

TOWN OF LONGBOAT KEY
POLICE OFFICERS' RETIREMENT SYSTEM

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2013

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

February 10, 2014

Board of Trustees
Town of Longboat Key
501 Bay Isles Road
Longboat Key, FL 34228

Re: Town of Longboat Key
Police Officers' Retirement System

Dear Board:

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

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Town of Longboat Key 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 Town of Longboat Key, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Town of Longboat Key Police Officers' Retirement System. 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:

A handwritten signature in black ink, appearing to read "Douglas H. Lozen", is written over a horizontal line.

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

DHL/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the Town of Longboat Key Police Officers' Retirement System, performed as of October 1, 2013, 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, 2015.

The contribution requirements, compared with those developed in the January 17, 2014, Actuarial Impact Statement (determined as of October 1, 2012), are as follows:

Valuation Date	10/1/12	10/1/13
Applicable Plan/Fiscal Yr. End	<u>9/30/14</u>	<u>9/30/15</u>
Total Required Contribution	\$666,977	\$621,921
Member Contributions (Est.)	33,387	0
State Contribution	77,298	0
Balance from Town	\$556,292	\$621,921

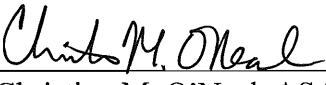
¹ Please note that the Town has access to a prepaid contribution of \$26,619 for the fiscal year ending September 30, 2014. Additionally, the Town is advised to seek a legal opinion regarding the continued use of State Monies for the fiscal year beginning October 1, 2014. For purposes of this Valuation Report, the State Monies are assumed to be \$0 for the fiscal year beginning October 1, 2014.

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

Plan Changes since Prior Valuation

1. Ordinance 2013-17, adopted and effective September 23, 2013, amended the Plan for recent changes made to the Internal Revenue Code. A letter of no actuarial impact was submitted for this Ordinance.
2. Ordinance 2014-03, adopted and effective January 21, 2014, provided for a Plan Freeze as of February 1, 2014. An Actuarial Impact Statement was submitted for this amendment.

Actuarial Assumption/Method Changes since Prior Valuation

There have been several changes in methods and assumptions since the prior valuation. Please refer to the January 17, 2014, Actuarial Impact Statement, in addition to the Actuarial Assumptions and Methods Section of this report for full details.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2013</u>	<u>10/1/2012</u>
A. Participant Data		
Number Included		
Actives	16	16
Service Retirees	15	15
Beneficiaries	3	3
Terminated Vested	2	0
Disability Retirees	1	1
DROP Plan Members	1	1
Total	<u>38</u>	<u>36</u>
Total Annualized Non-DROP Payroll	N/A	1,001,603
Payroll Under Assumed Ret. Age	N/A	1,001,603
Annual Rate of Payments to:		
Service Retirees	578,799	575,999
Beneficiaries	85,595	85,595
Terminated Vested	20,195	0
Disability Retirees	19,609	19,609
DROP Plan Members	71,788	68,782
B. Assets		
Actuarial Value ¹	6,446,047	5,677,007
Market Value ¹	6,832,349	5,817,427
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	1,578,463	1,675,348
Disability Benefits	51,234	75,568
Death Benefits	7,489	10,500
Vested Benefits	26,288	34,790
Refund of Contributions ²	528,144	557,016
Service Retirees	6,918,514	6,905,773
Beneficiaries	774,469	788,352
Terminated Vested	224,221	-
Disability Retirees	133,544	138,714
DROP Plan Members ¹	1,386,109	1,293,050
Excess State Monies Reserve	3,601	3,601
Total	<u>11,632,076</u>	<u>11,482,712</u>

	<u>10/1/2013</u>	<u>10/1/2012</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	N/A	1,336,427
Present Value of Future Member Cont.	N/A	133,643
Normal Cost (Entry Age Normal)		
Retirement Benefits	0	0
Disability Benefits	5,545	7,309
Death Benefits	548	719
Vested Benefits	0	0
Refund of Contributions	0	0
Total Normal Cost	<u>6,093</u>	<u>8,028</u>
Present Value of Future Normal Costs	25,163	41,771
Actuarial Accrued Liability		
Retirement Benefits	1,578,463	1,675,348
Disability Benefits	28,569	37,826
Death Benefits	4,991	6,471
Vested Benefits	26,288	34,790
Refund of Contributions ²	528,144	557,016
Inactives ¹	9,436,857	9,125,889
Excess State Monies Reserve	3,601	3,601
Total Actuarial Accrued Liability	<u>11,606,913</u>	<u>11,440,941</u>
Unfunded Actuarial Accrued Liability	5,160,866	5,763,934
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	9,436,857	9,125,889
Actives	1,003,215	1,161,146
Member Contributions	<u>524,574</u>	<u>558,183</u>
Total	10,964,646	10,845,218
Non-vested Accrued Benefits	<u>657,868</u>	<u>621,982</u>
Total Present Value Accrued Benefits	11,622,514	11,467,200
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	67,972	
Benefits Paid	(744,769)	
Interest	832,111	
Other	<u>0</u>	
Total:	155,314	

