurement.

Inflation	2.5%
Salary increases	6.25% to 4.28% based on service, including inflation
Investment rate of return	7.75% net of investment expense, including inflation
Mortality	RP-00 projected to the valuation year with Scale AA

Assumptions are based on the results of an actuarial experience study for the period October 1, 2006 to September 30, 2011.

Further information regarding the calculation of the discount rate is found in the following section entitled "Calculation of the Discount Rate".

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability	\$8,364,224	\$3,795,247	\$(28,820)

Note: See "Actuarial Assumptions and Methods" for a full description of the assumptions used in the determination of the total pension liability.

Calculation of the Discount Rate

The long-term expected net rate of return on investments was determined using a building-block method. 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. The long-term expected net rate of return on investments is the best-estimate ranges weighted by the asset allocation plus expected inflation. Best estimates of arithmetic real rates of return for each major asset class as provided by the investment monitor are shown in the following table as of September 30, 2014:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	7.5%
International Equity	8.5%
Domestic Bonds	2.5%
International Bonds	3.5%
Real Estate	4.5%

The discount rate used to measure the total pension liability was 7.75%. This is the single rate that reflects the long-term expected rate of return on pension plan investments expected to be used to finance the payment of benefits. We have found that the fiduciary net position is projected to be sufficient to make projected benefit payments. For purposes of this determination we understand pension plan assets are expected to be invested using a strategy to achieve the 7.75% discount rate.

A projection of contributions has been included as Table 1. The projection of cash flows used to determine the discount rate assumed member contributions are made at 5.5% of pay for members hired prior to October 1, 2012 and at 8.0% of pay for members hired after October 1, 2012 and that City contributions will be made in an amount equal to the difference between actuarially determined contributions and member contributions.

A projection of the fiduciary net position has been included as Table 2. This table includes a projection of benefit payments, administrative expenses and investment earnings.

The actuarial present value of projected benefit payments has been included as Table 3. The benefit payments that are projected to occur are discounted using the long-term expected rate of return on investments because the beginning fiduciary net position is projected to be sufficient to make the benefit payments in every period.

Note: See "Actuarial Assumptions and Methods" for a full description of the assumptions used in the determination of the projections shown on Tables 1, 2, and 3.

Table 1: Projection of Contributions

Year	Payroll for Current Employees In Year After Valuation Date (a)	Contribs from Current Employees in Year After Valuation Date (b)=(a)xRate ⁽¹⁾	Total Service Cost in Year After Valuation Date (c)	Admin Expense ⁽²⁾ (d)	UAL Contribs ⁽³⁾ (e)	Interest for Periodic Payments and Projected Contribs (f)	Expected State Contribution ⁽⁴⁾ (g)	Expected City Contribs BO Funding Year ⁽⁵⁾ (h)	Expected Total Contribs for Funding Year (i) = (b), + (g) + (h)
1	2,907,418	171,003	550,357	81,842	511,834	110,803	233,451	872,634	1,254,836
2	2,517,018	148,751	470,535	70,852	511,834	101,130	202,104	814,078	1,154,351
3	2,338,260	138,169	437,047	65,820	511,834	96,556	187,751	800,800	1,111,257
4	2,070,016	122,706	386,544	58,269	511,834	90,217	166,212	766,045	1,046,864
5	1,934,926	114,607	360,925	54,466	511,834	86,938	155,365	750,271	1,014,163
6	1,834,521	108,527	341,508	51,640	61,611	49,731	147,303	248,974	504,490
7	1,830,668	108,213	340,754	51,531	0	44,699	146,993	186,413	436,984
8	1,745,657	103,578	324,583	49,138	0	42,772	140,168	172,688	416,493
9	1,746,115	103,637	324,560	49,151	0	42,599	140,204	177,324	416,310
10	1,657,348	98,782	307,682	46,653	0	40,207	133,077	173,206	394,542
11	1,465,473	88,259	273,125	41,252	0	35,701	117,670	152,514	350,078
12	1,312,200	79,894	244,000	36,937	0	32,005	105,363	133,796	312,942
13	1,199,692	73,783	221,899	33,770	0	29,192	96,329	120,426	284,861
14	1,104,076	68,106	202,513	31,079	0	26,672	88,652	110,652	260,264
15	973,510	60,960	177,440	27,403	0	23,534	78,168	93,585	228,377
16	893,614	56,624	162,209	25,154	0	21,706	71,753	81,027	209,069
17	885,450	56,289	160,473	24,925	0	21,336	71,097	84,093	206,734
18	796,983	51,544	144,352	22,434	0	19,159	63,994	76,626	185,945
19	681,767	45,325	124,202	19,191	0	16,495	54,742	64,967	159,888
20	585,951	40,179	107,465	16,494	0	14,390	47,049	52,383	138,349
21	560,422	38,917	103,049	15,775	0	13,769	44,999	50,793	132,593
22	519,198	36,801	95,636	14,615	0	12,656	41,689	50,269	122,907
23	410,131	30,949	76,089	11,545	0	10,196	32,931	36,118	97,830
24	379,408	28,781	70,476	10,680	0	9,326	30,465	36,527	90,482
25	299,549	23,490	55,616	8,432	0	7,013	24,052	38,145	71,061
26	114,158	8,864	20,883	3,213	0	2,652	9,166	14,105	26,748
27	44,592	3,477	8,257	1,255	0	1,069	3,581	4,933	10,581
28	26,526	2,067	4,912	747	0	631	2,130	3,077	6,290
29	13,534	1,083	2,503	381	0	309	1,087	1,915	3,193
30	2,392	191	427	67	0	53	192	355	547
31-100	0	0	0	0	0	0	0	0	0

