

CITY OF WINTER HAVEN  
GENERAL EMPLOYEES' PENSION PLAN

ACTUARIAL VALUATION REPORT  
AS OF OCTOBER 1, 2014

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

7

February 9, 2015

Board of Trustees  
c/o Mr. Cal Bowen  
City of Winter Haven  
General Employees' Pension Plan  
P. O. Box 2277  
Winter Haven, FL 33883-2277

Re: City of Winter Haven  
General Employees' Pension Plan

Dear Cal:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Winter Haven General Employees' 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 Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City and the Board of Trustees, financial reports prepared by the Plan's Custodian Bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial

opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Winter Haven, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Winter Haven General Employees' 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 regular annual actuarial valuation of the City of Winter Haven General Employees' Pension Plan, performed as of October 1, 2014, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the Plan/Fiscal year ended September 30, 2016.

The funding requirements, compared with the amounts developed in the October 1, 2013, actuarial valuation (as revised July 21, 2014), are as follows:

Valuation Date Applicable to Plan/Fiscal Year Ending	10/1/2013 <u>9/30/2015</u>	10/1/2014 <u>9/30/2016</u>
Total Required Contribution % of Total Annual Payroll	46.88%	47.64%
Member Contributions (Est.) % of Total Annual Payroll	9.50%	9.50%
Balance from City <sup>1</sup> % of Total Annual Payroll	37.38%	38.14%

<sup>1</sup> Please note that the City has access to a prepaid contribution of \$21,033, which may be utilized during the fiscal year ending September 30, 2015. Please see page 23 for additional details.


Net experience since the prior valuation has been more favorable than expected, relative to the Plan's actuarial assumptions. The primary sources of favorable experience included a 9.9% investment return (Actuarial Asset Basis), exceeding the 7.9% assumption, average increases in Pensionable Compensation that were less than the assumed rate by almost 4%. These gains were partially offset by lower than expected employee turnover, and earlier than expected Normal Retirements.

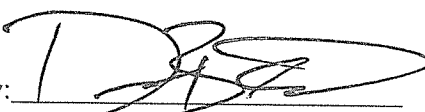
In spite of the net actuarial gain this past year, the Plan's funding requirements (expressed as a percentage of valuation payroll) increased slightly due a greater than 5% decrease in valuation payroll, combined with a reduction in the investment return assumption from 7.9% to 7.8%. On a dollar basis, it is expected that the City's fiscal 2016 funding obligation will be lower than fiscal 2015.

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 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

There were no changes in benefits since the prior valuation.

### Actuarial Assumption/Method Changes

- The payroll growth assumption, utilized for amortization of the Unfunded Actuarial Accrued Liability, was decreased from 0.2% to 0.0%, for compliance with Part VII of Chapter 112, Florida Statutes.
- In conjunction with this valuation of the Plan, the mortality assumption is based on RP2000, projected to 2014 using Scale AA. The prior valuation projected rates to 2013.
- In conjunction with this valuation of the Plan, the net-of-fees investment return assumption has been lowered from 7.9% to 7.8%.

## COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assum. <u>10/1/2014</u>	Prior Assum. <u>10/1/2014</u>	Prior Assum. <u>10/1/2013</u>
A. Participant Data			
Number Included			
Actives	245	245	257
Service Retirees	149	149	142
Beneficiaries	26	26	23
Terminated Vested	87	87	88
Disability Retirees	12	12	12
DROP Retirees	18	18	16
Total	<u>537</u>	<u>537</u>	<u>538</u>
Total Annual Payroll	10,136,685	10,136,685	10,759,102
Payroll Under Assumed Ret. Age	9,864,027	9,864,027	10,448,820
Annual Rate of Payments to:			
Service Retirees	2,772,161	2,772,161	2,618,085
Beneficiaries	300,093	300,093	276,157
Terminated Vested	256,651	256,651	273,364
Disability Retirees	159,619	159,619	158,825
DROP Retirees	500,785	500,785	418,809
B. Assets			
Actuarial Value <sup>1</sup>	50,642,882	50,642,882	44,888,748
Market Value <sup>1</sup>	54,770,698	54,770,698	48,185,166
C. Liabilities			
Present Value of Benefits			
Active Members			
Retirement Benefits	33,065,777	32,582,451	33,070,400
Disability Benefits	1,370,597	1,351,614	1,415,927
Death Benefits	239,499	237,083	251,146
Vested Benefits	1,470,863	1,442,531	1,483,721
Refund of Contributions	1,248,011	1,245,113	1,369,171
Service Retirees	27,728,775	27,518,427	26,327,688
Beneficiaries	2,945,264	2,922,084	2,729,738
Terminated Vested	1,920,660	1,899,602	1,942,597
Disability Retirees	1,616,038	1,603,260	1,623,572
DROP Retirees <sup>1</sup>	6,909,946	6,860,223	5,509,558
Total	<u>78,515,430</u>	<u>77,662,388</u>	<u>75,723,518</u>



