

TOWN OF HOWEY-IN-THE-HILLS
MUNICIPAL POLICE OFFICERS'
RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2014

DETERMINES THE CONTRIBUTION
FOR THE 2015/16 FISCAL YEAR



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April 4, 2015

Introduction

This report presents the results of the October 1, 2014 actuarial valuation for the Town of Howey-in-the-Hills Municipal Police Officers' Retirement Trust Fund. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2014 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2015/16 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27), statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an estimate of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table V-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the normal cost rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2015/16 plan year. The minimum required contribution rate is 30.63% of covered payroll, which represents an increase of 2.83% of payroll from the prior valuation.

The normal cost rate is 30.50%, which is 0.50% greater than the normal cost rate that was developed in the prior valuation. Table I-C provides a breakdown of the sources of change in the normal cost rate. Significantly, the rate decreased by 1.20% of payroll due to investment gains, increased by another 3.72% of payroll due to demographic experience, and decreased by 2.02% of payroll due to the assumption changes described below. The market value of



assets earned 8.42% during the 2013/14 plan year, whereas a 7.00% annual investment return was required to maintain a stable contribution rate.

Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the Town must contribute an amount equal to the annual normal cost of the plan plus an adjustment as necessary to reflect interest on any delayed payment of the contribution beyond the valuation date. On this basis, the Town's 2015/16 minimum required contribution will be equal to 30.63% multiplied by the total pensionable earnings for the 2015/16 fiscal year for the active employees who are covered by the plan.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is \$1,749,455. As illustrated in Table I-A, current assets are sufficient to cover \$1,259,231 of this amount, the employer's 2014/15 expected contribution will cover \$61,366 of this amount, the employer's 2015/16 expected contribution will cover \$70,308 of this amount, and future employee contributions are expected to cover \$69,042 of this amount, leaving \$289,508 to be covered by future employer funding beyond the 2015/16 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-C provide information needed by both the plan's and the employer's accountants in order to prepare the relevant financial statements that cover the period October 1, 2013 through September 30, 2014. Tables III-A through III-F provide information concerning the assets of the trust fund. Tables IV-A through IV-G provide statistical information concerning the plan's participant population. In particular, Table IV-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables V-A through VI-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of October 1, 2014, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Assumption Changes

Since the completion of the previous valuation, several assumptions have been changed. First, the assumed increase in future salaries was changed from service-based rates ranging from 5.50% to 10.00% per year, plus a 5.00% load to account for non-regular compensation, to a flat 4.00% per year. Second, the termination and disability decrements have been eliminated. Third, the mortality basis was changed from the unprojected RP-2000 Mortality Table to the RP-2000 Mortality Table projected to 2015 by Scale AA. Finally, the administrative expense assumption was changed from the actual average of administrative expenses for the past three years to 6.00% of the projected benefit liability.



Certification

This actuarial valuation was prepared 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 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 change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,



Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

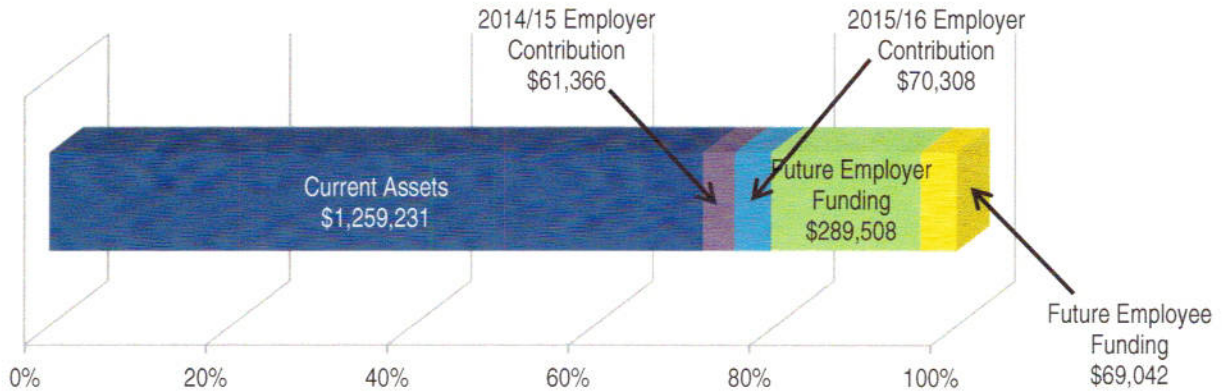
Enrolled Actuary No. 14-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Minimum Required Contribution