Notes:

- (1) Employees hired after 10/1/2012 contribute at 8.0% of pay. Employees hired before 10/1/2012 contribute at 5.5% of pay.
- (2) Projected Administrative Expense is based on the actual administrative expense in year 1 as a percent of payroll.
- (3) UAL Contributions have been reduced to bring the fiduciary net position in year 100 to as close as possible to \$0.
- (4) Expected State Contributions are based on the actual State Contribution in year 1 as a percent of payroll.
- (5) Year 1 represents the October 1, 2014 actuarial valuation of the Plan which determines required minimum funding for the fiscal year ending September 30, 2016.

Table 2: Projection of Fiduciary Net Position

Year	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expense (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
1	35,432,960	1,227,740	2,426,602	81,842	2,719,991	36,872,247
2	36,872,247	1,254,836	2,506,692	70,852	2,831,112	38,380,651
3	38,380,651	1,154,351	2,718,216	65,820	2,935,064	39,686,030
4	39,686,030	1,111,257	2,827,415	58,269	3,030,664	40,942,267
5	40,942,267	1,046,864	2,911,592	54,466	3,121,900	42,144,973
6	42,144,973	1,014,163	2,961,913	51,640	3,211,811	43,357,394
7	43,357,394	504,490	3,055,046	51,531	3,263,307	44,018,614
8	44,018,614	436,984	3,096,059	49,138	3,308,027	44,618,428
9	44,618,428	416,493	3,194,340	49,151	3,349,642	45,141,072
10	45,141,072	416,310	3,387,658	46,653	3,382,924	45,505,995
11	45,505,995	394,542	3,500,982	41,252	3,406,296	45,764,599
12	45,764,599	350,078	3,599,275	36,937	3,420,769	45,899,234
13	45,899,234	312,942	3,674,886	33,770	3,426,709	45,930,229
14	45,930,229	284,861	3,781,058	31,079	3,423,845	45,826,798
15	45,826,798	260,264	3,855,907	27,403	3,412,036	45,615,788
16	45,615,788	228,377	3,870,224	25,154	3,393,724	45,342,511
17	45,342,511	209,069	3,961,917	24,925	3,368,015	44,932,753
18	44,932,753	206,734	4,039,321	22,434	3,333,410	44,411,142
19	44,411,142	185,945	4,111,460	19,191	3,289,496	43,755,932
20	43,755,932	159,888	4,111,483	16,494	3,237,718	43,025,561
21	43,025,561	138,349	4,121,460	15,775	3,179,731	42,206,406
22	42,206,406	132,593	4,157,018	14,615	3,114,708	41,282,074
23	41,282,074	122,907	4,152,153	11,545	3,043,113	40,284,396
24	40,284,396	97,830	4,166,854	10,680	2,964,076	39,168,768
25	39,168,768	90,482	4,244,512	8,432	2,874,519	37,880,825
26	37,880,825	71,061	4,232,745	3,213	2,774,920	36,490,848
27	36,490,848	26,748	4,167,512	1,255	2,667,729	35,016,558
28	35,016,558	10,581	4,102,412	747	2,555,249	33,479,229
29	33,479,229	6,290	4,014,948	381	2,439,327	31,909,517
30	31,909,517	3,193	3,919,935	67	2,321,243	30,313,951
31	30,313,951	547	3,814,609	0	2,201,543	28,701,432
32	28,701,432	0	3,707,278	0	2,080,704	27,074,858
33	27,074,858	0	3,575,408	0	1,959,754	25,459,204
34	25,459,204	0	3,435,488	0	1,839,963	23,863,679
35	23,863,679	0	3,285,254	0	1,722,131	22,300,556
36	22,300,556	0	3,131,633	0	1,606,942	20,775,865
37	20,775,865	0	2,974,963	0	1,494,850	19,295,752
38	19,295,752	0	2,814,596	0	1,386,355	17,867,511
39	17,867,511	0	2,653,554	0	1,281,907	16,495,864
40	16,495,864	0	2,492,647	0	1,181,839	15,185,056
41	15,185,056	0	2,333,369	0	1,086,424	13,938,111
42	13,938,111	0	2,176,652	0	995,859	12,757,318
43	12,757,318	0	2,024,869	0	910,228	11,642,677
44	11,642,677	0	1,877,964	0	829,536	10,594,249
45	10,594,249	0	1,736,723	0	753,756	9,611,282
46	9,611,282	0	1,601,550	0	682,814	8,692,546
47	8,692,546	0	1,472,755	0	616,603	7,836,394
48	7,836,394	0	1,350,492	0	554,989	7,040,891
49	7,040,891	0	1,234,831	0	497,819	6,303,879
50	6,303,879	0	1,125,642	0	444,932	5,623,169

