

**CITY OF LARGO MUNICIPAL POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN  
ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2014**

**ANNUAL EMPLOYER CONTRIBUTION FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016**





January 12, 2015

Board of Trustees  
City of Largo Police Officers' and  
Firefighters' Retirement Plan  
Largo, Florida

Dear Board Members:

The results of the October 1, 2014 Annual Actuarial Valuation of the City of Largo Municipal Police Officers' and Firefighters' Retirement Plan are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board.

The purpose of the valuation is to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2016, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 27. This report also includes GASB Statement No. 67 information for the fiscal year ending September 30, 2014.

This report should not be relied on for any purpose other than the purpose described above.

The findings in this report are based on data or other information through September 30, 2014. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

The valuation was based upon information furnished by the Plan Administrator and City concerning Retirement Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator and City.

This report was prepared using certain assumptions prescribed by the Board as described in Section B.

The undersigned actuaries are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

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. In my opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. 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.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By Melissa R. Algayer  
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## **SECTION A**



## **DISCUSSION OF VALUATION RESULTS**

## DISCUSSION OF VALUATION RESULTS

### COMPARISON OF REQUIRED EMPLOYER CONTRIBUTIONS

A comparison of the required employer contribution developed in this year's actuarial valuation and the previous valuation is as follows:

	<b>For FYE 9/30/2016 Based on 10/1/2014 Valuation</b>	<b>For FYE 9/30/2015 Based on 10/1/2013 Valuation</b>	<b>Increase (Decrease)</b>
Required Employer/State Contribution	\$ 4,647,952	\$ 4,908,435	\$ (260,483)
As % of Covered Payroll	35.44 %	37.75 %	(2.31) %
Estimated State Contribution*	1,170,897	1,170,897	0
As % of Covered Payroll	8.93	9.01	(0.08)
Required Employer Contribution Before Reflecting Prepaid City Contribution	3,477,055	3,737,538	(260,483)
As % of Covered Payroll	26.51	28.74	(2.23)
Prepaid City Contribution	N/A	520,523	(520,523)
As % of Covered Payroll	N/A	4.00	(4.00)
Required Employer Contribution After Reflecting Prepaid City Contribution	3,477,055	3,217,015	260,040
As % of Covered Payroll	26.51	24.74	1.77

\* Based on amount received in fiscal year ending 2014 of \$635,551 for firefighters and \$535,346 for police officers. If the actual State revenue received falls below these amounts, or if a portion of the State revenue is used to fund the Share Plan, the difference may need to be made up by the City.

The required employer contribution has been adjusted for interest on the basis that contributions are made in equal payments biweekly.

The contribution has also been computed under the assumption that the amount to be received from the State on behalf of police officers and firefighters in 2015 and 2016 will be \$1,170,897 (\$635,551 for firefighters and \$535,346 for police officers). The City may take credit for the full State revenue in fiscal years ending September 30, 2015 and 2016 (assuming the funded ratio as of October 1, 2015 is under 80%). If the actual State revenue received falls below these amounts, the difference may need to be made up by the City.

The actual employer and State contributions for the fiscal year ending September 30, 2014 were \$3,816,408 and \$1,170,897, respectively, for a total of \$4,987,305 or 40.04% of payroll based on a payroll amount of \$12,455,806. The required contribution was 40.04% of payroll.

Additional contributions totaling \$520,523 were paid by the employer in the fiscal years ending September 30, 2013 and September 30, 2014. This amount will be used to offset the employer's future contribution requirements.

#### **REVISIONS IN BENEFITS**

There have been no revisions in benefits since the previous valuation.

#### **REVISIONS IN ACTUARIAL ASSUMPTIONS OR METHODS**

There have been no revisions in actuarial assumptions or methods since the previous valuation.

#### **ACTUARIAL EXPERIENCE**

There was a net actuarial gain of \$2,592,536 since the last valuation which means that actual experience was more favorable than expected. The gain is primarily due to recognized investment return above the assumed rate of 7.50%. The investment return was 9.6% based on market value of assets. The gain was also due to lower than expected salary increases. The net gain caused the required employer contribution to decrease by 1.52% of covered payroll.

#### **ANALYSIS OF CHANGE IN EMPLOYER CONTRIBUTION**

The components of change in the actuarially required employer contribution are as follows:

Contribution Rate Last Year	28.74 %
Assumption Changes	0.00
Experience (Gains) or Losses	(1.52)
Change in Employer Normal Cost Rate	(1.13) *
Amortization of UAAL	0.34 **
State Contribution	0.08
Contribution Rate This Year	26.51 %

\* Includes impact of increasing the member contribution rate to 8% of pay for the fiscal year ending September 30, 2016.

\*\* The payroll growth assumption was lowered to 0.89% from 1.12% for purposes of amortizing the UAAL due to the 10-year payroll growth cap required by the Florida Statute.



**FUNDED RATIO**

This year's funded ratio is 77.5% compared to 74.4% last year. The ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.

**VARIABILITY OF FUTURE CONTRIBUTION RATES**

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected to return to the current level, but this does not always happen.

Another potential area of variability has to do with the annual payment on the unfunded accrued liability (UAL). This payment is computed as a level percent of covered payroll under the assumption that covered payroll will rise by 3% per year. According to Chapter 112, Florida Statutes, this payroll growth assumption may not exceed the average growth over the last ten years which was 0.89%. If the ten-year average falls below this rate next year, the amortization payments will increase. If the payroll growth assumption is lowered to 0%, the UAL payment will increase from \$2,647,281 next year to \$2,831,935.

**CONCLUSION**

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

### STATE CONTRIBUTION RESERVE

Increments in Chapter revenue over that received in 1998 must first be used to fund the cost of compliance with minimum benefits. As of the valuation date, there were no cost-related changes needed to be made to comply with minimum benefits.

<b>Actuarial Confirmation of the Use of State Chapter Money</b>			
	<b>Police</b>	<b>Fire</b>	<b>Total</b>
1. Base Amount Previous Plan Year	\$ 527,757	\$ 626,982	\$ 1,154,739
2. Amount Received for Previous Plan Year	535,346	635,551	1,170,897
3. Benefit Improvements Made in Previous Plan Year	0	0	0
4. Excess Funds for Previous Plan Year*	0	0	0
5. Accumulated Excess at Beginning of Previous Year	0	0	0
6. Prior Excess Used in Previous Plan Year	0	0	0
7. Accumulated Excess as of Valuation Date (Available for Benefit Improvements): (5) - (6)	0	0	0
8. Base Amount This Plan Year*	535,346	635,551	1,170,897

\* Pursuant to Collective Bargaining and the proposed ordinance, the employer may use all Chapter revenue to fund the contribution requirements for fiscal year ending September 30, 2014.

The Accumulated Excess shown in line 7 (if any) is being held in reserve and is subtracted from Plan assets (see Section C of this Report). The Base Amount in line 8 is the amount the employer may take as a credit against its required contribution. Refer to Section F (Summary of Plan Provisions) for details on the amount of State revenue that may be used as a credit against the required contribution.

## **SECTION B**



## **VALUATION RESULTS**

<b>PARTICIPANT DATA</b>		
	October 1, 2014	October 1, 2013
<b>ACTIVE MEMBERS</b>		
Number	217	219
Covered Annual Payroll	\$ 12,732,998	\$ 12,623,764
Average Annual Payroll	\$ 58,677	\$ 57,643
Average Age	39.0	39.3
Average Past Service	10.3	10.5
Average Age at Hire	28.7	28.8
<b>RETIREES, BENEFICIARIES &amp; DROP</b>		
Number	193	186
Annual Benefits	\$ 7,530,357	\$ 7,105,840
Average Annual Benefit	\$ 39,017	\$ 38,203
Average Age	60.5	60.3
<b>DISABILITY RETIREES</b>		
Number	21	20
Annual Benefits	\$ 462,754	\$ 418,288
Average Annual Benefit	\$ 22,036	\$ 20,914
Average Age	59.2	58.7
<b>TERMINATED VESTED MEMBERS</b>		
Number	13	12
Annual Benefits	\$ 272,574	\$ 284,516
Average Annual Benefit	\$ 20,967	\$ 23,710
Average Age	43.5	44.7

<b>ANNUAL REQUIRED CONTRIBUTION (ARC)</b>		
A. Valuation Date	October 1, 2014	October 1, 2013
B. ARC to Be Paid During Fiscal Year Ending	9/30/2016	9/30/2015
C. Assumed Dates of Employer Contributions	Biweekly	Biweekly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 2,647,281	\$ 2,768,882
E. Employer Normal Cost	1,702,326	1,824,775
F. ARC if Paid on the Valuation Date: D+E	4,349,607	4,593,657
G. ARC Adjusted for Frequency of Payments	4,512,717	4,765,919
H. ARC as % of Covered Payroll	35.44 %	37.75 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	3.00 %	3.00 %
J. Covered Payroll as of Contribution Date	13,114,988	13,002,477
K. ARC for Contribution Year: H x J	4,647,952	4,908,435
L. Estimate of State Revenue in Contribution Year*	1,170,897	1,170,897
M. Required Employer Contribution (REC) in Contribution Year	3,477,055	3,737,538
N. REC as % of Covered Payroll in Contribution Year: M ÷ J	26.51 %	28.74 %

\*Based on amount received in fiscal year ending 2014 of \$635,551 for firefighters and \$535,346 for police officers. If the actual State revenue received falls below these amounts, or if a portion of the State revenue is used to fund the Share Plan, the difference may need to be made up by the City.