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

E. Pension Cost

Normal Cost ³	\$6,778	\$8,931
Administrative Expense ³	32,033	22,163
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 27 years (as of 10/1/13) ³	583,110	635,883
Total Required Contribution	621,921	666,977
Expected Member Contribution	0	33,387
Expected City & State Contribution	\$621,921	\$633,590

F. Past Contributions

Plan Years Ending:	<u>9/30/2013</u>
Total Required Contribution	1,002,754
Town and State Requirement	902,207
Actual Contributions Made:	
Members	100,547
Town	824,909
State	77,298
Total	<u>1,002,754</u>

G. Net Actuarial Gain (Loss) 130,934

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/12 and 9/30/13.

² Includes the greater of the present value of frozen accrued benefit, or Accumulated Contributions for Members with less than 10 years of Credited Service on 2/1/2014.

³ Funding rates include a 1.5 year interest load.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2013	\$5,160,866
2014	4,984,477
2015	4,794,858
2020	3,686,576
2025	2,324,562
2035	7,144
2042	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2013	N/A	N/A
Year Ended	9/30/2012	-2.0%	6.0%
Year Ended	9/30/2011	3.1%	6.0%

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

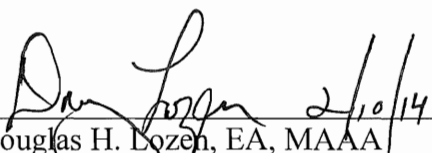
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2013	9.3%	7.5%
Year Ended	9/30/2012	6.3%	7.5%
Year Ended	9/30/2011	-0.6%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2013	N/A
	10/1/2003	888,468
(b) Total Increase		N/A
(c) Number of Years		10.00
(d) Average Annual Rate		N/A

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. Dozen, EA, MAAA
Enrolled Actuary #11-7778

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2012	\$5,763,934
(2)	Sponsor Normal Cost developed as of October 1, 2012 ¹	8,028
(3)	Expected Administrative expenses for the fiscal year ended September 30, 2013	19,922
(4)	Expected Interest on (1), (2) and (3)	433,644
(5)	Sponsor Contributions to the System during the year ending September 30, 2013	902,207
(6)	Expected Interest on (5)	31,521
(7)	Expected Unfunded Actuarial Accrued Liability as of October 1, 2013 [(1)+(2)+(3)+(4)-(5)-(6)]	5,291,800
(8)	Change to UAAL due to (Gain)/Loss	(130,934)
(9)	Unfunded Actuarial Accrued Liability as of October 1, 2013	5,160,866

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2013 Amount</u>	<u>Amortization Amount</u>
	10/1/1985	2	4,295	2,225
	10/1/1991	8	286,163	45,447
	10/1/1996	13	(101,181)	(11,583)
	10/1/1999	16	(176,823)	(17,993)
method change	10/1/2002	19	1,310,705	122,427
prior losses	10/1/2002	15	1,250,346	131,766
actuarial gain	10/1/2003	15	(641,612)	(67,615)
actuarial loss	10/1/2004	15	312,146	32,895
actuarial loss	10/1/2005	15	392,094	41,320
actuarial gain	10/1/2006	15	(24,937)	(2,628)
benefit change	10/1/2006	23	982,380	84,563
actuarial loss	10/1/2007	15	738,681	77,845
assum. change	10/1/2007	24	89,124	7,549
benefit change	10/1/2007	24	446,563	37,823
actuarial gain	10/1/2008	5	(32,864)	(7,556)
method change	10/1/2008	15	243,445	25,655
actuarial loss	10/1/2009	6	369,238	73,176
actuarial gain	10/1/2010	7	(196,234)	(34,464)
actuarial gain	10/1/2011	8	(56,690)	(9,003)
actuarial gain	10/1/2012	9	(77,644)	(11,323)
assum. change	10/1/2012	19	538,843	50,331
benefit change	10/1/2012	29	(364,238)	(28,969)
actuarial gain	10/1/2013	10	(130,934)	(17,744)
			<u>5,160,866</u>	<u>524,144</u>

¹ Sponsor Normal Cost based on Total Normal Cost determined with the January 17, 2014 Actuarial Impact Statement. No offset has been utilized for the Member's portion of the Normal Cost since benefits were frozen for purposes of the Impact Statement.