Year	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expense (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
51	5,623,169	0	1,022,923	0	396,158	4,996,404
52	4,996,404	0	926,658	0	351,313	4,421,059
53	4,421,059	0	836,779	0	310,207	3,894,487
54	3,894,487	0	753,158	0	272,638	3,413,967
55	3,413,967	0	675,505	0	238,406	2,976,868
56	2,976,868	0	603,698	0	207,314	2,580,484
57	2,580,484	0	537,265	0	179,169	2,222,388
58	2,222,388	0	475,794	0	153,798	1,900,392
59	1,900,392	0	419,113	0	131,039	1,612,318
60	1,612,318	0	366,931	0	110,736	1,356,123
61	1,356,123	0	318,910	0	92,742	1,129,955
62	1,129,955	0	274,936	0	76,918	931,937
63	931,937	0	234,888	0	63,123	760,172
64	760,172	0	198,578	0	51,218	612,812
65	612,812	0	165,930	0	41,063	487,945
66	487,945	0	136,880	0	32,512	383,577
67	383,577	0	111,394	0	25,410	297,593
68	297,593	0	89,359	0	19,600	227,834
69	227,834	0	70,624	0	14,920	172,130
70	172,130	0	54,979	0	11,210	128,361
71	128,361	0	42,154	0	8,315	94,522
72	94,522	0	31,826	0	6,092	68,788
73	68,788	0	23,685	0	4,413	49,516
74	49,516	0	17,389	0	3,163	35,290
75	35,290	0	12,595	0	2,247	24,942
76	24,942	0	9,023	0	1,583	17,502
77	17,502	0	6,412	0	1,108	12,198
78	12,198	0	4,519	0	770	8,449
79	8,449	0	3,159	0	533	5,823
80	5,823	0	2,196	0	366	3,993
81	3,993	0	1,516	0	250	2,727
82	2,727	0	1,039	0	171	1,859
83	1,859	0	705	0	117	1,271
84	1,271	0	473	0	81	879
85	879	0	314	0	56	621
86	621	0	205	0	40	456
87	456	0	132	0	30	354
88	354	0	84	0	24	294
89	294	0	52	0	21	263
90	263	0	32	0	19	250
91	250	0	20	0	18	248
92	248	0	12	0	19	255
93	255	0	7	0	20	268
94	268	0	4	0	21	285
95	285	0	3	0	22	304
96	304	0	2	0	24	326
97	326	0	1	0	25	350
98	350	0	0	0	27	377
99	377	0	0	0	29	406
100	406	0	0	0	31	437