C. Liabilities - (Continued)	New Assum. <u>10/1/2014</u>	Prior Assum. <u>10/1/2014</u>	Prior Assum. <u>10/1/2013</u>
Present Value of Future Salaries	56,754,172	56,502,893	60,189,197
Present Value of Future Member Cont.	5,391,646	5,367,775	5,717,974
Normal Cost (Entry Age Normal)			
Retirement Benefits	760,425	743,791	787,635
Disability Benefits	67,037	65,995	68,909
Death Benefits	9,261	9,143	9,731
Vested Benefits	70,523	68,837	72,314
Refund of Contributions	228,941	228,542	241,159
Total Normal Cost	<u>1,136,187</u>	<u>1,116,308</u>	<u>1,179,748</u>
Present Value of Future Normal Costs	5,601,979	5,467,593	5,823,552
Actuarial Accrued Liability			
Retirement Benefits	29,035,420	28,663,633	28,898,631
Disability Benefits	1,031,978	1,020,228	1,061,606
Death Benefits	191,755	190,268	200,660
Vested Benefits	1,055,967	1,039,455	1,063,308
Refund of Contributions	477,648	477,615	542,608
Inactives <sup>1</sup>	41,120,683	40,803,596	38,133,153
Total Accrued Liability	<u>72,913,451</u>	<u>72,194,795</u>	<u>69,899,966</u>
Unfunded Actuarial Accrued Liability	22,270,569	21,551,913	25,011,218
 D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives <sup>1</sup>	41,120,683	40,803,596	38,133,153
Actives	14,821,730	14,575,803	14,507,931
Member Contributions	6,929,390	6,929,390	6,873,346
Total	<u>62,871,803</u>	<u>62,308,789</u>	<u>59,514,430</u>
Non-vested Accrued Benefits	<u>1,978,218</u>	<u>1,942,113</u>	<u>1,838,344</u>
Total Present Value Accrued Benefits	64,850,021	64,250,902	61,352,774
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	599,119	0	
New Accrued Benefits	0	1,990,332	
Benefits Paid	0	(3,789,392)	
Interest	0	4,697,188	
Other	0	0	
Total:	<u>599,119</u>	<u>2,898,128</u>	

Valuation Date Applicable to Fiscal Year Ending	New Assum. 10/1/2014 <u>9/30/2016</u>	Prior Assum. 10/1/2014 <u>9/30/2016</u>	Prior Assum. 10/1/2013 <u>9/30/2015</u>
<b>E. Pension Cost</b>			
Normal Cost (with interest) % of Projected Annual Payroll <sup>2</sup>	11.97	11.76	11.74
Administrative Expense (with interest) % of Projected Annual Payroll <sup>2</sup>	0.44	0.44	0.42
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 28 years (with interest) (as of 10/1/14) % of Projected Annual Payroll <sup>2</sup>	35.23	34.66	34.72
Total Required Contribution % of Projected Annual Payroll <sup>2</sup>	47.64	46.86	46.88
Expected Member Contributions % of Projected Annual Payroll <sup>2</sup>	9.50	9.50	9.50
Expected City Contribution % of Projected Annual Payroll <sup>2</sup>	38.14	37.36	37.38
<b>F. Past Contributions</b>			
Plan Years Ending:	<u>9/30/2014</u>		
Total Required Contribution	5,088,420		
City Requirement	4,120,458		
Actual Contributions Made:			
Members	967,961		
City	<u>4,120,458</u>		
Total	5,088,419		
<b>G. Net Actuarial Gain (Loss)</b>	<b>1,388,992</b>		

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/13 and 9/30/14.