Table I-A



For the 2015/16 Plan Year

Present Value of Future Benefits	\$1,650,429
Present Value of Future Administrative Expenses	\$99,026
Actuarial Value of Assets	(\$1,259,231)
Present Value of Future Employee Contributions	(\$69,042)
Present Value of Future Normal Costs	\$421,182
Present Value of Future Payroll	÷ \$1,380,847
Normal Cost Rate	= 30.5017%
Expected Payroll	x \$220,740
Normal Cost	\$67,329
Adjustment to Reflect Bi-Weekly Employer Contributions	\$2,394
Expected Employer Contribution for the 2014/15 Plan Year	(\$61,366)
Remaining Contribution Due/(Credit) for the 2014/15 Plan Year	\$8,357
	x 0.07
One Year's Interest Charge/(Credit) on the Remaining Contribution	\$585
Preliminary Employer Contribution for the 2015/16 Plan Year	\$70,308
Expected Payroll for the 2015/16 Plan Year	÷ \$229,570

Minimum Required Contribution Rate **30.63%**

(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)

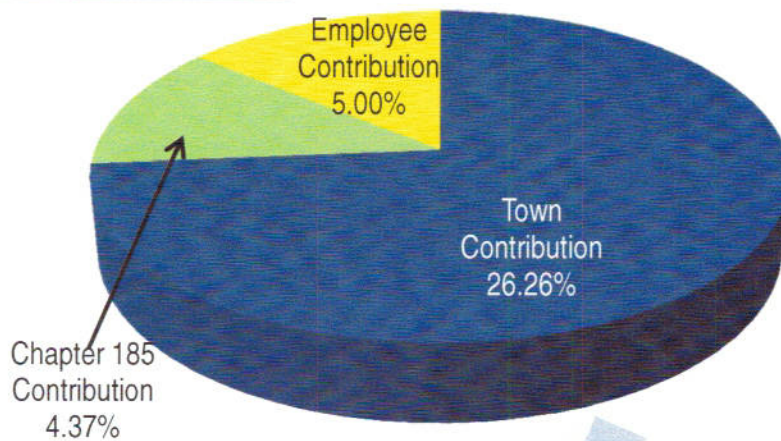


Minimum Required Contribution

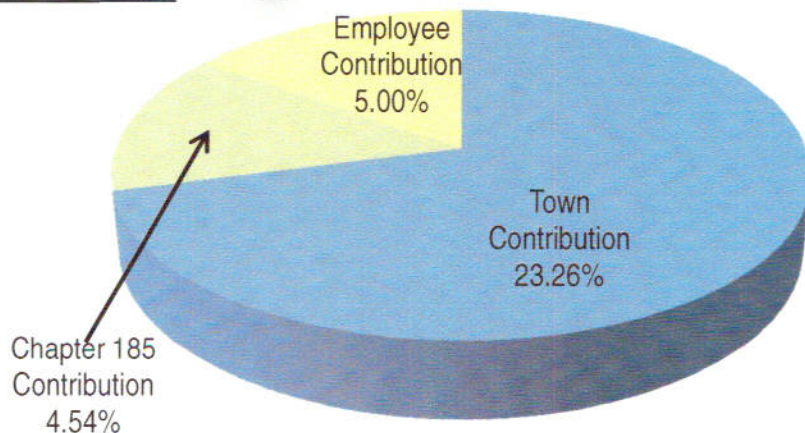
Table I-A
(continued)

The minimum required contribution rate of 30.63% includes both the Town contribution and the allowable Chapter 185 contribution. In addition, employees are required to contribute 5.00% of pensionable earnings. The actual Town contribution rate is expected to be approximately 26.26% based on the allowable Chapter 185 contribution for the previous year. The chart below shows the expected contribution rate by source for the 2015/16 plan year based on the expected payroll. A comparative chart shows the contribution rate by source for the previous plan year.