Table 3: Actuarial Present Value of Projected Benefit Payments

Year (a)	Projected Fiduciary Net Position (b)	Projected Benefit Payments (c)	Projected Benefit Payments		Actuarial Present Value of Projected Benefit Payments		
			"Funded" Portion of Benefit Payments (d)	"Unfunded" Portion of Benefit Payments (e)	Present Value of "Funded" Benefit Payments (f)=(d)*v ^a ((a)-.5)	Present Value of "Unfunded" Benefit Payments (g)=(e)*vf ^a ((a)-.5)	Present Value of Benefit Payments Using the Single Discount Rate (h)=(c)/(1+sdr) ^a ((a)-.5)
1	35,432,960	2,426,602	2,426,602	0	2,337,706	0	2,337,706
2	36,872,247	2,506,692	2,506,692	0	2,241,171	0	2,241,171
3	38,380,651	2,718,216	2,718,216	0	2,255,489	0	2,255,489
4	39,686,030	2,827,415	2,827,415	0	2,177,354	0	2,177,354
5	40,942,267	2,911,592	2,911,592	0	2,080,907	0	2,080,907
6	42,144,973	2,961,913	2,961,913	0	1,964,614	0	1,964,614
7	43,357,394	3,055,046	3,055,046	0	1,880,639	0	1,880,639
8	44,018,614	3,096,059	3,096,059	0	1,768,804	0	1,768,804
9	44,618,428	3,194,340	3,194,340	0	1,693,691	0	1,693,691
10	45,141,072	3,387,658	3,387,658	0	1,666,999	0	1,666,999
11	45,505,995	3,500,982	3,500,982	0	1,598,853	0	1,598,853
12	45,764,599	3,599,275	3,599,275	0	1,525,514	0	1,525,514
13	45,899,234	3,674,886	3,674,886	0	1,445,533	0	1,445,533
14	45,930,229	3,781,058	3,781,058	0	1,380,321	0	1,380,321
15	45,826,798	3,855,907	3,855,907	0	1,306,400	0	1,306,400
16	45,615,788	3,870,224	3,870,224	0	1,216,938	0	1,216,938
17	45,342,511	3,961,917	3,961,917	0	1,156,166	0	1,156,166
18	44,932,753	4,039,321	4,039,321	0	1,093,971	0	1,093,971
19	44,411,142	4,111,460	4,111,460	0	1,033,419	0	1,033,419
20	43,755,932	4,111,483	4,111,483	0	959,095	0	959,095
21	43,025,561	4,121,460	4,121,460	0	892,271	0	892,271
22	42,206,406	4,157,018	4,157,018	0	835,238	0	835,238
23	41,282,074	4,152,153	4,152,153	0	774,256	0	774,256
24	40,284,396	4,166,854	4,166,854	0	721,111	0	721,111
25	39,168,768	4,244,512	4,244,512	0	681,717	0	681,717
26	37,880,825	4,232,745	4,232,745	0	630,930	0	630,930
27	36,490,848	4,167,512	4,167,512	0	576,526	0	576,526
28	35,016,558	4,102,412	4,102,412	0	526,701	0	526,701
29	33,479,229	4,014,948	4,014,948	0	478,396	0	478,396
30	31,909,517	3,919,935	3,919,935	0	433,480	0	433,480
31	30,313,951	3,814,609	3,814,609	0	391,492	0	391,492
32	28,701,432	3,707,278	3,707,278	0	353,111	0	353,111
33	27,074,858	3,575,408	3,575,408	0	316,056	0	316,056
34	25,459,204	3,435,488	3,435,488	0	281,845	0	281,845
35	23,863,679	3,285,254	3,285,254	0	250,134	0	250,134
36	22,300,556	3,131,633	3,131,633	0	221,288	0	221,288
37	20,775,865	2,974,963	2,974,963	0	195,097	0	195,097
38	19,295,752	2,814,596	2,814,596	0	171,304	0	171,304
39	17,867,511	2,653,554	2,653,554	0	149,887	0	149,887
40	16,495,864	2,492,647	2,492,647	0	130,671	0	130,671
41	15,185,056	2,333,369	2,333,369	0	113,523	0	113,523
42	13,938,111	2,176,652	2,176,652	0	98,282	0	98,282
43	12,757,318	2,024,869	2,024,869	0	84,852	0	84,852
44	11,642,677	1,877,964	1,877,964	0	73,036	0	73,036
45	10,594,249	1,736,723	1,736,723	0	62,685	0	62,685
46	9,611,282	1,601,550	1,601,550	0	53,648	0	53,648
47	8,692,546	1,472,755	1,472,755	0	45,785	0	45,785
48	7,836,394	1,350,492	1,350,492	0	38,965	0	38,965
49	7,040,891	1,234,831	1,234,831	0	33,065	0	33,065
50	6,303,879	1,125,642	1,125,642	0	27,973	0	27,973