<sup>2</sup> Contributions developed as of 10/1/14 are expressed as a percentage of Projected Annual Payroll at 10/1/14 of \$9,864,027.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	\$22,270,569
2015	20,402,067
2016	18,685,813
2021	10,513,052
2026	7,112,285
2031	2,671,189
2042	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	1.3%	5.2%
Year Ended	9/30/2013	2.1%	5.0%
Year Ended	9/30/2012	2.2%	5.0%

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

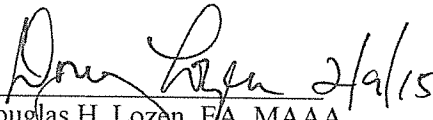
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	9.9%	7.9%
Year Ended	9/30/2013	9.0%	8.0%
Year Ended	9/30/2012	5.7%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2014	\$10,136,685
	10/1/2004	10,435,133
(b) Total Increase		-2.9%
(c) Number of Years		10.00
(d) Average Annual Rate		-0.3%

## 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 a copy of the report to the following office to comply with Chapter 112, Florida Statutes:

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES AND  
DERIVATION OF ACTUARIAL (GAIN)/LOSS

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2013	\$25,011,218
(2)	Sponsor Normal Cost developed as of October 1, 2013	187,110
(3)	Expected Administrative expenses for the fiscal year ended September 30, 2014	41,961
(4)	Expected Interest on (1), (2) and (3)	1,992,325
(5)	Sponsor Contributions to the System during the year ending September 30, 2014	4,120,458
(6)	Expected Interest on (5)	171,251
(7)	Expected Unfunded Actuarial Accrued Liability as of October 1, 2014 [(1)+(2)+(3)+(4)-(5)-(6)]	22,940,905
(8)	Change to UAAL due to Actuarial (Gain)/Loss	(1,388,992)
(9)	Increase to UAAL due to change in Investment Assumption	718,656
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2014	\$22,270,569

	Date Established	Years Remaining	10/1/2014 Amount	Amortization Amount
	10/1/1985	1	276,428	276,428
	10/1/1993	9	496,485	73,115
	10/1/1995	11	452,180	58,188
	10/1/2003	19	4,424,766	421,272
method change	10/1/2004	20	4,245,140	395,141
prior losses	10/1/2004	14	3,894,189	433,098
actuarial loss	10/1/2005	14	840,523	93,480
benefit change	10/1/2005	21	1,519,023	138,521
actuarial gain	10/1/2006	14	(1,020,054)	(113,447)
assum. change	10/1/2007	23	453,276	39,886
actuarial loss	10/1/2007	14	243,942	27,130
actuarial loss	10/1/2008	4	990,817	276,269
method change	10/1/2008	14	(824,603)	(91,710)
actuarial loss	10/1/2009	5	2,561,946	592,094
actuarial loss	10/1/2010	6	1,612,389	321,587
actuarial loss	10/1/2011	7	3,833,779	678,417
actuarial loss	10/1/2012	8	55,969	8,966
assum. change	10/1/2012	18	1,006,456	98,243
benefit change	10/1/2012	28	(82,793)	(6,824)
actuarial gain	10/1/2013	9	(1,106,715)	(162,980)
assum. change	10/1/2013	19	(932,238)	(88,756)
actuarial gain	10/1/2014	10	(1,388,992)	(190,294)
assum. change	10/1/2014	20	718,656	66,893
			22,270,569	3,344,717

## DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2013	25,011,218
(2)	Expected UAAL as of October 1, 2014	22,940,905
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(901,214)
	Active Decrements (excluding mortality)	655,369
	Mortality (active and inactive)	(173,434)
	Salary Increases	(949,976)
	Other	<u>(19,737)</u>
	Change in UAAL due to (Gain)/Loss	(1,388,992)
	Increase to UAAL due to Assumption Change	718,656
(4)	Actual UAAL as of October 1, 2014	22,270,569

## ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

RP2000 Combined Healthy Table, projected to Valuation Date with Schedule AA. Disabled lives are set forward five years.