<b>ACTUARIAL VALUE OF BENEFITS AND ASSETS</b>		
A. Valuation Date	October 1, 2014	October 1, 2013
<b>B. Actuarial Present Value of All Projected Benefits for</b>		
1. Active Members		
a. Service Retirement Benefits	\$ 60,983,661	\$ 61,409,575
b. Vesting Benefits	3,630,545	3,645,148
c. Disability Benefits	3,449,720	3,396,383
d. Preretirement Death Benefits	710,285	711,285
e. Return of Member Contributions	<u>316,005</u>	<u>290,947</u>
f. Total	69,090,216	69,453,338
2. Inactive Members		
a. Service Retirees & Beneficiaries	85,849,003	80,733,444
b. Disability Retirees	4,614,430	4,173,932
c. Terminated Vested Members	<u>2,265,545</u>	<u>2,456,941</u>
d. Total	92,728,978	87,364,317
3. Total for All Members	161,819,194	156,817,655
<b>C. Actuarial Accrued (Past Service) Liability per Entry Age Normal Method</b>	141,548,021	136,634,937
<b>D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35</b>	127,642,309	123,554,735
<b>E. Plan Assets</b>		
1. Market Value	109,704,649	101,647,204
2. Actuarial Value	109,704,649	101,647,204
<b>F. Unfunded Actuarial Accrued Liability (EAN Method): C - E2</b>	31,843,372	34,987,733
<b>G. Funded Ratio: E2 / C</b>	77.5%	74.4%
<b>H. Actuarial Present Value of Projected Covered Payroll</b>	100,710,337	99,225,954
<b>I. Actuarial Present Value of Projected Member Contributions</b>	7,936,897	7,510,353
<b>J. Accumulated Contributions of Active Members</b>	6,099,870	6,130,053

<b>CALCULATION OF EMPLOYER NORMAL COST</b>		
A. Valuation Date	October 1, 2014	October 1, 2013
B. Normal Cost for		
1. Service Retirement Benefits	\$ 1,970,271	\$ 1,974,113
2. Vesting Benefits	203,963	207,368
3. Disability Benefits	256,071	254,608
4. Preretirement Death Benefits	49,653	49,699
5. Return of Member Contributions	92,325	89,176
6. Total for Future Benefits	<u>2,572,283</u>	<u>2,574,964</u>
7. Assumed Amount for Administrative Expenses	148,683	133,474
8. Total Normal Cost	<u>2,720,966</u>	<u>2,708,438</u>
C. Expected Member Contribution	1,018,640	883,663
D. Employer Normal Cost: B8-C	1,702,326	1,824,775
E. Employer Normal Cost as a % of Covered Payroll	13.37%	14.46%

**LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY**

<b>A. Derivation of the Current UAAL</b>	
1. Last Year's UAAL	\$ 34,987,733
2. Employer Normal Cost in Previous Year	1,824,775
3. Last Year's Contributions	4,987,305
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	2,760,938
b. 3 from dates paid	150,233
c. a - b	<u>2,610,705</u>
5. This Year's Expected UAAL Prior to Revision: 1 + 2 - 3 + 4c	34,435,908
6. Change in UAAL Due to Plan Amendments and/or Changes in Actuarial Assumptions/Methods	0
7. This Year's Expected UAAL: 5 + 6	34,435,908
8. This Year's Actual UAAL	31,843,372
9. This Year's Gain (Loss): 7 - 8	2,592,536
10. Gain (Loss) due to Investments	2,367,658
11. Gain (Loss) due to Other Causes	224,878



<b>B. UAAL Amortization Period and Payments</b>						
<b>Original UAAL</b>				<b>Current UAAL</b>		
<b>Years</b>	<b>Source</b>	<b>Amortization Period (Years)</b>	<b>Amount</b>	<b>Years Remaining</b>	<b>Amount</b>	<b>Payment</b>
10/1/2003	Initial UAL	30	\$5,858,728	19	\$ 7,036,387	\$ 617,612
10/1/2004	(Gain)/Loss	30	2,118,869	20	2,418,276	206,825
10/1/2004	Method Change	30	(1,272,715)	20	(1,452,558)	(124,231)
10/1/2005	(Gain)/Loss	30	(1,042,295)	21	(1,196,497)	(99,930)
10/1/2006	(Gain)/Loss	30	834,799	22	977,296	79,863
10/1/2007	(Gain)/Loss	30	(4,296,887)	23	(4,988,243)	(399,547)
10/1/2007	Assumption Changes	30	9,156,710	23	10,629,999	851,439
10/1/2008	(Gain)/Loss	30	19,638,389	24	21,350,868	1,678,914
10/1/2008	Plan Change	30	72,734	24	79,078	6,218
10/1/2009	(Gain)/Loss	30	6,723,070	25	6,922,009	535,133
10/1/2009	Plan Change	30	231,112	25	237,950	18,396
10/1/2010	(Gain)/Loss	30	132,188	26	132,131	10,056
10/1/2010	Assumption Changes	30	4,966,741	26	4,964,588	377,829
10/1/2011	(Gain)/Loss	30	5,934,769	27	6,062,988	454,776
10/1/2012	(Gain)/Loss	30	(10,095,570)	28	(10,088,119)	(746,601)
10/1/2012	Plan Change	30	133,568	28	133,469	9,878
10/1/2013	(Gain)/Loss	30	(8,842,615)	29	(8,783,714)	(642,027)
10/1/2014	(Gain)/Loss	30	<u>(2,592,536)</u>	30	<u>(2,592,536)</u>	<u>(187,322)</u>
			27,659,059		31,843,372	2,647,281

### C. Amortization Schedule

The UAAL is being amortized as a level percent of payroll. The expected amortization schedule is as follows:

<b>Amortization Schedule</b>	
<b>Year</b>	<b>Expected UAAL</b>
2014	\$ 31,843,372
2015	31,385,788
2016	30,868,568
2017	30,287,002
2018	29,636,038
2019	28,910,242
2024	23,938,113
2029	16,004,241
2034	4,568,025
2039	(4,962,768)
2044	0

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**ACTUARIAL GAINS AND LOSSES**

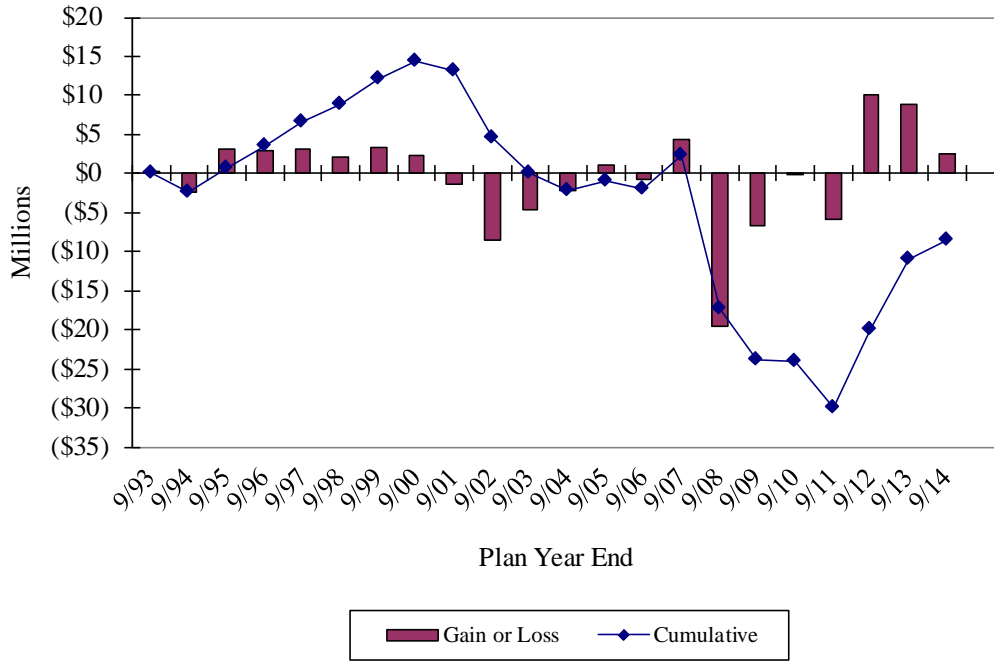

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The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified.