Year (a)	Projected Beginning Fiduciary Net Position (b)	Projected Benefit Payments (c)	Projected Benefit Payments		Actuarial Present Value of Projected Benefit Payments		
			"Funded" Portion of Benefit Payments (d)	"Unfunded" Portion of Benefit Payments (e)	Present Value of "Funded" Benefit Payments (f)=(d)*v ^{(a)-.5}	Present Value of "Unfunded" Benefit Payments (g)=(e)*vf ^{((a)-.5)}	Present Value of Benefit Payments Using the Single Discount Rate (h)=(c)/(1+sdr) ^{((a)-.5)}
51	5,623,169	1,022,923	1,022,923	0	23,592	0	23,592
52	4,996,404	926,658	926,658	0	19,835	0	19,835
53	4,421,059	836,779	836,779	0	16,623	0	16,623
54	3,894,487	753,158	753,158	0	13,886	0	13,886
55	3,413,967	675,505	675,505	0	11,558	0	11,558
56	2,976,868	603,698	603,698	0	9,587	0	9,587
57	2,580,484	537,265	537,265	0	7,918	0	7,918
58	2,222,388	475,794	475,794	0	6,508	0	6,508
59	1,900,392	419,113	419,113	0	5,320	0	5,320
60	1,612,318	366,931	366,931	0	4,323	0	4,323
61	1,356,123	318,910	318,910	0	3,487	0	3,487
62	1,129,955	274,936	274,936	0	2,790	0	2,790
63	931,937	234,888	234,888	0	2,212	0	2,212
64	760,172	198,578	198,578	0	1,736	0	1,736
65	612,812	165,930	165,930	0	1,346	0	1,346
66	487,945	136,880	136,880	0	1,030	0	1,030
67	383,577	111,394	111,394	0	778	0	778
68	297,593	89,359	89,359	0	579	0	579
69	227,834	70,624	70,624	0	425	0	425
70	172,130	54,979	54,979	0	307	0	307
71	128,361	42,154	42,154	0	218	0	218
72	94,522	31,826	31,826	0	153	0	153
73	68,788	23,685	23,685	0	106	0	106
74	49,516	17,389	17,389	0	72	0	72
75	35,290	12,595	12,595	0	48	0	48
76	24,942	9,023	9,023	0	32	0	32
77	17,502	6,412	6,412	0	21	0	21
78	12,198	4,519	4,519	0	14	0	14
79	8,449	3,159	3,159	0	9	0	9
80	5,823	2,196	2,196	0	6	0	6
81	3,993	1,516	1,516	0	4	0	4
82	2,727	1,039	1,039	0	2	0	2
83	1,859	705	705	0	1	0	1
84	1,271	473	473	0	1	0	1
85	879	314	314	0	1	0	1
86	621	205	205	0	0	0	0
87	456	132	132	0	0	0	0
88	354	84	84	0	0	0	0
89	294	52	52	0	0	0	0
90	263	32	32	0	0	0	0
91	250	20	20	0	0	0	0
92	248	12	12	0	0	0	0
93	255	7	7	0	0	0	0
94	268	4	4	0	0	0	0
95	285	3	3	0	0	0	0
96	304	2	2	0	0	0	0
97	326	1	1	0	0	0	0
98	350	0	0	0	0	0	0
99	377	0	0	0	0	0	0
100	406	0	0	0	0	0	0
					<u>\$ 42,561,437</u>	<u>\$ 0</u>	<u>\$ 42,561,437</u>

Notes: The total present value of projected benefit payments (PVB) shown in the total of column (f) and (h) are estimates of the actual value. For example, the actual PVB would take into account benefit payments are due monthly rather than using the approximation that they are paid in the middle of the year.

Schedule of Changes in Net Pension Liability and Related Ratios

This schedule will be updated each year until a 10-year history is accumulated.