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	RP-2000 (combined healthy with no projection). Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disabled lives set forward 5 years.
<u>Termination Rates</u>	See Table below (1304A).
<u>Disability Rates</u>	See Table below (1205). 75% of Disability Retirements are assumed to service-related.
<u>Retirement Age</u>	The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
<u>Interest Rate</u>	7.5% per year, compounded annually, net of investment-related expenses.
<u>Salary Increases</u>	None.
<u>Early Retirement</u>	None.
<u>Cost of Living Adjustment</u>	3.0% per year, beginning 5 years after retirement.
<u>Payroll Growth</u>	None.
<u>Administrative Expenses</u>	\$28,794 annually.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.
<u>Asset Valuation Method</u>	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.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	9.2%	0.14%
30	7.3	0.18
40	3.5	0.30
50	0.8	1.00

VALUATION NOTES

Total Annual Payroll – Not applicable.

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 over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Dollar) 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.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1991	21,465.29	_____ %
1992	21,960.95	2.3%
1993	24,878.19	13.3%
1994	25,809.27	3.7%
1995	26,342.47	2.1%
1996	29,967.71	13.8%
1997	31,763.10	6.0%
1998	30,943.80	-2.6%
1999	34,500.65	11.5%
2000	35,338.03	2.4%
2001	38,821.79	9.9%
2002	47,239.79	21.7%
2003	51,163.55	8.3%
2004	55,090.41	7.7%
2005	59,461.95	7.9%
2006	62,317.27	4.8%
2007	71,050.22	14.0%
2008	0.00	-100.0%
2009	137,801.41	N/A
2010	70,446.46	-48.9%
2011	70,893.30	0.6%
2012	77,700.11	9.6%
2013	77,298.10	-0.5%

EXCESS STATE MONIES RESERVE

	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve Contribution</u>
1998	\$30,943.80	\$30,943.80	\$0.00
1999	34,500.65	30,943.80	3,556.85
2000	35,338.03	67,448.80	0.00
2001	38,821.79	67,448.80	0.00
2002	47,239.79	67,448.80	0.00
2003	51,163.55	67,448.80	0.00
2004	55,090.41	67,448.80	0.00
2005	59,461.95	67,448.80	0.00
2006	62,317.27	67,448.80	0.00
2007	71,050.22	67,448.80	3,601.42
2008	0.00	67,448.80	0.00
2009	137,801.41	165,909.80	0.00
2010	70,446.46	165,909.80	0.00
2011	70,893.30	165,909.80	0.00
2012	77,700.11	165,909.80	0.00
2013	77,298.10	165,909.80	0.00
			<u>7,158.27</u>
	Amount utilized for Ord. 2007-31		(3,556.85)
	Total State Monies Reserve		3,601.42

BALANCE SHEET
September 30, 2013

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	452,869.24	452,869.24
Cash	(600.03)	(600.03)
Total Cash and Equivalents	452,269.21	452,269.21
Receivable:		
Accrued Income	17,199.56	17,199.56
Total Receivable	17,199.56	17,199.56
Investments:		
U. S. Bonds and Bills	1,065,343.96	1,063,292.18
Corporate Bonds	739,167.35	724,820.70
Stocks	3,569,193.84	4,601,386.09
Total Investments	5,373,705.15	6,389,498.97
TOTAL ASSETS	5,843,173.92	6,858,967.74
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Prepaid Town Contribution	26,619.18	26,619.18
Total Liabilities	26,619.18	26,619.18
Net Assets, including DROP Account Balances	5,816,554.74	6,832,348.56
TOTAL LIABILITIES AND NET ASSETS	5,843,173.92	6,858,967.74

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

September 30, 2013

Market Value Basis

REVENUES

Contributions:		
Member	100,546.88	
Town	824,909.05	
State	77,298.10	
Total Contributions		1,002,754.03
Earnings from Investments		
Interest & Dividends	151,320.13	
Net Realized Gain (Loss)	240,602.06	
Unrealized Gain (Loss)	448,650.06	
Total Earnings and Investment Gains		840,572.25
EXPENDITURES		
Expenses:		
Investment Related ¹	54,841.43	
Administrative	28,794.49	
Total Expenses		83,635.92
Distributions to Members:		
Benefit Payments	681,203.04	
Lump Sum DROP Balances	0.00	
Termination Payments	63,566.25	
Total Distributions		744,769.29
Change in Net Assets for the Year		1,014,921.07
Net Assets Beginning of the Year		5,817,427.49
Net Assets End of the Year		6,832,348.56