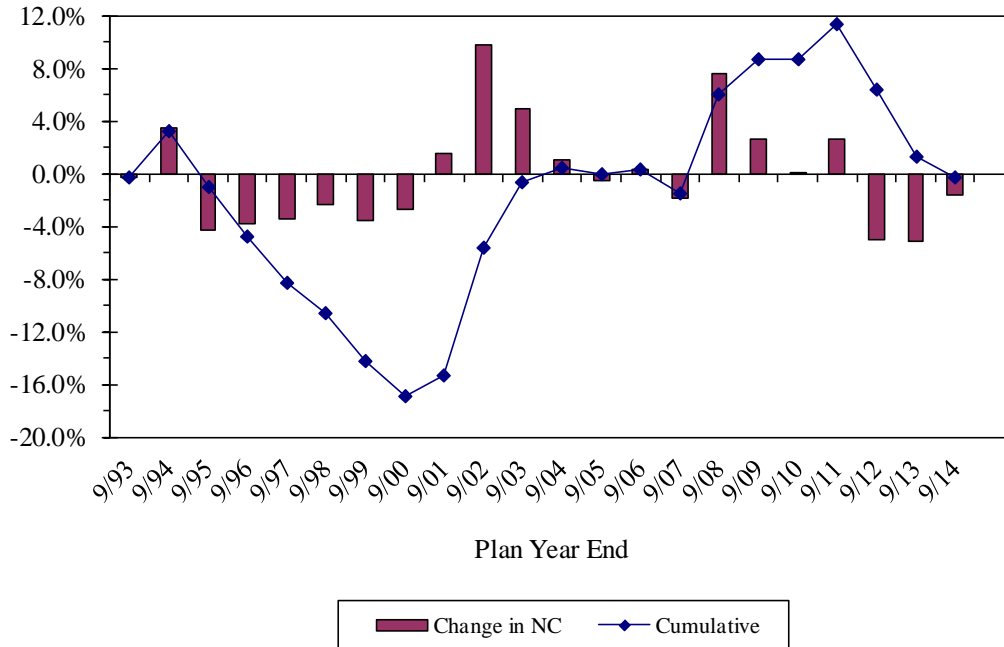
Net actuarial gains in previous years have been as follows:

<b>Year Ending 9/30</b>	<b>Change in Contribution Rate</b>	<b>Net Gain (Loss)</b>
1993	(0.25) %	\$ 16,599
1994	3.49	(2,436,222)
1995	(4.23)	3,138,520
1996	(3.78)	2,926,631
1997	(3.46)	3,062,491
1998	(2.38)	2,185,878
1999	(3.57)	3,290,722
2000	(2.66)	2,231,200
2001	1.50	(1,269,020)
2002	9.75	(8,492,245)
2003	4.96	(4,617,928)
2004	1.07	(2,118,869)
2005	(0.47)	1,042,295
2006	0.36	(834,799)
2007	(1.86)	4,296,887
2008	7.56	(19,638,389)
2009	2.66	(6,723,070)
2010	0.05	(132,188)
2011	2.65	(5,934,769)
2012	(4.97)	10,095,570
2013	(5.14)	8,842,615
2014	(1.52)	2,592,536

ACTUARIAL GAIN (+) OR LOSS (-)



CHANGE IN EMPLOYER COST RATE DUE TO GAIN OR LOSS

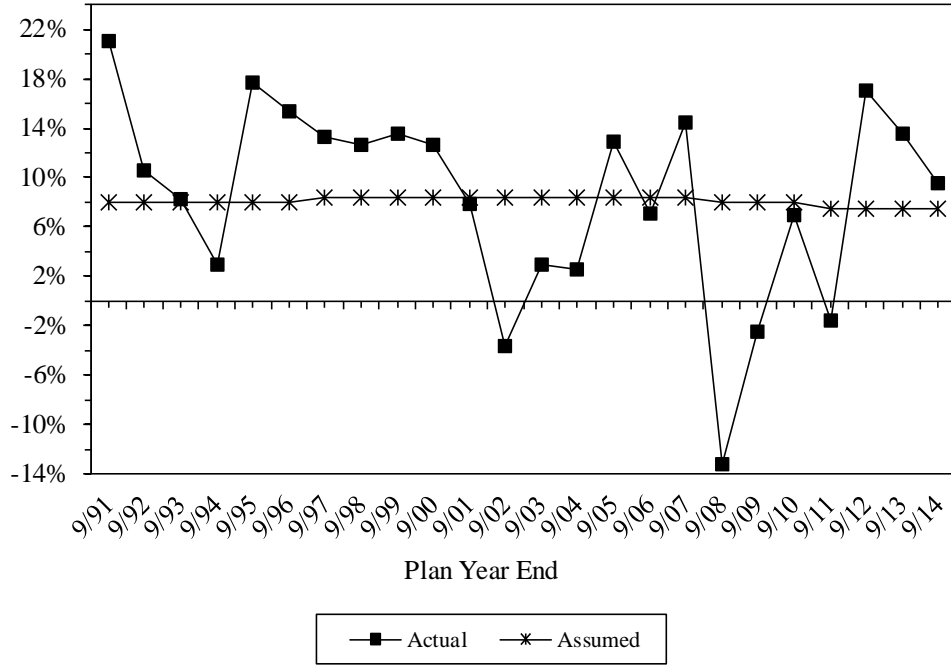


The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they are in line with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last few years:

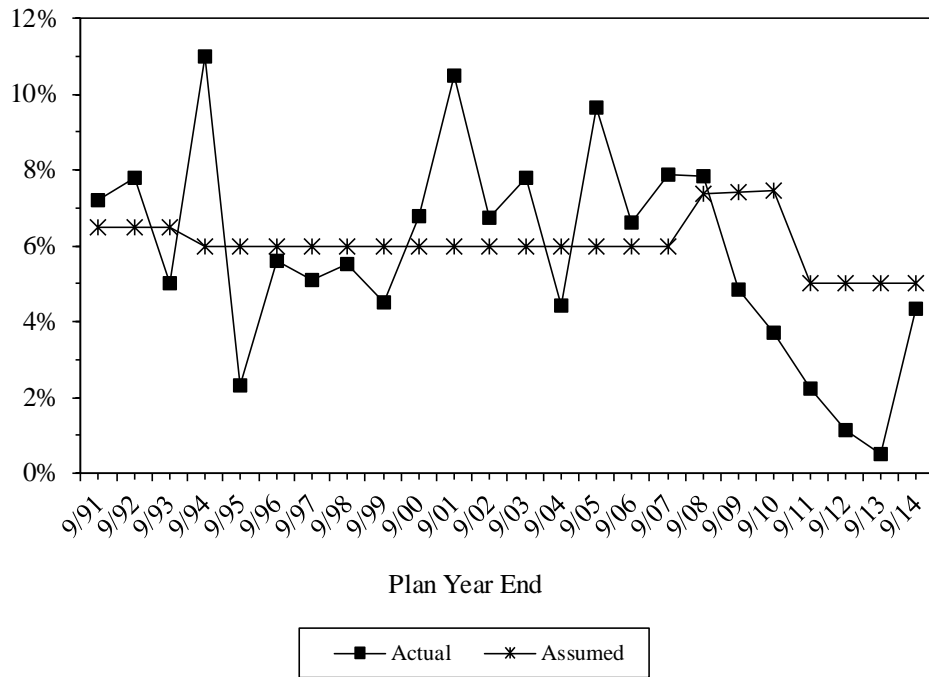
Year Ending	Investment Return		Salary Increases	
	Actual	Assumed	Actual	Assumed
9/30/1991	21.0 %	8.00 %	7.2 %	6.50 %
9/30/1992	10.6	8.00	7.8	6.50
9/30/1993	8.3	8.00	5.0	6.50
9/30/1994	2.9	8.00	11.0	6.00
9/30/1995	17.7	8.00	2.3	6.00
9/30/1996	15.4	8.00	5.6	6.00
9/30/1997	13.3	8.33	5.1	6.00
9/30/1998	12.7	8.33	5.5	6.00
9/30/1999	13.5	8.33	4.5	6.00
9/30/2000	12.7	8.33	6.8	6.00
9/30/2001	7.9	8.33	10.5	6.00
9/30/2002	(3.6)	8.33	6.7	6.00
9/30/2003	3.0	8.33	7.8	6.00
9/30/2004	2.6	8.33	4.4	6.00
9/30/2005	12.9	8.33	9.7	6.00
9/30/2006	7.1	8.33	6.6	6.00
9/30/2007	14.4	8.33	7.9	6.00
9/30/2008	(13.2)	8.00	7.9	7.36
9/30/2009	(2.5)	8.00	4.9	7.41
9/30/2010	6.9	8.00	3.7	7.45
9/30/2011	(1.6)	7.50	2.2	5.00
9/30/2012	17.0	7.50	1.1	5.00
9/30/2013	13.5	7.50	0.5	5.00
9/30/2014	9.6	7.50	4.4	5.00
Averages	8.1	N/A	5.8	N/A

The actual investment return rates shown above are based on the actuarial value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuations both at the beginning and the end of each year.