Interest Rate

7.8% (previously 7.9%) per year compounded annually, net of investment-related expenses. The Board of Trustees previously approved a further reduction to 7.7% in conjunction with the October 1, 2015 valuation.

Termination Rates

Credited Service	Termination Probability
First Year	30.0%
Years 2-10	13.0%
Years 11-20	5.0%
Greater than 20 Years	1.0%

Disability Rates

Age	Rates
20	0.05%
30	0.06%
40	0.12%
50	0.43%

Normal Retirement

Number of Years after first Eligible	Retirement Probability
0	50%
1-3	25%
4	50%
5 or more	100%

Early Retirement

Commencing upon eligibility for Early Retirement (50 & 10), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Cost-of-Living

0.5% for 10 years, beginning one year after retirement. Applicable for all categories except vested terminated members.

Payroll Increase

0.0% (previously 0.2%), as developed prior to the assumption changes.

Asset Smoothing Methodology

The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minimis bias that is above or below the Market Value of Assets.

Administrative Expenses

\$41,863 annually.

Funding Method

Entry Age Normal Actuarial Cost Method.

Salary Increases

<b>Credited Service</b>	<b>Assumption</b>
First Year	11.0%
Years 2-10	5.0%
Greater than 10 Years	4.0%

Final Year Salary Load

<u>Service as of 10/1/2012</u>	<u>Final Salary Load</u>
Less than 1 Year	0%
1 to 5 Years	5%
5 to 10 Years	10%
Greater than 10 Years	15%



## 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. The required amount is adjusted for interest according to the timing of contributions during the year.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2014

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	3,678,211.00
Total Cash and Equivalents	3,678,211.00
Receivables:	
Investment Income	76,780.18
Total Receivable	76,780.18
Investments:	
Fixed Income	10,781,869.60
Equities	34,049,503.62
Pooled/Common/Commingled Funds:	
Real Estate	4,436,616.24
Total Investments	49,267,989.46
Assets Held by Insurance Company	1,775,524.53
Total Assets	54,798,505.17
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	5,760.51
Administrative Expenses	1,013.71
Prepaid City Contribution	21,033.31
Total Liabilities	27,807.53
NET POSITION RESTRICTED FOR PENSIONS	54,770,697.64

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

ADDITIONS

Contributions:

Member	967,961.30	
City	4,120,458.42	
Total Contributions		5,088,419.72
Investment Income:		
Net Increase in Fair Value of Investments	4,337,093.91	
Interest & Dividends	1,289,834.55	
Less Investment Expense <sup>1</sup>	(298,561.19)	
Net Investment Income		5,328,367.27
Total Additions		10,416,786.99

DEDUCTIONS

Distributions to Members:

Benefit Payments	3,160,650.14	
Lump Sum DROP Distributions	295,746.07	
Refunds of Member Contributions	332,995.78	
Total Distributions		3,789,391.99
Administrative Expense		41,863.15
Total Deductions		3,831,255.14
Net Increase in Net Position		6,585,531.85
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		48,185,165.79
End of the Year		54,770,697.64

<sup>1</sup>Investment Related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION  
SEPTEMBER 30, 2014

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

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*	
09/30/2011	-3.77%	
09/30/2012	17.87%	
09/30/2013	15.82%	
09/30/2014	10.95%	
Annualized Rate of Return for prior four (4) years:		9.88%
(A) 10/01/2013 Actuarial Assets:		\$44,888,748.45
(I) Net Investment Income:		
1. Interest, Dividends, and Miscellaneous Income	1,289,937.29	
2. Realized Gains (Losses)	3,287,859.30	
3. Change in Actuarial Value	217,733.34	
4. Investment Related Expenses	(298,561.19)	
Total		4,496,968.74
(B) 10/01/2014 Actuarial Assets:		\$50,642,881.77
Actuarial Asset Rate of Return = $2I/(A+B-I)$ :		9.88%
10/01/2014 Limited Actuarial Assets:		\$50,642,881.77