Year Ending September 30,	2014
Total pension liability	
Service cost	\$478,211
Interest	2,881,001
Changes of benefit terms	118,425
Differences between expected and actual experience	96,146
Changes of assumptions	41,761
Benefit payments, including refunds of member contributions	<u>(2,248,284)</u>
Net change in total pension liability	1,367,260
Total pension liability - beginning	<u>37,860,947</u>
Total pension liability - ending (a)	\$39,228,207
Plan fiduciary net position	
Contributions - employer	\$869,837
Contributions - State of Florida	233,451
Contributions - employee	167,975
Net investment income	3,088,757
Benefit payments, including refunds of member contributions	<u>(2,248,284)</u>
Administrative expense	(86,354)
Other	<u>0</u>
Net change in plan fiduciary net position	2,025,382
Plan fiduciary net position - beginning	<u>33,407,578</u>
Plan fiduciary net position - ending (b)	\$35,432,960
 Net pension liability - ending (a) - (b)	 \$3,795,247
 Plan fiduciary net position as a percentage of the total pension liability	 90.3 %
 Covered employee payroll	 \$2,899,869
 Net pension liability as a percentage of covered employee payroll	 130.9 %

Notes to Schedule:

The mortality table continues to be the RP-2000 Combined Mortality Table with Scale AA applied to reflect mortality improvements to the valuation year. The beginning total pension liability includes mortality improvements to 2013 and has been revised to include DROP balances. The ending total pension liability includes mortality improvements to 2014 and also includes DROP balances. In performing the October 1, 2013 actuarial valuation of the Plan we were notified accumulated leave payouts were capped. However, in the last fiscal year the Plan Administrator indicated that accumulated hours are not capped. This is the change in benefit terms shown above.

Schedule of Contributions

Year Ending September 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$1,103,288	\$1,124,361	\$1,069,836	\$1,003,043	\$808,241	\$614,497	\$607,358	\$578,539	\$548,686	\$316,217
Contributions in relation to the actuarially determined contribution	<u>1,103,288</u>	<u>1,124,361</u>	<u>1,069,836</u>	<u>1,003,043</u>	<u>808,241</u>	<u>614,497</u>	<u>607,358</u>	<u>578,539</u>	<u>581,940</u>	<u>358,179</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$(33,254)</u>	<u>\$(41,962)</u>
Covered employee payroll	\$2,899,869	\$2,947,305	\$3,013,887	\$3,297,317	\$3,577,177	\$3,733,644	\$3,659,849	\$3,415,819	\$3,345,362	\$3,481,359
Contributions as a percentage of covered-employee payroll	38.05 %	38.15 %	35.50 %	30.42 %	22.59 %	16.46 %	16.60 %	16.94 %	17.40 %	10.29 %

Notes to Schedule

Actuarially determined contributions are calculated based on the valuation as of the beginning of the year prior to the fiscal year in which contributions are due.

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	Scale of increase rates from 6.25% to 4.28% depending on years of service, including inflation
Investment rate of return	7.75% net of investment expenses, including inflation
Retirement age	See "Description of Assumptions and Methods" for the assumed retirement age assumption
Mortality	RP-2000 Combined Mortality Table using Scale AA projected to valuation year

Schedule of Investment Returns

The following information is as provided by the investment monitor.

Year Ending September 30,	Annual money-weighted rate of return net of investment expense
2014	9.08%
2013	14.17%
2012	19.27%
2011	(1.69%)
2010	9.89%
2009	(1.41%)
2008	(12.28%)
2007	14.97%
2006	7.18%
2005	11.50%

Plan Membership Statistics

Valuation as of October 1,	2013	2014
Inactive members or beneficiaries currently receiving benefits	44	46
Inactive members entitled to but not yet receiving benefits	1	1
Active members	<u>46</u>	<u>48</u>
Total	<u>91</u>	<u>95</u>

Plan Description

Plan Type: Single-employer Defined Benefit Pension Plan

Legal Authority: The Plan was established and is amended by local ordinance.

Effective Date: October 19, 1954. Most recently Plan provisions have been amended with the following ordinances.

<u>Ord. No.</u>	<u>Adopted</u>	<u>Ord. No.</u>	<u>Adopted</u>
2010-11	02/02/2010	2014-06	03/04/2014
2010-21	08/17/2010	2014-09	04/15/2014
2011-07	07/19/2011		
2011-08	07/19/2011		
2013-02	01/08/2013		

Ordinance No. 2014-06 revised provisions of the Plan to comply with Internal Revenue Code and was deemed to have no significant impact at the time of adoption.

Ordinance No. 2014-09 revised the definition of Compensation and Credited Service. The impact of this Ordinance was reflected in the October 1, 2013 actuarial valuation of the Plan. Part of the impact reflected in the October 1, 2013 actuarial valuation decreased the liability of the Plan for accrued hours being frozen effective October 1, 2012. However, in the last fiscal year we were informed accrued hours are not frozen effective October 1, 2012. The decrease in liability reflected in the October 1, 2013 actuarial valuation has been reversed to increase Plan liability as of October 1, 2014 in this valuation of the Plan.