### HISTORY OF INVESTMENT RETURN BASED ON ACTUARIAL VALUE OF ASSETS



### HISTORY OF SALARY INCREASES



<b>Actual (A) Compared to Expected (E) Decrements Among Active Employees</b>													
<b>Year Ended</b>	<b>Number Added During Year</b>		<b>Service &amp; DROP Retirement</b>		<b>Disability Retirement</b>		<b>Death</b>		<b>Terminations</b>				<b>Active Members End of Year</b>
	<b>A</b>	<b>E</b>	<b>A</b>	<b>E</b>	<b>A</b>	<b>E</b>	<b>A</b>	<b>E</b>	<b>Vested</b>	<b>Other</b>	<b>Totals</b>		
									<b>A</b>	<b>A</b>	<b>A</b>	<b>E</b>	
9/30/2002	21	21	3	7	0	1	0	0	3	15	18	8	<b>236</b>
9/30/2003	25	20	7	5	1	1	0	0	2	10	12	7	<b>241</b>
9/30/2004	32	22	3	7	0	1	0	0	4	15	19	7	<b>251</b>
9/30/2005	22	19	8	11	0	1	1	0	1	9	10	8	<b>254</b>
9/30/2006	27	26	10	14	0	1	0	0	2	14	16	8	<b>255</b>
9/30/2007	19	22	5	13	0	1	0	0	1	16	17	8	<b>252</b>
9/30/2008	19	16	5	21	1	1	0	0	1	9	10	15	<b>255</b>
9/30/2009	5	19	13	21	0	1	1	0	2	3	5	15	<b>241</b>
9/30/2010	22	22	17	17	0	1	0	0	1	4	5	12	<b>241</b>
9/30/2011	7	20	11	12	0	1	0	0	3	6	9	14	<b>228</b>
9/30/2012	11	14	8	11	1	1	0	0	0	5	5	12	<b>225</b>
9/30/2013	16	22	10	9	0	1	0	0	3	9	12	11	<b>219</b>
9/30/2014	17	19	9	7	1	1	0	0	2	7	9	11	<b>217</b>
9/30/2015				5		1		0				11	
13 Yr Totals *	243	262	109	155	4	13	2	0	25	122	147	136	

\*Totals are through current Plan Year only.

## RECENT HISTORY OF VALUATION RESULTS

Valuation Date	Number of		Covered Annual Payroll	Actuarial Value of Assets	Unfunded Actuarial Liability	Employer Normal Cost	
	Active Members	Inactive Members				Amount	% of Payroll
10/1/1992	227	33	\$6,842,937	\$23,977,776	\$(3,748,343)	\$1,148,443	16.78 %
10/1/1993	224	35	7,539,018	26,776,264	0	966,172	12.82
10/1/1994	230	48	8,193,573	28,396,221	0	1,323,230	16.15
10/1/1995	243	57	8,510,098	34,145,027	0	1,335,480	15.69
10/1/1996	240	71	8,599,843	38,325,573	0	849,024	9.87
10/1/1997	249	78	9,016,720	44,203,596	0	563,996	6.26
10/1/1998	253	84	9,431,360	49,629,025	0	356,137	3.78
10/1/1999	248	96	9,416,426	55,837,398	0	22,013	0.23
10/1/2000	249	100	9,989,645	62,394,934	0	465,540	4.66
10/1/2001	236	111	10,014,078	66,233,988	0	770,640	7.70
10/1/2002	236	117	10,577,345	62,271,752	0	1,836,237	17.36
10/1/2003	241	125	11,291,527	62,389,893	5,858,728	1,779,324	15.76
10/1/2004	251	132	11,653,693	64,127,507	7,110,056	1,844,426	15.83
10/1/2005	254	141	12,529,043	72,556,721	6,116,101	1,985,344	15.85
10/1/2006	255	153	12,974,773	77,610,753	6,886,070	2,059,657	15.87
10/1/2007	252	157	13,734,013	88,514,589	11,847,272	2,589,963	18.86
10/1/2008	255	159	14,759,177	75,432,887	32,424,152	2,814,421	19.07
10/1/2009	241	173	14,378,470	72,605,836	41,346,158	2,723,886	18.94
10/1/2010	241	191	14,215,052	77,602,424	47,783,116	2,338,824	16.45
10/1/2011	228	204	13,458,669	77,099,070	52,692,372	2,226,503	16.54
10/1/2012	225	210	13,224,720	90,132,758	43,804,890	2,097,057	15.86
10/1/2013	219	218	12,623,764	101,647,204	34,987,733	1,824,775	14.46
10/1/2014	217	227	12,732,998	109,704,649	31,843,372	1,702,326	13.37

## RECENT HISTORY OF UAAL AND FUNDED RATIO

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) - Entry Age (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/(c)
10/1/1992	\$ 23,977,776	\$ 20,229,433	\$ (3,748,343)	118.5 %	\$ 6,842,937	(54.8) %
10/1/1993	26,803,826	27,627,745	823,919	97.0	7,539,018	10.9
10/1/1994	28,396,221	31,884,418	3,488,197	89.1	8,193,573	42.6
10/1/1995	34,145,027	36,282,610	2,137,583	94.1	8,510,098	25.1
10/1/1996	38,325,573	36,802,353	(1,523,220)	104.1	8,599,843	(17.7)
10/1/1997	44,203,596	39,531,142	(4,672,454)	111.8	9,016,720	(51.8)
10/1/1998	49,629,025	42,591,070	(7,037,955)	116.5	9,431,360	(74.6)
10/1/1999	55,837,398	45,503,739	(10,333,659)	122.7	9,416,426	(109.7)
10/1/2000	62,394,934	53,111,211	(9,283,723)	117.5	9,989,645	(92.9)
10/1/2001	66,233,988	59,244,836	(6,989,152)	111.8	10,014,078	(69.8)
10/1/2002	62,271,752	63,551,789	1,280,037	98.0	10,577,345	12.1
10/1/2003	62,389,893	68,248,621	5,858,728	91.4	11,291,527	51.9
10/1/2004	64,127,507	71,237,563	7,110,056	90.0	11,653,693	61.0
10/1/2005	72,556,721	78,672,822	6,116,101	92.2	12,529,043	48.8
10/1/2006	77,610,753	84,496,823	6,886,070	91.9	12,974,773	53.1
10/1/2007	88,514,589	100,361,861	11,847,272	88.2	13,734,013	86.3
10/1/2008	75,432,887	107,857,039	32,424,152	69.9	14,759,177	219.7
10/1/2009	72,605,836	113,951,994	41,346,158	63.7	14,378,470	287.6
10/1/2010	77,602,424	125,385,540	47,783,116	61.9	14,215,052	336.1
10/1/2011	77,099,070	129,791,442	52,692,372	59.4	13,458,669	391.5
10/1/2012	90,132,758	133,937,648	43,804,890	67.3	13,224,720	331.2
10/1/2013	101,647,204	136,634,937	34,987,733	74.4	12,623,764	277.2
10/1/2014	109,704,649	141,548,021	31,843,372	77.5	12,732,998	250.1



RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS										
Valuation	End of Year To Which Valuation Applies	Required Contributions						Actual Contributions		
		Employer & State		Estimated State		Net Employer		Employer	State	Total
		Amount	% of Payroll	Amount	% of Payroll	Amount	% of Payroll			
10/1/1992	9/30/1993	\$858,866	12.55 %	\$465,000	6.80 %	\$393,866	5.76 %	\$408,469	\$495,364	\$903,833
10/1/1993	9/30/1994	1,004,819	13.33	495,364	6.57	509,455	6.76	496,855	507,964	1,004,819
10/1/1993	9/30/1995	1,085,204	14.40	560,105	7.43	525,099	6.97	532,169	560,105	1,092,274
10/1/1994	9/30/1996	1,486,252	18.14	560,105	6.84	926,147	11.30	951,919	641,598	1,593,517
10/1/1995	9/30/1997	1,500,011	17.63	560,105	6.59	939,906	11.04	959,487	692,298	1,651,785
10/1/1996	9/30/1998	958,056	11.14	641,598	7.46	316,458	3.68	321,864	699,273	1,021,137
10/1/1997	9/30/1999	636,425	7.06	692,298	7.68	0	0.00	275,599	721,301	996,900
10/1/1998	9/30/2000	401,873	4.26	699,273	7.41	0	0.00	287,929	728,001	1,015,930
10/1/1999	9/30/2001	24,840	0.26	697,984	7.41	0	0.00	134,348	713,714	848,062
10/1/2000	9/30/2002	652,444	6.28	721,707	6.95	0	0.00	---	733,861	733,861
10/1/2001	9/30/2003	835,254	8.02	710,278	6.82	124,976	1.20	124,485	733,861	858,346
10/1/2002	9/30/2004	1,988,879	18.08	733,861	6.67	1,255,018	11.41	1,277,657	733,861	2,011,518
10/1/2003	9/30/2005	2,286,399	19.47	733,861	6.25	1,552,538	13.22	1,660,804	733,861	2,394,665
10/1/2004	9/30/2006	2,440,936	20.14	733,861	6.06	1,707,075	14.08	1,762,982	733,861	2,496,843
10/1/2005	9/30/2007	2,543,496	19.52	733,861	5.63	1,809,635	13.89	1,809,660	735,681	2,545,341
10/1/2006	9/30/2008	2,675,813	19.83	733,861	5.44	1,941,952	14.39	2,047,686	735,681	2,783,367
10/1/2007	9/30/2009	3,535,135	24.75	735,681	5.15	2,799,454	19.60	2,800,024	735,681	3,535,705
10/1/2008	9/30/2010	5,013,161	32.66	735,681	4.79	4,277,480	27.87	3,985,628	758,112	4,743,740
10/1/2009	9/30/2011	5,487,975	36.70	758,112	5.07	4,729,863	31.63	4,275,526	758,112	5,033,638
10/1/2010	9/30/2012	5,606,232	38.29	758,112	5.18	4,848,120	33.11	4,345,474	758,112	5,103,586
10/1/2011	9/30/2013	5,848,559	42.19	758,112	5.47	5,090,447	36.72	4,195,013	1,154,739	5,349,752
10/1/2012	9/30/2014	5,454,033	40.04	1,154,739	8.48	4,299,294	31.56	3,816,408	1,170,897	4,987,305
10/1/2013	9/30/2015	4,908,435	37.75	1,170,897	9.01	3,737,538	28.74	---	---	---
10/1/2014	9/30/2016	4,647,952	35.44	1,170,897	8.93	3,477,055	26.51	---	---	---

Note: The required contribution dollar amounts shown above are estimates only. The contribution made is based on the percentage of the actual payroll amount for the fiscal year.

