

CITY OF PALATKA
GENERAL EMPLOYEES'
RETIREMENT PLAN

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2014

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

February 25, 2015

Ms. Ruby Williams, Administrator
City of Palatka General
Employees' Retirement Plan
201 North 2nd Street
Palatka, FL 32177

Re: General Employees' Retirement Plan

Dear Ruby:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Palatka General Employees' Retirement 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 Board of Trustees, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

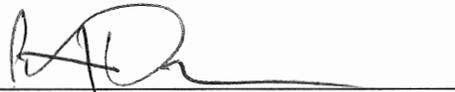
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Palatka, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the General Employees' Retirement 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: 
Patrick T. Donlan, ASA, MAAA
Enrolled Actuary #14-6595

PTD/lke

Enclosures

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SUMMARY OF REPORT

The annual actuarial valuation of the City of Palatka General Employees' Retirement Plan, performed as of October 1, 2014, has been completed, and the results are presented in this Report. The contribution amounts developed in this valuation are applicable to the plan/fiscal year ended September 30, 2016.

The contribution requirements, compared with amounts set forth in the October 1, 2013 actuarial valuation report (as revised June 10, 2014), are as follows:

Valuation Date	10/1/2013	10/1/2014
Applicable Plan/Fiscal Year End	<u>9/30/2015</u>	<u>9/30/2016</u>
Total Required Contribution % of Total Annual Payroll	30.3%	29.2%
Member Contributions (Est.) % of Total Annual Payroll	6.0%	6.0%
Balance from City % of Total Annual Payroll	24.3%	23.2%

Please note the City has a prepaid contribution of \$4,471.16 that is available to help offset the above stated requirements for fiscal 2015.

The Total Required Contribution has decreased when expressed as a percentage of Total Annual Payroll. This decrease is the result of net favorable experience during the past year, on the basis of the actuarial assumptions. The primary sources of gain included a 9.7% investment return (Actuarial Asset Basis) that exceeded the 8.0% assumption and greater than expected retiree mortality. These gains were partially offset by the effect of lower than expected employee turnover and unfavorable retirement experience.

For informational purposes, the City's funding requirement, when expressed as a percentage of payroll, including an estimate of the annual pay for DROP participants, is approximately 20% for the Fiscal Year ending September 30, 2016. It is important to note that this funding rate is for illustration purposes only. The City should budget based on the percentages shown above.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

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

By: 
Drew D. Ballard, EA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in plan benefits since the prior valuation.

Actuarial Assumption/Method Changes

Mortality rates are based on the RP 2000 Combined Healthy Table, projected to 2014 using Schedule AA. The prior valuation projected mortality improvements to 2013 using Schedule AA.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data		
Number Included		
Actives	83	88
Service Retirees	73	70
Beneficiaries	17	17
Terminated Vested	13	10
Disability Retirees	0	0
DROP Plan Members	14	10
	<hr/>	<hr/>
Total	200	195
Total Annual Payroll	2,979,382	2,958,785
Payroll Under Assumed Ret. Age	2,966,693	2,947,074
Annual Rate of Payments to:		
Service Retirees	1,179,223	1,176,282
Beneficiaries	217,925	208,008
Terminated Vested	39,812	36,134
Disability Retirees	0	0
DROP Plan Members	180,764	127,896
B. Assets		
Actuarial Value ¹	17,442,764	16,500,747
Market Value ¹	18,151,027	17,170,641
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	6,110,250	6,226,432
Disability Benefits	730,291	730,977
Death Benefits	214,322	214,843
Vested Benefits	805,830	787,093
Refund of Contributions	85,222	83,539
Service Retirees	11,567,823	11,678,649
Beneficiaries	1,613,585	1,566,766
Terminated Vested	406,168	349,032
Disability Retirees	0	0
DROP Plan Members ¹	<u>2,573,217</u>	<u>1,951,485</u>
	<hr/>	<hr/>
Total	24,106,708	23,588,816