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

ACTUARIAL ASSET VALUATION
September 30, 2013

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

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*	
09/30/2010	6.78%	
09/30/2011	2.39%	
09/30/2012	15.41%	
09/30/2013	13.20%	
Annualized Rate of Return for prior four (4) years:		9.32%
(A) 10/01/2012 Actuarial Assets:		\$5,677,006.53
(I) Net Investment Income:		
1. Interest and Dividends		151,320.13
2. Realized Gains (Losses)		240,602.06
3. Change in Actuarial Value		202,769.14
4. Investment Related Expenses		(54,841.43)
	Total	539,849.90
(B) 10/01/2013 Actuarial Assets:		\$6,446,046.68
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		9.32%
10/01/2013 Limited Actuarial Assets:		\$6,446,046.68

*Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	100,546.88	
Town	824,909.05	
State	77,298.10	
 Total Contributions		 1,002,754.03
 Earnings from Investments		
Interest & Dividends	151,320.13	
Net Realized Gain (Loss)	240,602.06	
Change in Actuarial Value	202,769.14	
 Total Earnings and Investment Gains		 594,691.33
 EXPENDITURES		
Expenses:		
Investment Related ¹	54,841.43	
Administrative	28,794.49	
 Total Expenses		 83,635.92
 Distributions to Members:		
Benefit Payments	681,203.04	
Lump Sum DROP Balances	0.00	
Termination Payments	63,566.25	
 Total Distributions		 744,769.29
 Change in Net Assets for the Year		 769,040.15
 Net Assets Beginning of the Year		 5,677,006.53
 Net Assets End of the Year ²		 6,446,046.68

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

²Net Assets may be limited for actuarial consideration.

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

09/30/2012 Balance	207,060.32
Plus Additions	68,782.32
Investment Return Earned	15,857.35
Less Distributions	0.00
09/30/2013 Balance	291,699.99

RECONCILIATION OF THE TOWN'S PREPAID CONTRIBUTION FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2013

(1) Town and State Required Contribution Rate (from the October 1, 2011 Actuarial Valuation Report)	89.73%
(2) Pensionable Payroll Derived from Member Contributions	\$1,005,468.80
(3) Required Town and State Contribution (Item 1 times Item 2)	902,207.15
(4) Less Allowable State Contribution	<u>(77,298.10)</u>
(5) Equals Required Town Contribution	824,909.05
(6) Less Prepaid Contribution from Fiscal 2012	(12,262.93)
(7) Less Actual Town Contributions	<u>(839,265.30)</u>
(8) Equals Town's Prepaid Contribution as of September 30, 2013	\$26,619.18

STATISTICAL DATA

(Averages are salary weighted)

	<u>10/1/2010</u>	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>
Number	14	16	16	16
Average Current Age	47.2	47.2	47.7	46.9
Average Age at Employment	39.1	41.2	40.8	40.9
Average Past Service	8.0	6.0	6.9	6.0
Average Annual Salary	\$62,265	\$60,456	\$62,600	N/A

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/12	16
b. Terminations	
i. Vested (partial or full) with deferred benefits	2 *
ii. Non-vested or full lump sum distribution received	3
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. Entered DROP	0
g. Continuing participants	11
h. New entrants	5
i. Total active life participants in valuation	16

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>	<u>Vested Deferred</u>	<u>DROP</u>	<u>Total</u>
a. Number prior valuation	15	3	1	0	1	20
b. In	0	0	0	2	0	2
c. Out	0	0	0	0	0	0
d. Number current valuation	15	3	1	2	1	22

* Includes one Non-Vested Member awaiting a refund of Accumulated Member Contributions.

SUMMARY OF PLAN PROVISIONS
(Through Ordinance 2014-03)

The below information is for historical reference only. Benefits are frozen as of February 1, 2014

<u>Eligibility</u>	Full-time Police Officers participate as a condition of employment. Members hired after January 31, 2014 do not participate in this System.
<u>Credited Service</u>	Total years and fractional parts of years of service as a Police Officer with the Town. Credited Service is frozen as of January 31, 2014.
<u>Salary</u>	Total W-2 compensation, plus tax deferred, tax-sheltered, and tax-exempt income. Salary earned after January 31, 2014 is not counted for determination of the accrued benefit.
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination. Average Final Compensation is not applicable for the determination of the accrued benefit after January 31, 2014.
<u>Member Contributions</u>	None (previously 10%).
<u>Town Contributions</u>	Amount necessary to maintain actuarial soundness and meet State requirements.
<u>Normal Retirement</u>	
Eligibility	Attainment of 1) age 60, 2) age 55 and the completion of 10 years of Credited Service or 3) the completion of 25 years of Credited Service, regardless of age.
Benefit	3.5% of Average Final Compensation times Years of Credited Service. The accrued benefit is frozen as of January 31, 2014.
Form of Benefit	10 Year Certain and Life Annuity (options are available).