## ACTUARIAL ASSUMPTIONS AND METHODS

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### Valuation Methods

**Actuarial Cost Method** - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

**Financing of Unfunded Actuarial Accrued Liabilities** - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) percent-of-payroll contributions over a reasonable period of future years.

**Actuarial Value of Assets** - The Actuarial Value of Assets is equal to Market Value.

### Valuation Assumptions

**The actuarial assumptions used** in the valuation are shown in this Section. The decrement assumptions were established following the Experience Study Report as of October 1, 2006.

### Economic Assumptions

**The investment return rate** assumed in the valuation is 7.5% per year, compounded annually (net after investment expenses).

The **Wage Inflation Rate** assumed in this valuation was 3% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macro economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed wage inflation rate. Considering other economic assumptions, the 7.5% investment return rate translates to an assumed real rate of return over wage inflation of 4.5%.

The active member population is assumed to remain constant. For purposes of financing the unfunded liabilities, total payroll is assumed to grow at 3% per year. The most recent ten year average is 0.89%.

**The payroll growth assumption** used to project total covered payroll to the following fiscal year is 3% per year.

**The rate of salary increase** for individual active members is assumed to be 5% per year. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

### Demographic Assumptions

*The mortality table* was the RP-2000 Combined Healthy Participant Mortality Tables for males and females. The provision for future mortality improvements is being made by using Scale AA after 2000.

Sample Attained Ages (in 2014)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.17 %	0.13 %	34.26	35.63
55	0.28	0.24	29.14	30.66
60	0.54	0.47	24.21	25.89
65	1.05	0.90	19.60	21.40
70	1.80	1.56	15.41	17.28
75	3.11	2.51	11.63	13.56
80	5.59	4.16	8.41	10.25

This assumption is used to measure the probabilities of each benefit payment being made after retirement. For active members, the probabilities of dying before retirement were based upon the same mortality table as members dying after retirement.

For disabled retirees, the regular mortality tables are set forward 5 years in ages to reflect impaired longevity.

*The rates of retirement* used to measure the probability of eligible members retiring during the next year were as follows:

#### Annual Rate of Retirement for Those Eligible for Normal Retirement

##### Members Hired Before October 1, 2013

Date	Probability of Normal Retirement
Age 55 and older	100 %
23 years of service	40
24 years of service	40
25 years of service	40
26 years of service	50
27 years of service	100

##### Members Hired on or After October 1, 2013

Date	Probability of Normal Retirement
Age 55 and older	100 %
25 years of service	40
26 years of service	40
27 years of service	40
28 years of service	50
29 years of service	100

### Annual Rate of Retirement for Those Eligible for Early Retirement

<b>Date</b>	<b>Probability of Early Retirement</b>
Age 50	15 %
Age 51	10
Age 52	10
Age 53	10
Age 54	10

*Rates of separation from active membership* were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

<b>Sample Ages</b>	<b>Years of Service</b>	<b>% of Active Members Separating Within Next Year</b>
ALL	1	25.00 %
	2	15.00
	3	12.00
	4	11.00
	5	10.00
	6	7.00
	7	6.00
	8	5.00
	9	4.00
20	10 & Over	4.00
25		4.00
30		4.00
35		3.60
40		2.40
45		1.40
50		0.01
55		0.01

*Rates of disability* among active members (75% of disabilities are assumed to be service-connected).

<b>Sample Ages</b>	<b>% Becoming Disabled within Next Year</b>
20	0.14 %
25	0.15
30	0.18
35	0.23
40	0.30
45	0.51
50	1.00
55	1.55

### Miscellaneous and Technical Assumptions

<i>Administrative &amp; Investment Expenses</i>	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the average of the prior two years' expenses. Assumed administrative expenses are added to the Normal Cost.
<i>Benefit Service</i>	Exact fractional service is used to determine the amount of benefit payable.
<i>Decrement Operation</i>	Disability and mortality decrements operate during retirement eligibility.
<i>Decrement Timing</i>	Decrements of all types are assumed to occur at the beginning of the year.
<i>Eligibility Testing</i>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<i>Forfeitures</i>	For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
<i>Incidence of Contributions</i>	Employer contributions are assumed to be made biweekly. Member contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
<i>Marriage Assumption</i>	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<i>Member Contributions</i>	The general wage increases are assumed to be at least 2% for all members for the next two fiscal years, and therefore, the member contribution rate is assumed to be 7% in the fiscal year ending September 30, 2015 and 8% in the fiscal year ending September 30, 2016 and each year thereafter for members hired before October 1, 2013.
<i>Normal Form of Benefit</i>	10-year certain and life annuity is the normal form of benefit.
<i>Pay Increase Timing</i>	Middle of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
<i>Service Credit Accruals</i>	It is assumed that members accrue one year of service credit per year.

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## GLOSSARY OF TERMS

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<b><i>Actuarial Accrued Liability (AAL)</i></b>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<b><i>Actuarial Assumptions</i></b>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<b><i>Actuarial Cost Method</i></b>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<b><i>Actuarial Equivalent</i></b>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<b><i>Actuarial Present Value (APV)</i></b>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<b><i>Actuarial Present Value of Future Benefits (APVFB)</i></b>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<b><i>Actuarial Valuation</i></b>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 67.
<b><i>Actuarial Value of Assets</i></b>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution (ARC).

<b><i>Amortization Method</i></b>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<b><i>Amortization Payment</i></b>	That portion of the plan contribution or ARC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<b><i>Amortization Period</i></b>	The period used in calculating the Amortization Payment.
<b><i>Annual Required Contribution (ARC)</i></b>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The ARC consists of the Employer Normal Cost and Amortization Payment.
<b><i>Closed Amortization Period</i></b>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<b><i>Employer Normal Cost</i></b>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<b><i>Equivalent Single Amortization Period</i></b>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<b><i>Experience Gain/Loss</i></b>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

<b><i>Funded Ratio</i></b>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<b><i>GASB</i></b>	Governmental Accounting Standards Board.
<b><i>GASB No. 67 and GASB No. 27</i></b>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.
<b><i>Normal Cost</i></b>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<b><i>Open Amortization Period</i></b>	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
<b><i>Unfunded Actuarial Accrued Liability</i></b>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<b><i>Valuation Date</i></b>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.



## **SECTION C**



### **PENSION FUND INFORMATION**

### Statement of Plan Assets at Market Value

Item	September 30	
	2014	2013
A. Cash and Cash Equivalents (Operating Cash)	\$ -	\$ -
B. Receivables:		
1. Member Contributions	\$ -	\$ -
2. Employer Contributions	-	-
3. State Contributions	85,867	60,221
4. Investment Income and Other Receivables	-	-
5. Prepaid Expenses	-	-
6. Total Receivables	<u>\$ 85,867</u>	<u>\$ 60,221</u>
C. Investments		
1. Short Term Investments	\$ 3,601,675	\$ 3,775,856
2. Domestic Equities	56,151,511	55,093,960
3. International Equities	18,342,994	12,645,413
4. Domestic Fixed Income	23,508,656	22,825,760
5. International Fixed Income	-	-
6. Real Estate	8,534,469	7,642,621
7. Private Equity	-	-
8. ICMA Account (for DROP)	9,633,222	8,674,849
9. Share Plan Account	<u>3,547,520</u>	<u>3,510,855</u>
10. Total Investments	\$ 123,320,047	\$ 114,169,314
D. Liabilities		
1. Benefits Payable	\$ -	\$ -
2. Prepaid City Contribution	(520,523)	(396,627)
3. Accrued Expenses and Other Payables	<u>-</u>	<u>-</u>
4. Total Liabilities	\$ (520,523)	\$ (396,627)
E. Total Market Value of Assets Available for Benefits	\$ 122,885,391	\$ 113,832,908
F. Reserves		
1. State Contribution Reserve	\$ -	\$ -
2. Share Plan Balance	(3,547,520)	(3,510,855)
3. DROP Accounts	<u>(9,633,222)</u>	<u>(8,674,849)</u>
4. Total Reserves	\$ (13,180,742)	\$ (12,185,704)
G. Market Value Net of Reserves	\$ 109,704,649	\$ 101,647,204
H. Allocation of Investments		
1. Short Term Investments	2.9%	3.3%
2. Domestic Equities	45.5%	48.2%
3. International Equities	14.9%	11.1%
4. Domestic Fixed Income	19.1%	20.0%
5. International Fixed Income	0.0%	0.0%
6. Real Estate	6.9%	6.7%
7. Private Equity	0.0%	0.0%
8. ICMA Account (for DROP)	7.8%	7.6%
9. Share Plan Account	<u>2.9%</u>	<u>3.1%</u>
10. Total Investments	100.0%	100.0%