C. Liabilities - (Continued)	<u>10/1/2014</u>	<u>10/1/2013</u>
Present Value of Future Salaries	20,914,277	20,609,107
Present Value of Future Member Contributions	1,254,857	1,236,546
EAN Normal Cost (Retirement)	222,374	228,302
EAN Normal Cost (Disability)	31,850	31,669
EAN Normal Cost (Death)	9,500	9,895
EAN Normal Cost (Vesting)	26,817	28,233
EAN Normal Cost (Refunds)	19,947	20,554
Total Normal Cost	<u>310,488</u>	<u>318,653</u>
 Present Value of Future Normal Costs (Entry Age Normal)	 2,066,167	 2,046,313
Accrued Liability (Retirement)	4,538,903	4,664,461
Accrued Liability (Disability)	513,725	521,635
Accrued Liability (Death)	150,008	150,502
Accrued Liability (Vesting)	648,592	632,521
Accrued Liability (Refunds)	28,520	27,452
Accrued Liability (Inactives) ¹	16,160,793	15,545,932
Total Actuarial Accrued Liability	<u>22,040,541</u>	<u>21,542,503</u>
 Unfunded Actuarial Accrued Liability (UAAL)	 4,597,777	 5,041,756
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	16,160,793	15,545,932
Actives	2,006,247	2,183,538
Member Contributions	1,253,335	1,274,595
	<u>19,420,375</u>	<u>19,004,065</u>
 Total	 19,420,375	 19,004,065
Non-vested Accrued Benefits	<u>218,487</u>	<u>214,110</u>
Total Present Value Accrued Benefits	19,638,862	19,218,175
 Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	484,646	
Benefits Paid	(1,539,820)	
Interest	1,475,861	
Other	0	
	<u>420,687</u>	
 Total:	 420,687	

Valuation Date Applicable to Fiscal Year Ending	10/1/2014 <u>9/30/2016</u>	10/1/2013 <u>9/30/2015</u>
E. Pension Cost		
Normal Cost (with interest) % of Total Annual Payroll ²	10.9	11.2
Administrative Expense (with interest) % of Total Annual Payroll ²	1.1	0.8
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 28 years as of 10/1/2014 (with interest) % of Total Annual Payroll ²	17.2	18.3
Total Required Contribution % of Total Annual Payroll ²	29.2	30.3
Expected Member Contributions % of Total Annual Payroll ²	6.0	6.0
Expected City Contrib. % of Total Annual Payroll ²	23.2	24.3

F. Past Contributions

Plan Year Ending:	<u>9/30/2014</u>
Total Required Contribution	950,299
City Requirement	777,517
Actual Contributions Made:	
Members	172,782
City	777,517
Total	<u>950,299</u>

G. Net Actuarial Gain (Loss) 215,398

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 09/30/2013 and 09/30/2014.

² Contributions developed as of 10/1/2014 are expressed as a percentage of payroll under assumed retirement age at 10/1/2014 of \$2,966,693

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	4,597,777
2015	4,437,214
2016	4,263,805
2021	3,165,113
2026	1,550,769
2036	(167,779)
2042	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	6.2%	5.5%
Year Ended	9/30/2013	3.3%	5.5%
Year Ended	9/30/2012	1.6%	5.5%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	9.7%	8.0%
Year Ended	9/30/2013	9.6%	8.0%
Year Ended	9/30/2012	7.4%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2014	\$2,979,382
	10/1/2004	3,115,517
(b) Total Increase		-4.4%
(c) Number of Years		10.00
(d) Average Annual Rate		-0.4%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.


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

Please let us know when the report is approved by the Board and unless otherwise directed we will provide 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

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2013	\$5,041,756
(2)	Sponsor Normal Cost developed as of October 1, 2013	141,829
(3)	Expected administrative expenses for the fiscal year ended September 30, 2014	21,905
(4)	Expected Interest on (1), (2) and (3)	416,439
(5)	Sponsor contributions to the System during the year ending September 30, 2014	777,517
(6)	Expected Interest on (5)	31,237
(7)	Expected UAAL as of October 1, 2014 (1) + (2) + (3) + (4) - (5) - (6)	4,813,175
(8)	Increase in UAAL due to (Gain)/Loss	(215,398)
(9)	Actual UAAL as of October 1, 2014	4,597,777

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2014 Amount</u>	<u>Amortization Amount</u>
"A"	10/1/2003	19	591,778	57,056
DROP Floor	10/1/2007	23	46,772	4,176
Method Change	10/1/2008	14	(148,139)	(16,638)
Method Change	10/1/2009	15	2,377,908	257,231
Actuarial Loss	10/1/2010	16	1,012,739	105,941
Actuarial Loss	10/1/2011	17	1,224,754	124,323
Assum Change	10/1/2011	17	(132,702)	(13,470)
Actuarial Loss	10/1/2012	18	208,338	20,583
Assum Change	10/1/2012	18	282,451	27,906
Benefit Changes	10/1/2012	28	(410,978)	(34,434)
Actuarial Gain	10/1/2013	19	(239,746)	(23,115)
Actuarial Gain	10/1/2014	20	(215,398)	(20,314)
			<u>4,597,777</u>	<u>489,245</u>

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2013	5,041,756
(2)	Expected UAAL as of October 1, 2014	4,813,175
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(266,370)
	Salary Increases	(72,741)
	Active Decrements	296,939
	Inactive Mortality	(176,989)
	Other	<u>3,763</u>
	Increase in UAAL due to (Gain)/Loss	(215,398)
(4)	Actual UAAL as of October 1, 2014	4,597,777