Early Retirement (removed with Ordinance 2013-13)

Eligibility Age 45 and the completion of 15 years of Credited Service or Age 50 and the completion of 10 years of Credited Service.

Benefit Accrued benefit, reduced 3% per year.

Supplemental Benefit \$10.00 per month for each year of Credited Service, payable to age 65. Credited Service is frozen as of January 31, 2014 for determination of the Supplemental Benefit.

Cost of Living Adjustment Service Retirees receive a 3% annual increase in benefits commencing on the October 1 following the receipt of 5 years of benefit payments.

Vesting (Termination) Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) or Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

<u>Years of Service</u>	<u>Percentage</u> ¹
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

¹ Members are 100% vested in their frozen accrued benefit as of January 31, 2014.

Death Benefit

Vested or Eligible for Retirement Monthly accrued benefit payable to designated beneficiary. The accrued benefit is frozen as of January 31, 2014.

Non-Vested Refund of Member Contributions.

Disability

Eligibility

Service Incurred Covered from Date of Employment.

Non-Service Incurred 10 years of Credited Service.

Benefit

3.5% of Average Final Compensation times Credited Service (but not less than 42% of Average Final Compensation for Service Incurred). Average Final Compensation and Credited Service for purposes of determining the applicable minimum Disability Benefit are frozen as of January 31, 2014.

Form of Benefit

Ten year Certain and Life Annuity (options are available).

Board of Trustees

a. Five Commission appointees, and

b. Two Town Manager appointees

Deferred Retirement Option Plan (DROP)

Eligibility

Satisfaction of Normal Retirement requirements.

Participation

Not to exceed 36 months.

Rate of Return

At the Member's election:

a. Actual net rate of investment return credited each fiscal quarter, or

b. A fixed rate money market account.

Form of Distribution

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

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

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/01/13	6,446,047	11,606,913	5,160,866	55.54%	N/A	N/A
10/01/12	5,677,007	11,828,890	6,151,883	47.99%	1,001,603	614.20%
10/01/11	4,902,682	10,784,254	5,881,572	45.46%	967,293	608.04%
10/01/10	4,837,127	10,840,105	6,002,978	44.62%	871,703	688.65%
10/01/09	4,941,954	10,975,790	6,033,836	45.03%	1,043,912	578.00%
10/01/08	4,835,067	10,171,054	5,335,987	47.54%	1,189,694	448.52%

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

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	Town Contribution	State Contribution	Percentage Contributed
2013	902,207	824,909	77,298	100.00%
2012	925,246	847,546	77,700	100.00%
2011	722,020	651,125	70,893	100.00%
2010	473,165	402,718	70,446	100.00%
2009	488,225	350,424	137,801 **	100.00%
2008	353,986	353,986	0 **	100.00%

** Chapter 185 revenue withheld for the fiscal year ending September 30, 2008, released in 2009.

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/2013	
Town & State	89.73%
Plan Members	10.00%
Actuarially Determined Contribution (Town & State)	902,207
Contributions made	902,207
Actuarial valuation date	10/1/2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	26 Years as of 10/1/2011
Asset valuation method	4 Year Smooth
Actuarial assumptions:	
Investment rate of return	8.0% (as of 10/1/2011)
Projected salary increase*	6.0% (as of 10/1/2011)
* Includes inflation at	3.0%
Post Retirement COLA (beginning 5 years after retirement)	3.0%

THREE YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of (APC) Contributed	Net Pension Obligation
9/30/2013	902,324	99.99%	(1,889)
9/30/2012	925,370	99.99%	(2,006)
9/30/2011	722,207	99.97%	(2,130)

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

DEVELOPMENT OF NET PENSION OBLIGATION (NPO)

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

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

	<u>9/30/11</u>	<u>9/30/12</u>	<u>9/30/13</u>
Actuarially Determined			
Contribution (A)	722,020	925,246	902,207
Interest on NPO	(186)	(170)	(160)
Adjustment to (A)	373	294	277
	-----	-----	-----
Annual Pension Cost	722,207	925,370	902,324
Contributions Made	722,018	925,246	902,207
	-----	-----	-----
Increase in NPO	189	124	117
NPO Beginning of Year	(2,319)	(2,130)	(2,006)
	-----	-----	-----
NPO End of Year	(2,319)	(2,130)	(1,889)