### Reconciliation of Plan Assets

Item	September 30	
	2014	2013
A. Market Value of Assets at Beginning of Year	\$ 113,832,908	\$ 100,507,615
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 668,893	\$ 625,289
b. Employer Contributions	3,816,408	4,195,013
c. State Contributions	1,170,897	1,154,739
d. Purchased Service Credit	37,050	-
e. Other Income	-	-
f. Total	<u>\$ 5,693,248</u>	<u>\$ 5,975,041</u>
2. Investment Income		
a. Interest and Dividends	\$ 1,934,249	\$ 1,895,790
b. Net Realized/Unrealized Gains/(Losses)*	9,079,680	11,757,319
c. Investment Earnings on DROP and Share Plan Accounts	371,083	368,858
d. Investment Expenses	<u>(546,849)</u>	<u>(479,810)</u>
e. Net Investment Income	\$ 10,838,163	\$ 13,542,157
3. Benefits and Refunds		
a. Regular Monthly Benefits	\$ (5,541,701)	\$ (5,122,986) **
b. Refunds	(17,836)	-
c. Lump Sum Benefits	-	-
d. DROP Disbursements	(1,584,314)	(841,390)
e. Share Plan Disbursements	<u>(181,051)</u>	<u>(84,189)</u>
f. Total	\$ (7,324,902)	\$ (6,048,565)
4. Administrative and Miscellaneous Expenses	\$ (154,026)	\$ (143,340)
5. Transfers	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 122,885,391	\$ 113,832,908
D. Reserves		
1. State Contribution Reserve	\$ -	\$ -
2. Share Plan Balance	(3,547,520)	(3,510,855)
3. DROP Accounts	<u>(9,633,222)</u>	<u>(8,674,849)</u>
4. Total Reserves	\$ (13,180,742)	\$ (12,185,704)
E. Market Value Net of Reserves	\$ 109,704,649	\$ 101,647,204

\* We were not provided with the breakdown of this amount between realized gains/(losses) and unrealized gains/(losses).

\*\* Includes refunds.

### Reconciliation of DROP Accounts

<b>Year Ended 9/30</b>	<b>Balance at Beginning of Year</b>	<b>Credits</b>	<b>Interest</b>	<b>Distributions</b>	<b>Adjustment</b>	<b>Balance at End of Year</b>
2010	\$3,408,577	\$1,240,722	\$ 111,479	\$ (1,020,089)	\$ -	\$3,740,689
2011	3,740,689	1,852,484	131,369	(396,199)	-	5,328,343
2012	5,328,343	2,102,314	156,228	(612,463)	-	6,974,422
2013	6,974,422	2,372,311	167,624	(841,390)	1,882	8,674,849
2014	8,674,849	2,382,567	162,002	(1,584,314)	(1,882)	9,633,222

### Reconciliation of Firefighters Share Plan Balance

<b>Year Ended 9/30</b>	<b>Balance at Beginning of Year</b>	<b>Allocation of Excess Chapter 175 Revenue</b>	<b>Administrative Expenses</b>	<b>Interest</b>	<b>Distributions</b>	<b>Adjustment</b>	<b>Balance at End of Year</b>
2010	\$ -	\$ 1,447,933	\$ (27,234)	\$ -	\$ -	\$ -	\$1,420,699
2011	1,420,699	283,578	(5,376)	(13,339)	(59,056)	-	1,626,506
2012	1,626,506	308,692	(4,115)	138,865	(74,499)	-	1,995,449
2013	1,995,449	315,570	(5,393)	147,425	(60,657)	(446)	2,391,948
2014	2,391,948	0	0	151,248	(163,761)	4,601 *	2,384,036

### Reconciliation of Police Officers Share Plan Balance

<b>Year Ended 9/30</b>	<b>Balance at Beginning of Year</b>	<b>Allocation of Excess Chapter 185 Revenue</b>	<b>Administrative Expenses</b>	<b>Interest</b>	<b>Distributions</b>	<b>Adjustment</b>	<b>Balance at End of Year</b>
2012	\$ -	\$ 1,033,014	\$ (11,190)	\$ 3,890	\$ (16,061)	\$ -	\$1,009,653
2013	\$1,009,653	\$ 79,763	\$ (4,170)	\$ 51,927	\$ (23,532)	\$ 5,266	\$1,118,907
2014	1,118,907	0	0	59,715	(17,290)	2,152 *	1,163,484

\* Total adjustments were allocated between Police Officer and Firefighter Share Plan balances based on beginning of year balances.

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**INVESTMENT RATE OF RETURN**


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<b>Year Ending September 30th</b>	<b>Investment Rate of Return</b>	
	<b>Actuarial Value Basis</b>	<b>Market Value Basis</b>
1991	21.0 %	21.0 %
1992	10.6	10.6
1993	8.3	8.9
1994	2.9	3.3
1995	17.7	18.3
1996	15.4	16.0
1997	13.3	26.0
1998	12.7	7.7
1999	13.5	13.9
2000	12.7	7.2
2001	7.9	(8.7)
2002	(3.6)	(8.2)
2003	3.0	15.1
2004	2.6	12.6
2005	12.9	12.9
2006	7.1	7.1
2007	14.4	14.4
2008	(13.2)	(13.2)
2009	(2.5)	(2.5)
2010	6.9	6.9
2011	(1.6)	(1.6)
2012	17.0	17.0
2013	13.5	13.5
2014	9.6	9.6
<b>Average Returns:</b>		
Last 5 Years	8.9 %	8.9 %
Last 10 Years	6.0 %	6.0 %
All Years	8.1 %	8.2 %

The above rates are based on the retirement systems financial information reported to the actuary. They may differ from figures that the investment consultant reports, in part because of differences in the handling of administrative and investment expenses, and in part because of differences in the handling of cash flows.

**SECTION D**



**FINANCIAL ACCOUNTING INFORMATION**

**FASB NO. 35 INFORMATION**

A. Valuation Date	October 1, 2014	October 1, 2013
<b>B. Actuarial Present Value of Accumulated Plan Benefits</b>		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 90,463,433	\$ 84,907,376
b. Terminated Vested Members	2,265,545	2,456,941
c. Other Members	31,230,258	32,103,146
d. Total	<u>123,959,236</u>	<u>119,467,463</u>
2. Non-Vested Benefits	3,683,073	4,087,272
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	127,642,309	123,554,735
4. Accumulated Contributions of Active Members	6,099,870	6,130,053
<b>C. Changes in the Actuarial Present Value of Accumulated Plan Benefits</b>		
1. Total Value at Beginning of Year	123,554,735	119,957,067
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	0	36,953
b. Change in Actuarial Assumptions	0	0
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	12,029,678	11,056,012
d. Benefits Paid	<u>(7,942,104)</u>	<u>(7,495,297)</u>
e. Net Increase	4,087,574	3,597,668
3. Total Value at End of Period	127,642,309	123,554,735
D. Market Value of Assets	109,704,649	101,647,204
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

**ANNUAL PENSION COST AND NET PENSION OBLIGATION**  
(GASB Statement No. 27)

Employer FYE September 30	2014	2013
Annual Required Contribution (ARC)*	\$ 4,987,305	\$ 5,276,189
Interest on Net Pension Obligation (NPO)	(136,797)	(138,446)
Adjustment to ARC	(231,867)	(233,988)
Annual Pension Cost (APC)	5,082,375	5,371,731
Contributions made	4,987,305	5,349,752
Increase (decrease) in NPO	95,070	21,979
NPO at beginning of year	(1,823,963)	(1,845,942)
NPO at end of year	(1,728,893)	(1,823,963)

\* Determined as a percentage of the actual payroll for the fiscal year and includes State contributions.