For the 2015/16 Plan Year

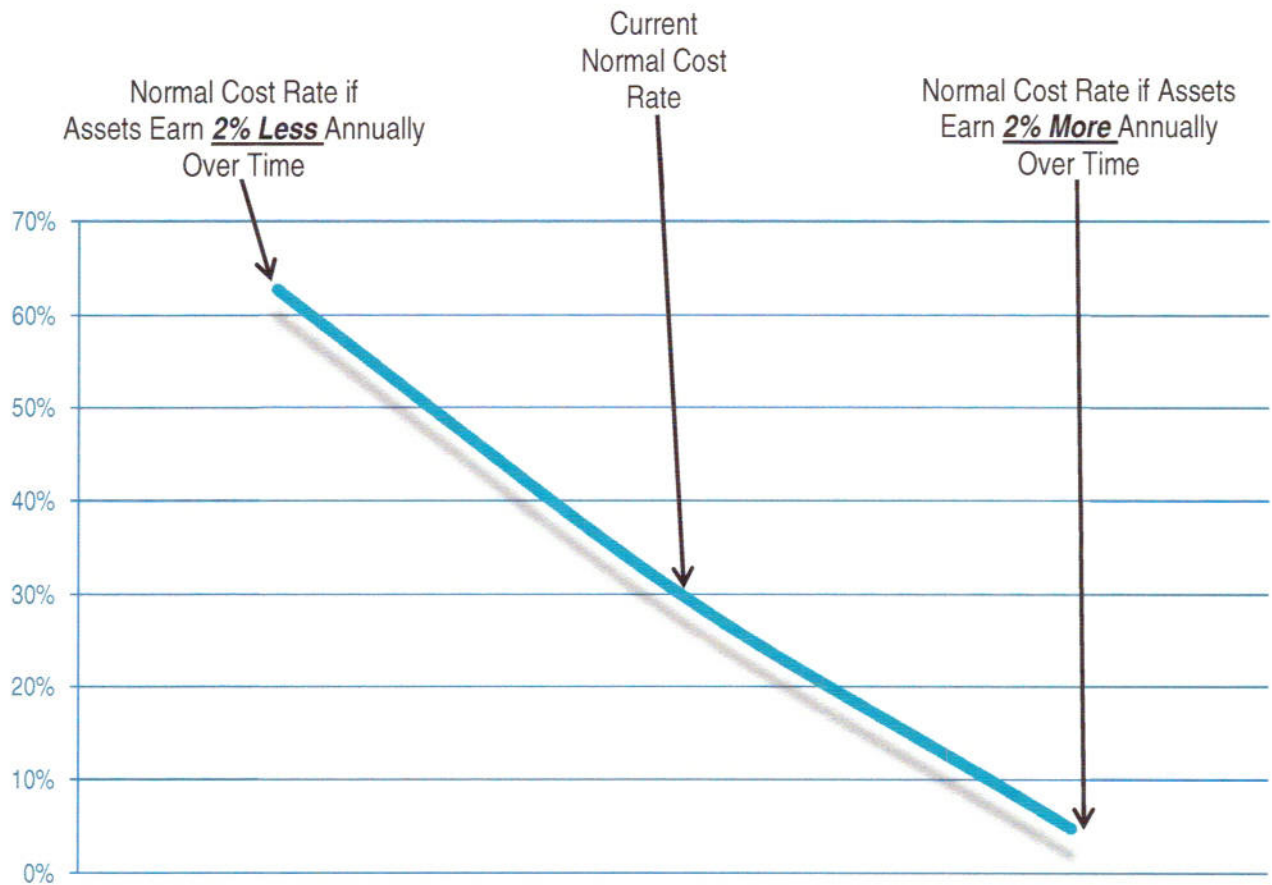


For the 2014/15 Plan Year



Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the normal cost rate to changes in the long-term investment return.