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

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 SEPTEMBER 30, 2014  
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	967,961.30	
City	4,120,458.42	
Total Contributions		5,088,419.72
Earnings from Investments:		
Interest & Dividends	1,289,834.55	
Miscellaneous Income	102.74	
Net Realized Gain (Loss)	3,287,859.30	
Change in Actuarial Value	217,733.34	
Total Earnings and Investment Gains		4,795,529.93
	EXPENDITURES	
Distributions to Members:		
Benefit Payments	3,160,650.14	
Lump Sum DROP Distributions	295,746.07	
Refunds of Member Contributions	332,995.78	
Total Distributions		3,789,391.99
Expenses:		
Investment Related <sup>1</sup>	298,561.19	
Administrative	41,863.15	
Total Expenses		340,424.34
Change in Net Assets for the Year		5,754,133.32
Net Assets Beginning of the Year		44,888,748.45
Net Assets End of the Year <sup>2</sup>		50,642,881.77

<sup>1</sup>Investment Related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.

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

09/30/2013 Balance	964,509.37
Plus Additions	429,158.93
Investment Return Earned	61,217.75
Less Distributions	(295,746.07)
09/30/2014 Balance	1,159,139.98

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

(1) Required City Contribution Rate (from the May 23, 2013, Actuarial Impact Statement)	40.44%
(2) Pensionable Payroll	\$10,189,066.32
(3) Required City Contribution (Item 1 times Item 2)	4,120,458.42
(4) Less Prepaid City Contribution from Fiscal 2013	(215,005.92)
(5) Less Actual City Contributions	<u>(3,926,485.81)</u>
(6) Equals City's Prepaid Contribution as of September 30, 2014	\$21,033.31

## STATISTICAL DATA

(Averages are salary weighted)

MALES

	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>
Number	178	167	163	154
Average Current Age	46.8	46.4	46.7	47.0
Average Age at Employment	36.3	35.7	35.7	35.7
Average Past Service	10.5	10.7	11.0	11.3
Average Annual Salary	\$40,519	\$40,800	\$41,595	\$41,448

FEMALES

Number	94	91	94	91
Average Current Age	46.5	47.0	47.2	46.8
Average Age at Employment	36.9	36.7	36.8	35.9
Average Past Service	9.5	10.3	10.4	10.9
Average Annual Salary	\$41,696	\$42,627	\$42,331	\$41,209



## 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	3	1	1	0	0	0	0	0	0	0	0	5
25 - 29	1	7	5	0	2	5	0	0	0	0	0	20
30 - 34	5	3	3	2	2	4	2	0	0	0	0	21
35 - 39	5	2	0	0	0	7	4	3	0	0	0	21
40 - 44	4	5	2	1	4	7	8	4	2	0	0	37
45 - 49	4	2	1	0	2	11	4	4	2	5	0	35
50 - 54	0	2	1	4	2	11	2	10	3	11	2	48
55 - 59	2	1	0	3	0	13	5	4	3	2	1	34
60 - 64	0	0	0	1	0	10	2	1	0	1	1	16
65+	0	0	0	1	2	4	0	1	0	0	0	8
Total	24	23	13	12	14	72	27	27	10	19	4	245

## VALUATION PARTICIPANT RECONCILIATION

## 1. Active lives

a. Number in prior valuation 10/1/13	257
b. Terminations	
i. Vested (partial or full) with deferred benefits	4 *
ii. Non-vested or full lump sum distribution received	21
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	4
f. DROP Retired	7
g. Voluntary withdrawal	0
h. Continuing participants	221
i. New entrants	24
j. Total active life participants in valuation	245

## 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 *	DROP	Total
a. Number prior valuation	142	23	12	88	16	281
b. In	12	3	0	4	7	26
c. Out	5	0	0	5	5	15
d. Number current valuation	149	26	12	87	18	292

\* Includes non-vested prior Members awaiting a refund of Member Contributions.