**THREE YEAR TREND INFORMATION**

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
9/30/2012	\$ 5,082,285	\$ 5,103,586	100.4 %	\$ (1,845,942)
9/30/2013	5,371,731	5,349,752	99.6	(1,823,963)
9/30/2014	5,082,375	4,987,305	98.1	(1,728,893)



**REQUIRED SUPPLEMENTARY INFORMATION**  
**GASB Statement No. 27**

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The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation:

Valuation Date	October 1, 2014
Contribution Rates:	
Employer (and State)	35.44%
Plan Members	Members hired before October 1, 2013: 7% for fiscal year ending September 30, 2015; 8% for fiscal year ending September 30, 2016 and each year thereafter Members hired on or after October 1, 2013: 8% for fiscal year ending September 30, 2015 and thereafter
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Closed
Remaining amortization period	30
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	5%
Includes inflation and other general increases at	3%
Cost-of-living adjustments	Not Applicable

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
GASB Statement No. 67**

Fiscal year ending September 30,	<u>2014</u>
<b>Total pension liability</b>	
Service Cost	\$ 2,574,964
Interest	11,080,170
Benefit Changes	-
Difference between actual & expected experience	(564,291)
Assumption Changes	-
Benefit Payments	(7,307,066)
Refunds	(17,836)
Other (DROP and Share Plan Adjustments)	4,871
<b>Net Change in Total Pension Liability</b>	<u>5,770,812</u>
<b>Total Pension Liability - Beginning</b>	148,820,641
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 154,591,453</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 3,816,408
Contributions - Non-Employer Contributing Entity	1,170,897
Contributions - Member	705,943
Net Investment Income	10,838,163
Benefit Payments	(7,307,066)
Refunds	(17,836)
Administrative Expense	(154,026)
Other	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>9,052,483</u>
<b>Plan Fiduciary Net Position - Beginning</b>	113,832,908
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 122,885,391</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	31,706,062
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	79.49 %
<b>Covered Employee Payroll</b>	\$ 12,455,806 *
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	254.55 %

\* Actual total covered payroll for the fiscal year ending September 30, 2014.

**SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY**  
**GASB Statement No. 67**

FY Ending September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$154,591,453	\$122,885,391	\$ 31,706,062	79.49%	\$ 12,455,806 *	254.55%

\* Actual total covered payroll for the fiscal year ending September 30, 2014.

**SCHEDULE OF CONTRIBUTIONS**  
**GASB Statement No. 67**

<u>FY Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 4,987,305	\$ 4,987,305	\$ -	\$ 12,455,806 *	40.04%

\* Actual total covered payroll for the fiscal year ending September 30, 2014.

**NOTES TO SCHEDULE OF CONTRIBUTIONS**  
**GASB Statement No. 67**

**Valuation Date:** October 1, 2013  
 Notes Actuarially determined contribution rates are calculated as of October 1, which is two year(s) prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30
Asset Valuation Method	Market Value
Inflation	3.0%
Salary Increases	5.0%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA

**Other Information:**

Notes See Discussion of Valuation Results on Page 1

**SINGLE DISCOUNT RATE**  
**GASB Statement No. 67**

A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

**Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption**

<b>1% Decrease</b>	<b>Current Single Discount</b>	<b>1% Increase</b>
<b>6.50%</b>	<b>Rate Assumption</b>	<b>8.50%</b>
<b>7.50%</b>	<b>7.50%</b>	<b>8.50%</b>
\$ 48,501,707	\$ 31,706,062	\$ 17,660,016

**SECTION E**



**MISCELLANEOUS INFORMATION**

<b>RECONCILIATION OF MEMBERSHIP DATA</b>		
	<b>From 10/1/13 To 10/1/14</b>	<b>From 10/1/12 To 10/1/13</b>
<b>A. Active Members</b>		
1. Number Included in Last Valuation	219	225
2. New Members Included in Current Valuation	17	16
3. Non-Vested Employment Terminations	(7)	(9)
4. Vested Employment Terminations	(2)	(3)
5. Service Retirements	(1)	(1)
6. DROP Retirements	(8)	(9)
7. Disability Retirements	(1)	0
8. Deaths	0	0
9. Rehires	0	0
10. Other	<u>0</u>	<u>0</u>
11. Number Included in This Valuation	217	219
<b>B. Terminated Vested Members</b>		
1. Number Included in Last Valuation	12	10
2. Additions from Active Members	2	3
3. Lump Sum Payments/Refunds	0	0
4. Payments Commenced	(1)	(1)
5. Deaths	0	0
6. Other	<u>0</u>	<u>0</u>
7. Number Included in This Valuation	13	12
<b>C. DROP Participation</b>		
1. Number Included in Last Valuation	43	42
2. Additions from Active Members	8	9
3. Payments commenced	(6)	(8)
4. Deaths	0	0
5. Other	<u>0</u>	<u>0</u>
6. Number Included in This Valuation	45	43
<b>D. Service Retirees, Disability Retirees and Beneficiaries</b>		
1. Number Included in Last Valuation	163	158
2. Additions from Active Members	2	1
3. Additions from Terminated Vested Members	1	1
4. Additions from DROP	6	8
5. Deaths Resulting in No Further Payments	(3)	(5)
6. Deaths Resulting in New Survivor Benefits	0	0
7. End of Certain Period - No Further Payments	0	0
8. Other	<u>0</u>	<u>0</u>
9. Number Included in This Valuation	169	163



**SCHEDULE OF ACTIVE PARTICIPANTS AS OF OCTOBER 1, 2014**

Age Group	Years of Service							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Up	
20-24	6	0	0	0	0	0	0	6
Total Pay	249,641	0	0	0	0	0	0	249,641
Avg Pay	41,607	0	0	0	0	0	0	41,607
25-29	12	5	0	0	0	0	0	17
Total Pay	543,420	246,142	0	0	0	0	0	789,562
Avg Pay	45,285	49,228	0	0	0	0	0	46,445
30-34	18	22	4	0	0	0	0	44
Total Pay	801,613	1,162,642	247,054	0	0	0	0	2,211,309
Avg Pay	44,534	52,847	61,764	0	0	0	0	50,257
35-39	11	14	19	3	0	0	0	47
Total Pay	520,285	727,445	1,094,956	223,719	0	0	0	2,566,405
Avg Pay	47,299	51,960	57,629	74,573	0	0	0	54,604
40-44	3	11	16	13	1	0	0	44
Total Pay	131,884	578,673	952,975	935,087	60,296	0	0	2,658,915
Avg Pay	43,961	52,607	59,561	71,930	60,296	0	0	60,430
45-49	2	1	8	14	12	1	0	38
Total Pay	114,602	46,311	464,356	991,297	921,701	72,453	0	2,610,720
Avg Pay	57,301	46,311	58,045	70,807	76,808	72,453	0	68,703
50-54	3	1	5	3	7	0	0	19
Total Pay	141,296	58,226	293,377	204,406	530,950	0	0	1,228,255
Avg Pay	47,099	58,226	58,675	68,135	75,850	0	0	64,645
55-59	1	1	0	0	0	0	0	2
Total Pay	44,621	50,070	0	0	0	0	0	94,691
Avg Pay	44,621	50,070	0	0	0	0	0	47,346
60-64	0	0	0	0	0	0	0	0
Total Pay	0	0	0	0	0	0	0	0
Avg Pay	0	0	0	0	0	0	0	0
65 & Up	0	0	0	0	0	0	0	0
Total Pay	0	0	0	0	0	0	0	0
Avg Pay	0	0	0	0	0	0	0	0
Total No.	56	55	52	33	20	1	0	217
Total Pay	2,547,362	2,869,509	3,052,718	2,354,509	1,512,947	72,453	0	12,409,498
Avg Pay	45,489	52,173	58,706	71,349	75,647	72,453	0	57,187

**SCHEDULE OF INACTIVE PARTICIPANTS AS OF OCTOBER 1, 2014**

Age	Terminated Vested		Disabled		Retirees and Beneficiaries	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 45	7	\$ 131,853	0	\$ -	2	\$ 22,256
45-49	5	129,921	4	100,935	18	934,370
50-54	1	10,800	4	92,181	43	2,059,596
55-59	0	0	4	91,584	42	1,887,828
60-64	0	0	2	35,200	33	1,177,018
65-69	0	0	4	80,938	20	620,812
70-74	0	0	3	61,916	15	421,847
75-79	0	0	0	0	14	317,558
80-84	0	0	0	0	5	81,794
85-89	0	0	0	0	1	7,278
90 & Up	0	0	0	0	0	0
<b>Total</b>	<b>13</b>	<b>\$272,574</b>	<b>21</b>	<b>\$462,754</b>	<b>193</b>	<b>\$7,530,357</b>

## **SECTION F**



### **SUMMARY OF PLAN PROVISIONS**

## SUMMARY OF PLAN PROVISIONS

### A. Ordinances

The Plan was established by Ordinance No. 93-73 under the Code of Ordinances for the City of Largo, Florida, and was most recently amended under Ordinance Number 2014-67, adopted May 20, 2014. The Plan is also governed by certain provisions of Chapters 175 and 185, Florida Statutes, Part VII, Chapter 112, Florida Statutes (F.S.) and the Internal Revenue Code.

### B. Effective Date

January 1, 1980

### C. Plan Year

October 1 through September 30

### D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

### E. Eligibility Requirements

All full-time police officers and firefighters are eligible for membership on the date of employment.

### F. Credited Service

Service is measured as the total number of years and completed months of service as a police officer or firefighter. No service is credited for any periods of employment for which the member received a refund of employee contributions.

### G. Compensation

Compensation for services rendered, including pay for sick and vacation hours, personal option hours, retroactive pay, various incentive pay, etc. but not including payment for accrued sick leave, accrued annual leave, severance pay, bonuses, overtime (if hired after January 1, 1980), etc.