Gain and Loss Analysis

Table I-C

Previous normal cost rate	30.00%
Increase (decrease) due to investment gains and losses	-1.20%
Increase (decrease) due to demographic experience	3.72%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	-2.02%
Increase (decrease) due to actuarial method changes	0.00%
Current normal cost rate	<u>30.50%</u>



Present Value of Future Benefits

Table I-D

	New Assumptions <u>10/1/2013</u>	New Assumptions <u>w/o Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$1,234,138	\$1,051,778	\$1,051,778
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,234,138	\$1,051,778	\$1,051,778
<u>Deferred Vested Participants</u>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$390,382	\$382,088	\$382,088
Disability retirements	\$0	\$216,563	\$216,563
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$390,382	\$598,651	\$598,651
<u>Grand Total</u>	<u>\$1,624,520</u>	<u>\$1,650,429</u>	<u>\$1,650,429</u>
Present Value of Future Payroll	\$1,795,442	\$1,380,847	\$1,380,847
Present Value of Future Employee Contribs.	\$89,772	\$69,042	\$69,042
Present Value of Future Employer Contribs.	\$2,053,401	\$2,101,595	\$2,101,595



Present Value of Accrued Benefits

Table I-E

	New Assumptions <u>10/1/2013</u>	New Assumptions <u>w/o Amendment</u>	New Assumptions <u>w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$725,174	\$606,390	\$606,390
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$725,174	\$606,390	\$606,390
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<i><u>Due a Refund of Contributions</u></i>	\$0	\$0	\$0
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$390,382	\$382,088	\$382,088
Disability retirements	\$0	\$216,563	\$216,563
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$390,382	\$598,651	\$598,651
<i><u>Grand Total</u></i>	<u>\$1,115,556</u>	<u>\$1,205,041</u>	<u>\$1,205,041</u>



Present Value of Vested Benefits

Table I-F

	New Assumptions <u>10/1/2013</u>	New Assumptions <u>w/o Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$622,589	\$523,843	\$523,843
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$622,589	\$523,843	\$523,843
<u>Deferred Vested Participants</u>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$390,382	\$382,088	\$382,088
Disability retirements	\$0	\$216,563	\$216,563
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$390,382	\$598,651	\$598,651
<u>Grand Total</u>	<u>\$1,012,971</u>	<u>\$1,122,494</u>	<u>\$1,122,494</u>



Entry Age Normal Accrued Liability

Table I-G

	New Assumptions <u>10/1/2013</u>	New Assumptions <u>w/o Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$895,776	\$770,138	\$770,138
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$895,776	\$770,138	\$770,138
<u>Deferred Vested Participants</u>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$390,382	\$382,088	\$382,088
Disability retirements	\$0	\$216,563	\$216,563
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$390,382	\$598,651	\$598,651
<u>Grand Total</u>	<u>\$1,286,158</u>	<u>\$1,368,789</u>	<u>\$1,368,789</u>



GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of October 1, 2013	\$34,686
Annual Pension Cost for the 2013/14 Plan Year	\$70,882
Employer Contributions for the 2013/14 Plan Year	<u>(\$71,557)</u>
Net Increase (Decrease) in NPO	<u>(\$675)</u>
Net Pension Obligation (Asset) as of October 1, 2014	<u><u>\$34,011</u></u>



GASB 25/27 Disclosures

Table II-B

Schedule of Employer Contributions

Year Ended September 30	Annual Required Contribution	% Contrib.	Annual Pension Cost	% Contrib.
2009	\$45,298	100%	\$26,870	103%
2010	\$44,669	82%	\$34,657	76%
2011	\$45,094	104%	\$44,873	105%
2012	\$79,405	100%	\$79,086	102%
2013	\$73,875	58%	\$73,647	58%
2014	\$71,066	101%	\$70,882	101%

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability * (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
Not Applicable	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2010	N/A	N/A	N/A	N/A	N/A	N/A
Not Applicable	N/A	N/A	N/A	N/A	N/A	N/A
Not Applicable	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2013	\$1,167,034	\$1,352,691	\$185,657	86.27%	\$280,966	66.08%
October 1, 2014	\$1,259,231	\$1,368,789	\$109,558	92.00%	\$220,740	49.63%

* The AAL has been calculated under the entry age normal cost method.