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disabled lives set forward 5 years.
<u>Interest Rate</u>	8.0% per year compounded annually, net of investment related expenses.
<u>Retirement Age</u>	See rates on page 16.
<u>Disability Rate</u>	See table below (1207). It is assumed that 25% of disablements and active Member deaths are service related.
<u>Termination Rate</u>	See table below (200% of 1305).
<u>Salary Increases</u>	5.5% per year until the assumed retirement age; see table below.
<u>Payroll Growth</u>	None, for purpose of amortizing the Unfunded Actuarial Accrued Liability.
<u>Marital Status</u>	80% of active Members are assumed to be married at the time of retirement. Females are assumed to be 3 years younger than males.
<u>Administrative Expenses</u>	\$30,698 annually.
<u>Funding Method</u>	Entry Age Normal Method
<u>Actuarial Asset Method</u>	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as a % of Salary at Age 50</u>
20	0.07%	34.4%	17.4%
30	0.11%	30.0%	31.2%
40	0.19%	16.4%	55.8%
50	0.51%	3.4%	100.0%

Rates of Retirement

The following table indicates the probability of retirement of members eligible for retirement during each future year:

<u>Member Age</u>	<u>Percent of Eligible Members Retiring</u>
50	5%
51	5
52	5
53	5
54	5
55	5
56	5
57	5
58	5
59	5
60	10
61	10
62	30
63	20
64	20
65	70
66	30
67	40
68	50
69	90
70	100

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the year beginning on the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

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

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

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	0.28%	
09/30/2012	18.67%	
09/30/2013	10.92%	
09/30/2014	9.51%	
Annualized Rate of Return for prior four (4) years:		9.65%
(A) 10/01/2013 Actuarial Assets:		\$16,500,747.17
(I) Net Investment Income:		
1. Interest and Dividends		733,110.34
2. Realized Gains (Losses)		426,343.24
3. Change in Actuarial Value		452,596.90
4. Investment Related Expenses		(49,813.79)
	Total	1,562,236.69
(B) 10/01/2014 Actuarial Assets:		\$17,442,763.78
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		9.65%
10/01/2014 Limited Actuarial Assets:		\$17,442,763.78

*Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	172,781.56	
City	777,517.02	
Total Contributions		950,298.58
Earnings from Investments:		
Interest & Dividends	733,110.34	
Net Realized Gain (Loss)	426,343.24	
Change in Actuarial Value	452,596.90	
Total Earnings and Investment Gains		1,612,050.48

EXPENDITURES

Distributions to Members:		
Benefit Payments	1,387,211.40	
Lump Sum DROP Distributions	146,779.50	
Refunds of Member Contributions	5,829.48	
Total Distributions		1,539,820.38
Expenses:		
Investment Related ¹	49,813.79	
Administrative	30,698.28	
Total Expenses		80,512.07
Change in Net Assets for the Year		942,016.61
Net Assets Beginning of the Year		16,500,747.17
Net Assets End of the Year²		17,442,763.78

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, 2013 to September 30, 2014

09/30/2013 Balance	439,741.76
Plus Additions	183,644.73
Investment Return Earned	24,682.60
Less Distributions	(146,779.50)
09/30/2014 Balance	501,289.59

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

(1) City Required Contribution Rate (from the June 10, 2014 Actuarial Impact Statement)	27.0%
(2) Pensionable Payroll Derived from Member Contributions	\$2,879,692.67
(3) Required City Contribution (1) x (2)	777,517.02
(4) Less City's Prepaid Contribution on September 30, 2013	(3,406.29)
(5) Less Actual City Contributions	<u>(778,581.89)</u>
(6) Equals City's Prepaid Contribution as of September 30, 2014	\$4,471.16

STATISTICAL DATA *

	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>
Number	91	91	88	83
Average Current Age	47.6	48.0	47.8	46.4
Average Age at Employment	38.1	38.0	39.8	38.6
Average Past Service	9.5	10.0	8.0	7.8
Average Annual Salary	\$31,332	\$31,017	\$33,623	\$35,896

* Prior to October 1, 2013, averages were salary weighted.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	1	0	0	0	0	0	0	0	0	0	1
20 - 24	3	0	0	0	0	0	0	0	0	0	0	3
25 - 29	0	3	0	1	0	1	0	0	0	0	0	5
30 - 34	1	0	1	0	1	4	1	0	0	0	0	8
35 - 39	1	0	2	0	0	1	1	0	0	0	0	5
40 - 44	0	3	1	1	1	0	2	3	0	0	0	11
45 - 49	1	0	1	0	1	3	3	3	1	0	0	13
50 - 54	1	1	1	1	1	3	2	0	0	1	0	11
55 - 59	1	2	0	2	0	5	4	2	2	0	1	19
60 - 64	0	0	0	1	0	2	1	0	0	0	0	4
65+	0	0	0	0	0	2	1	0	0	0	0	3
Total	8	10	6	6	4	21	15	8	3	1	1	83