### H. Average Final Compensation (AFC)

For members who are hired before October 1, 2013, AFC is the average of Compensation over the highest 3 years out of the last 10 years of Credited Service immediately preceding retirement or termination. For members who are hired on or after October 1, 2013, AFC is the average of Compensation over the highest 5 years out of the last 10 years of Credited Service immediately preceding retirement or termination.

## I. Normal Retirement

**Eligibility:** For members hired before October 1, 2013, a member may retire on the first day of the month coincident with or next following the earliest of:

- (1) age 55 with 10 years of Credited Service, or
- (2) 23 years of Credited Service regardless of age, or
- (3) age 62 regardless of Credited Service.

For members hired on or after October 1, 2013, a member may retire on the first day of the month coincident with or next following the earliest of:

- (1) age 55 with 10 years of Credited Service, or
- (2) 25 years of Credited Service regardless of age, or
- (3) age 62 regardless of Credited Service.

**Benefit:** For members hired before October 1, 2013, 3.25% of AFC multiplied by Credited Service with a maximum equal to 95% of AFC.

For members hired on or after October 1, 2013, 2.75% of AFC multiplied by Credited Service with a maximum equal to 95% of AFC.

**Normal Form of Benefit:** 10-Year Certain and Life Annuity. Other options are also available.

**COLA:** None

## J. Early Retirement

**Eligibility:** A member may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 50 with 10 years of Credited Service.

**Benefit:** The Normal Retirement Benefit is reduced by 3.0% for each year by which the Early Retirement date precedes the Normal Retirement date.

**Normal Form of Benefit:** 10-Year Certain and Life Annuity. Other options are also available.

**COLA:** None

## K. Delayed Retirement

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

## L. Service Connected Disability

**Eligibility:** Any member who becomes totally and permanently disabled and unable to render useful and efficient service to the City as a result of an act occurring in the performance of service for the City is immediately eligible for a disability benefit.

**Benefit:** 60% of AFC. If the total of this benefit plus Workers' Compensation benefits exceeds 100% of AFC, the excess over 100% will be used to reduce the disability benefit.

Normal Form  
of Benefit: 10-Year Certain and Life Annuity. Other options are also available.

COLA: None

#### **M. Non-Service Connected Disability**

Eligibility: Any member with 10 or more years of Credited Service who becomes totally and permanently disabled and unable to render useful and efficient service to the City is immediately eligible for a disability benefit.

Benefit: 50% of AFC. If the total of this benefit plus Workers' Compensation benefits exceeds 100% of AFC, the excess over 100% will be used to reduce the disability benefit.

Normal Form  
of Benefit: 10-Year Certain and Life Annuity. Other options are also available.

COLA: None

#### **N. Death in the Line of Duty**

Eligibility: Members who die as a direct result of the performance of the member's duties are eligible for survivor benefits regardless of Credited Service.

Benefit: The survivor benefit payable to the designated beneficiary is the greater of:

- (1) the single sum value of the member's accrued Normal Retirement Benefit as of the date of death, or
- (2) the lesser of 24 times AFC or 100 times the member's anticipated monthly pension at the Normal Retirement date.

Normal Form  
of Benefit: The lump sum benefit determined above is converted to a monthly benefit payable to the member's beneficiary for 10 Years Certain and Life thereafter; other options are also available.

COLA: None

#### **O. Other Pre-Retirement Death**

Eligibility: Members are eligible for non-duty related death benefits regardless of Credited Service.

Benefit: The survivor benefit payable to the designated beneficiary is the greater of:

- (1) the single sum value of the member's accrued Normal Retirement Benefit as of the date of death, or
- (2) the lesser of 24 times AFC (12 times AFC for members with less than 10 years of Credited Service) or 100 times the member's anticipated monthly pension at the Normal Retirement date.

Normal Form  
of Benefit: The lump sum benefit determined above is converted to a monthly benefit payable to the member's beneficiary for 10 Years Certain and Life thereafter; other options are also available.

COLA: None

#### **P. Post Retirement Death**

Benefit determined by the form of benefit elected upon retirement.

#### **Q. Optional Forms**

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are the Single Life Annuity for police officers, the 10-Year Certain and Life Annuity for firefighters, the 50%, 66 2/3%, 75% or 100% Joint and Survivor options, or the Social Security Leveling Option.

#### **R. Vested Termination**

Eligibility: A member has earned a non-forfeitable right to Plan benefits after the completion of 10 years of Credited Service.

Benefit: The benefit is the member's accrued Normal Retirement Benefit as of the date of termination. Benefit begins on the member's Normal Retirement date. Alternatively, members with 10 or more years of Credited Service may elect to receive benefits any time after age 50. The benefit will be reduced for Early Retirement, when applicable.

Normal Form  
of Benefit: 10-Year Certain and Life Annuity. Other options are also available.

COLA: None

#### **S. Refunds**

Eligibility: All members terminating employment with less than 10 years of Credited Service are eligible. Optionally, vested members (those with 10 or more years of Credited Service) may elect a refund in lieu of the vested benefits otherwise due.

Benefit: Refund of the member's accumulated contributions without interest.

#### **T. Member Contributions**

5% of Compensation before May 6, 2014. For members who are hired before October 1, 2013, effective the first full payroll period after May 6, 2014, the member contribution rate increases to 6% of Compensation. The member contribution rate increases to 7% of Compensation effective October 1, 2014 and to 8% of Compensation effective October 1, 2015. However, the annual increase in the member contribution rate shall not exceed one-half of the percentage of the general wage increase that is granted to each class of employee, respectively (police officer, firefighter, and non-represented) in that fiscal year.

For members who are hired on or after October 1, 2013, effective the first full payroll period after May 6, 2014, the member contribution rate increases to 8% of Compensation.

#### **U. State Contributions**

Chapter 175 and 185 Premium Tax Refunds

#### **V. Employer Contributions**

Any additional amount determined by the actuary needed to fund the plan properly according to State laws.

Effective October 1, 2013, Additional Premium Tax Revenues (APTR) is first used to fund the Chapter 175/185 minimum plan benefits and reduce the City's required contribution. If the amount of APTR is sufficient to fund the Chapter 175/185 minimum benefits, the excess APTR is placed in the Firefighters' or Police Officers' Share Programs. If the Plan funding level determined in the most recent valuation report is 100% or greater, all APTR for the year is contributed to the Share Programs without regard to whether those APTR are sufficient to fund the minimum benefits. If the Plan funding level determined in the most recent valuation report is greater than 90% but less than 100%, one-half of the APTR for the year is contributed to the Share Programs without regard to whether those APTR are sufficient to fund the minimum benefits. If the Plan funding level determined in the most recent valuation report is at least 80% but less than 90%, one-quarter of the APTR for the year is contributed to the Share Programs without regard to whether those APTR are sufficient to fund the minimum benefits. If the Plan funding level determined in the most recent valuation report is less than 80%, all of the APTR for the year is used to fund the minimum benefits.

For purposes of the above, Additional Premium Tax Revenues (APTR) shall be defined as premium tax revenues received in excess of \$325,839 and \$432,273 for firefighters and police officers, respectively.

Effective October 1, 2013, the minimum annual required City contribution is 8% of payroll, notwithstanding the funding requirements of Florida Statutes. If the required contribution is less than 8% of payroll, the excess contribution is added to the Fund as an additional contribution to increase the Plan funding level.

#### **W. Cost of Living Increases**

Not Applicable

#### **X. Deferred Retirement Option Plan**

Eligibility: Plan members are eligible for the DROP upon the attainment of the earliest of:

- (1) age 55 with 10 years of Credited Service, or
- (2) 23 years of Credited Service regardless of age (25 years of Credited Service regardless of age if hired on or after October 1, 2013), or
- (3) age 62 regardless of Credited Service.

Members must make a written election to participate in the DROP.



**Benefit:** The member's Credited Service and AFC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and AFC.

**Maximum  
DROP Period:** 7 years.

**Interest  
Credited:** The member's DROP account is credited with interest based upon one of the following options chosen by the member.

- (1) the actual net investment return realized by the Fund, or
- (2) the interest rate earned from a separate investment plan elected by the member from investment funds made available by the Board.

**Normal Form  
of Benefit:** Lump Sum; member may also elect installment payments with Board approval.

**COLA:** None

#### **Y. Share Plan**

The Plan provides an individual share account for all active firefighters and for firefighters who are DROP members, retirees, and terminated vested members on October 1, 2009. The Plan also provides an individual share account for all active police officers and for police officers employed on September 1, 2011. The Share Plan allocation is derived from any non-dedicated Chapter 175 or 185 revenue that exceeds the base amount. The excess revenue, net of administrative expenses, is allocated annually to individual accounts which earn interest at the rate of investment return realized by the individual share plan account. Effective October 1, 2013, excess annual revenue is allocated to individual accounts only if the funding level determined in the most recent valuation report is at least 80%.

#### **Z. Other Ancillary Benefits**

There are no ancillary retirement type benefits not required by statutes but which might be deemed a City of Largo Municipal Police Officers' and Firefighters' Retirement Plan liability if continued beyond the availability of funding by the current funding source.

#### **AA. Changes from Previous Valuation**

There have been no changes in plan provisions since the previous valuation.