Plan Administrator: The Board of Trustees

Board Composition: The trustees consist of five members which may include participants of any DROP who have at least 18 months remaining in the DROP at the time they take office, none who are elected city officials, and who are selected as follows:

- (a) Two members who are legal residents of the city appointed by city council,
- (b) Two are police officer participants elected by a majority of the active police officer members of this fund, and
- (c) The fifth member is chosen by a majority of the previous four members and will be appointed to the board of trustees by city council, as a ministerial duty.

Funding Requirements: Employer contributions are actuarially determined and subject to State statute. Employee contributions are as described below and may be amended by ordinance.

Plan Year: The 12-month period from October 1st to the following September 30th.

Member: Full-time sworn police officers are eligible immediately upon hire.

Credited Service: Aggregate years and fractional part of years as a contributing Member, including unused medical leave days in excess of 120 days. Effective with Ordinance 2013-21, accrued sick leave under 120 days and accrued vacation under 60 days may be applied to service for Normal Retirement eligibility and benefits only. Credited Service also includes certain military service.

Additional Credited Service may be purchased. Unused annual and medical leave will be used in the calculation of benefits as reported to the Board by the City per City policy

Vesting: 100% upon earning ten years of Credited Service.

Compensation: Total cash remuneration including shift differential, state and local incentives, "actual overtime" (but excluding "court overtime") paid by the city to a police officer for services rendered. Payments for accrued unused sick or annual leave are not included. Effective with Ordinance 2013-02, overtime is limited to 300 hours per calendar year. Compensation or salary contributed as employee-elective salary reductions or deferrals to any salary reduction, deferred compensation, or tax-sheltered annuity program authorized under IRC is included. For the purpose of benefit calculation the Board of Trustees shall use the employee's compensation as reported by the City in accordance with the City's policies.

Employee Contributions: Prior to Ordinance 2013-02, 3.0% of Compensation. Effective with Ordinance 2013-02, Employee Contributions are increased to 5.5% of Compensation for Members hired prior to October 1, 2012 and to 8.0% of Compensation for Members hired after October 1, 2012. A Member who terminates non-vested is entitled to refund of accumulated Employee Contributions without interest.

Average Monthly Salary: One-twelfth the average of Compensation for the five highest years of Credited Service.

Normal Retirement Date: The first day of the month coincident with or next following the earlier of (i) age 55 and ten years of Credited Service, or (ii) 25 years of Credited Service with no age requirement.

Accrued Benefit: $3\% \times \text{Average Monthly Salary} \times \text{Credited Service}$, plus $\$5 \times \text{Credited Service}$.

Cost-of-Living-Adjustment: 1% annually on October 1st.

Late Retirement Benefit: Benefit as determined for Normal Retirement taking into account Compensation and Credited Service through the actual date of retirement.

Early Retirement Date: The first day of the month coincident with or next following the date the Member earns ten years of Credited Service and attains age 50.

Early Retirement Benefit: The Accrued Benefit reduced by 2.5% for each year the Member is younger than the Normal Retirement Date. (Note: the early retirement reduction is only taken on the 3% multiplier benefit and is not taken on the flat $\$5 \times \text{Credited Service}$ benefit.)

Disability Benefits: Members are eligible for service-connected Disability Benefits immediately upon hire. Members are eligible for a non-service-connected Disability Benefit after earnings at least ten years of Credited Service. The monthly Disability Benefit is the greater of (i) the Accrued Benefit and (ii) 50% of Average Monthly Salary.

Pre-Retirement Survivor Benefits: Members are eligible for service-connected Pre-Retirement Survivor Benefits immediately upon hire. Members are eligible for non-service-connected Pre-Retirement Survivor Benefits after one year of service. The monthly survivor benefit is the greater of (i) the Accrued Benefit and (ii) 25% of Average Monthly Salary.

Optional Forms of Benefit: Pension benefits described above are payable in the form of a 10 year certain and continuous annuity. Members may optionally choose an actuarially equivalent single life annuity, or joint and last survivor annuity (with 50%, 66 2/3, 75%, or 100% continuance), or a joint and survivor annuity (with 50%, 66 2/3, 75%, or 100% continuance).

Actuarial Equivalence: The 1983 Group Annuity Mortality Table (100% male) and an interest rate of 7.0% (with no COLA assumed payable) is defined for use in the determination of Optional Forms of Benefit.