SUMMARY OF PLAN PROVISIONS  
(Through Ordinance O-13-21)

<u>Eligibility</u>	All General Employees become Members as a condition of employment.
<u>Credited Service</u>	Years and completed months of service with the City as a General Employee.
Salary	Total compensation reportable on the Member's W-2 form, plus all tax exempt, tax sheltered and tax deferred items of income. Effective October 1, 2013, Salary shall not include more than three hundred (300) hours of overtime per calendar year. Additionally, Salary will include the lesser of the amount of unused sick and annual leave time accrued as of October 1, 2013, or the actual amount at termination or retirement.
<u>Average Final Compensation (AFC)</u>	Average Salary paid during the five (5) best years of the last ten (10).
<u>Normal Retirement</u>	
Date	Attainment of age 55 and the completion of 10 years of Credited Service.
Benefit	3.0% of AFC <u>times</u> Credited Service.
Form of Benefit	10 Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Date	Age 50 and completion of 10 years of Credited Service.
Benefit	Accrued benefit, reduced 1/15 <sup>th</sup> for each year that early retirement precedes normal retirement.
<u>Disability Benefit</u>	
Eligibility	Total and permanent disability.
Benefit	Benefit accrued to date of disability, but not less than 40% of AFC.
Form of Benefit	10 Year Certain and Life Annuity (options available).

Pre-Retirement Death Benefit

Vested	Accrued benefit payable to designated beneficiary for 10 years at otherwise Normal Retirement Date (unreduced) or Early Retirement Date (reduced).
Non-Vested	Refund of Member Contributions, with 5% interest.

Vesting (Termination)

Not Vested (See Schedule)	Refund of Member Contributions, with 5% interest.
Vested	Applicable vested percentage of accrued benefit payable at age 55 or on a reduced basis if to commence prior to age 55 with the applicable percentage determined by the following schedule:

Employed Prior to 1/1/1999:	<u>Years of Service</u>	<u>Vested %</u>
	Less than 5	0%
	5	25
	6	30
	7	35
	8	40
	9	45
	10 or more	100

Employed After 12/31/1998:	<u>Years of Service</u>	<u>Vested %</u>
	10 or more	100

Contributions

Employee	9.5% of total compensation.
City	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the unfunded actuarial accrued liability (if any) over 30 years.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements (age 55 and 10 years of Credited Service).
Participation	Not to exceed 60 months.
Rate of Return	At Member's election:  (1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each Plan/Fiscal quarter, or  (2) 6.5% per annum compounded monthly.  Members may elect to change form of return 1 time during each 12 month period of DROP participation.
Form of Distribution	Cash lump sum (options available) at termination of employment.

Cost-of-Living Adjustment

Service and Disability Retirees receive 0.5% increases each October 1 for ten years, beginning the first October 1 following one complete year of retirement.

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/14		
City	40.44%	
Plan Members	9.50%	
Actuarially Determined Contribution	4,120,458	
Contributions made	4,120,458	
Actuarial valuation date	10/1/2012	
Actuarial cost method	Entry Age Normal	
Amortization method	Level Percentage of Pay, Closed	
Remaining amortization period	30 Years as of 10/1/2012	
Asset valuation method	4 Year Smooth	
Actuarial assumptions:		
Investment rate of return	8.0%	(as of 10/1/2012)
Projected salary increase*	5.0%	(as of 10/1/2012)
* Includes inflation at	3.0%	
Post Retirement COLA	0.5%	(for ten years)

THREE YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/14	4,121,414	99.98%	(17,546)
9/30/13	3,694,526	99.98%	(18,502)
9/30/12	3,110,120	99.97%	(19,386)

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>9/30/12</u>	<u>9/30/13</u>	<u>9/30/14</u>
Actuarially Determined			
Contribution (A)	3,109,257	3,693,642	4,120,458
Interest on NPO	(1,620)	(1,551)	(1,480)
Adjustment to (A)	2,483	2,435	2,436
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Annual Pension Cost	3,110,120	3,694,526	4,121,414
Contributions Made	3,109,257	3,693,642	4,120,458
	-----	-----	-----
Increase in NPO	863	884	956
NPO Beginning of Year	(20,249)	(19,386)	(18,502)
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NPO End of Year	(20,249)	(19,386)	(17,546)