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2013	88
b. Terminations	
i. Vested (partial or full) with deferred benefits	3
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	3
f. Entered DROP	5
g. Continuing participants	74
h. New entrants	9
i. Total active life participants in valuation	83

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	70	17	0	10	10	107
b. In	5	1	0	3	5	14
c. Out	2	1	0	0	1	4
d. Number current valuation	73	17	0	13	14	117

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 13-42)

CREDITED SERVICE	Years and nearest month of service with the City as a General Employee.
COMPENSATION	Salary or wages paid for services rendered to the City as a General Employee, including salary and wages, longevity pay, overtime pay, shift differentials, pay for absence from work for vacation, holiday, and sickness, and deferred compensation pay. Compensation does not include allowances for clothing, equipment, cleaning, meals and travel, reimbursement for expenses, bonuses, termination pay, severance pay, unused sick and vacation pay and the value of any fringe benefits.
FINAL AVERAGE COMPENSATION	Average Compensation paid during the three (3) highest consecutive years of the last five (5).
NORMAL RETIREMENT	
Eligibility	Earlier of: 1) age 55 and 7 years of Credited Service, or 2) 30 years of Credited Service, regardless of age. Members who will attain age 50 on or before September 30, 2014 shall be allowed to retire at age 50 with 7 years of service.
Benefit Amount	2.50% of Final Average Compensation times Credited Service.
Form of Benefit	Life annuity; provided, however, the surviving spouse receives 75% of the retiree's benefit for life if the Member was eligible for Normal Retirement on October 10, 2013.
DISABILITY	
Eligibility	a) 10 years of contributing service for non-service related; coverage from date of hire for service-incurred. b) Total and permanent disability prior to Normal Retirement Date.
Benefit Amount	Accrued benefit, but not less than 45% of Final Average Compensation (service incurred).
DEATH	
Pre-Retirement	Covered for service incurred from date of hire, after 7 years for non-service incurred (as determined by the Board). Benefit amount is equal to 75% of accrued benefit paid to spouse at the Member's Normal Retirement Date (minimum benefit for service incurred death is 35% of Final Average Compensation).
Post-Retirement	According to benefit election made at time of retirement.

VESTING (TERMINATION)

Less Than 7 Years	Refund of Member Contributions.
7 or More Years	Accrued benefit payable at age 55.

CONTRIBUTIONS

Employee	6.0% of Compensation (effective 10/1/2001).
City	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years.

BOARD OF TRUSTEES

City Manager, two City Commission appointees, one Member of the Plan elected by a majority of the other covered General Employees, and, One citizen having financial experience appointed by the City Commission.

DEFERRED RETIREMENT OPTION PLAN

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 5 years
Rate of Return	Choice of actual net rate of investment return as reported by the Fund's monitor each September 30 or fixed 6.5% per annum compounded monthly. Effective 10/1/07 through 9/30/08 the rate of return was limited to 0% for members in the DROP.
Form of Distribution	Cash lump sum (options available) at termination of employment.

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/2014

City	27.0%
Plan Members	6.0%
Annual Pension Cost	778,233
Contributions made	777,517
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 (Market)
Actuarial assumptions (as of October 1, 2012):	
Investment rate of return	8.0%
Projected salary increase*	5.5%
* Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC ** Contributed</u>	<u>Net Pension Obligation</u>
9/30/2014	778,233	100%	(49,333)
9/30/2013	789,508	100%	(50,049)
9/30/2012	630,970	100%	(50,776)

** Annual Pension Cost from City sources.

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

DEVELOPMENT OF NET PENSION OBLIGATION (NPO)

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

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

	<u>9/30/2011</u>	<u>9/30/2012</u>	<u>9/30/2013</u>	<u>9/30/2014</u>
Actuarially Determined				
Contribution (A)	409,832	630,233	788,781	777,517
Interest on NPO	(4,584)	(4,121)	(4,062)	(4,004)
Adjustment to (A)	10,374	4,858	4,789	4,720
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Annual Pension Cost	415,622	630,970	789,508	778,233
Contributions Made	409,832	630,233	788,781	777,517
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Increase in NPO	5,790	737	727	716
NPO Beginning of Year	(57,303)	(51,513)	(50,776)	(50,049)
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NPO End of Year	(51,513)	(50,776)	(50,049)	(49,333)