Deferred Retirement Option Plan (DROP): Members are eligible to enter the DROP at the Normal Retirement Date. The Accrued Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates at the net investment return earned on Fund assets less an administrative fee. The maximum DROP participation duration is 5 years. DROP participants are not eligible for pre-retirement death or disability benefits.

Actuarial Assumptions and Methods

Assumed Rate of Investment Return: 7.75% per year net of investment expenses.

Salary Increase – Total Payroll: Based on individual salary increase assumptions and other decrements assumed in the valuation of Plan liabilities.

Salary Increase – Individual: The following table of annual increases based on service:

<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>
0	6.250%				
1	5.850%	11	4.850%	21	4.500%
2	5.600%	12	4.800%	22	4.475%
3	5.500%	13	4.750%	23	4.450%
4	5.350%	14	4.700%	24	4.425%
5	5.250%	15	4.650%	25	4.400%
6	5.150%	16	4.625%	26	4.375%
7	5.100%	17	4.600%	27	4.350%
8	5.000%	18	4.575%	28	4.325%
9	4.950%	19	4.550%	29	4.300%
10	4.900%	20	4.525%	30	4.275%

Accrued Leave: Effective with the October 1, 2013 actuarial valuation, the liability of the Plan was based on accrued hours which we understood were frozen as of October 1, 2012. Frozen sick leave hours over 120 days could be used to increase retirement benefits. Normal Retirement benefits could also reflect frozen sick leave hours under 120 days plus the number of frozen vacation hours on the books. However, during the last year we were informed that accrued hours were not frozen effective October 1, 2012.

Because hours were not actually frozen, assumptions have been revised back to those used in the October 1, 2012 actuarial valuation of the Plan where retirement benefits are increased 1% to account for sick leave over 120 days. In addition, Members are assumed to include accrued sick leave under 120 days and accrued vacation under 60 days as 0.6923 in Credited Service for Normal Retirement eligibility and benefits. Normal Retirement benefits are increased by the following table of factors based on Credited Service earned:

<u>Service</u>	<u>Factor</u>	<u>Service</u>	<u>Factor</u>	<u>Service</u>	<u>Factor</u>	<u>Service</u>	<u>Factor</u>
10	1.0692	15	1.0462	20	1.0346	25	1.0277
11	1.0629	16	1.0433	21	1.0330	26	1.0266
12	1.0577	17	1.0407	22	1.0315	27	1.0256
13	1.0533	18	1.0385	23	1.0301	28	1.0247
14	1.0495	19	1.0364	24	1.0288	29	1.0239
						30	1.0231

Mortality: RP-2000 Combined Mortality Table projected to the valuation year using Scale AA.

75% of active deaths are assumed to be service connected.

Retirement: Members are assumed to retire at a rate of 5% per year eligible for early retirement. In the year of the Normal Retirement Date, Members are assumed to retire at a rate of 80%. For each of the four years subsequent to the Normal Retirement Date, Members are assumed to retire at 40%. 100% of Members are assumed to retire in the fifth year subsequent to the Normal Retirement Date.

Termination: Unisex rates, as follows:

<u>Service</u>	<u>Rate</u>
<6	12.00%
6-10	4.00%
11-15	3.00%
16-19	2.00%
20-24	1.00%

Termination rates are not applied when an active member reaches the age and service combinations where non-zero retirement decrements are in force.

Disability: Unisex rates, as follows:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
<=15	0.00%	34	0.22%	43	0.39%	52	1.20%
16-21	0.14%	35	0.23%	44	0.44%	53	1.31%
22-25	0.15%	36	0.24%	45	0.51%	54	1.43%
26-27	0.16%	37	0.25%	46	0.59%	55	1.55%
28-29	0.17%	38	0.26%	47	0.70%	56	1.68%
30	0.18%	39	0.28%	48	0.79%	57	1.81%
31	0.19%	40	0.30%	49	0.90%	58	1.95%
32	0.20%	41	0.32%	50	1.00%	59	2.09%
33	0.21%	42	0.35%	51	1.10%	>=60	0.00%

75% of disabilities are assumed to be service connected.

Plan Expenses: An average of the prior two years of administrative expense is added to the normal cost.

Marital Assumption: 100% are assumed married with husbands assumed to be three years older than wives.

Liability Load: Liabilities are loaded by 0.9% to reflect the exclusion of the COLA in the determination of optional forms of benefit.

Funding Method: Entry Age (level percent of salary)