Additional Information

Valuation Date **October 1, 2014**

Actuarial Cost Method **Aggregate**

Amortization Method **Level dollar, open**

Remaining Amortization Period **30 years**

Asset Valuation Method **Market value**

Discount Rate **7.00%**

Salary Increase Rate **4.00%**



SFAS 35 Disclosures

Table II-C

Actuarial Present Value of Accrued Benefits

	<u>As of October 1, 2013</u>	<u>As of October 1, 2014</u>
<u>Vested Benefits</u>		
Participants currently receiving benefits	\$377,715	\$598,651
Other participants	\$662,909	\$523,843
Sub-total	<u>\$1,040,624</u>	<u>\$1,122,494</u>
<u>Non-Vested Benefits</u>	\$69,131	\$82,547
<u>Total Benefits</u>	<u><u>\$1,109,755</u></u>	<u><u>\$1,205,041</u></u>
<u>Funded Percentage</u>	105.16%	104.50%
(based on the market value of assets)		

Statement of Change in Actuarial Present Value of Accrued Benefits

<u>Actuarial Present Value as of October 1, 2013</u>	<u>\$1,109,755</u>
<u>Increase (Decrease) Due To:</u>	
Interest	\$77,683
Benefits accumulated	\$84,261
Benefits paid	(\$72,459)
Plan amendments	\$0
Changes in actuarial methods and assumptions	\$5,801
Net increase (decrease)	<u>\$95,286</u>
<u>Actuarial Present Value as of October 1, 2014</u>	<u><u>\$1,205,041</u></u>



Actuarial Value of Assets

Table III-A

Market Value of Assets as of October 1, 2014	\$1,259,231
Minus advance employer contributions	\$0
Minus excess Chapter 175/185 contributions	\$0
Actuarial Value of Assets as of October 1, 2014	<u>\$1,259,231</u>

Historical Actuarial Value of Assets

October 1, 2005	N/A
October 1, 2006	N/A
October 1, 2007	N/A
October 1, 2008	N/A
October 1, 2009	N/A
October 1, 2010	N/A
October 1, 2011	N/A
October 1, 2012	\$1,013,795
October 1, 2013	\$1,167,034
October 1, 2014	\$1,259,231

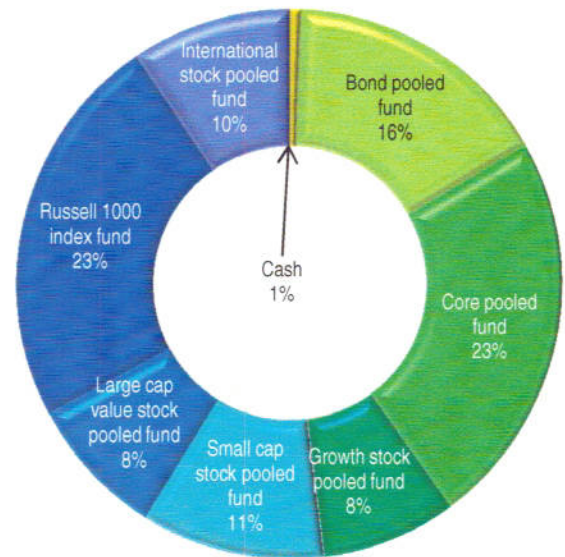


Market Value of Assets

Table III-B

As of October 1, 2014

Market Value of Assets	<u>\$1,259,231</u>
Cash	\$7,555
Bond pooled fund	\$201,477
Core pooled fund	\$294,660
Growth stock pooled fund	\$100,739
Small cap stock pooled fund	\$137,256
Large cap value stock pooled fund	\$103,257
Russell 1000 index fund	\$294,660
International stock pooled fund	\$119,627

Historical Market Value of Assets

October 1, 2005	N/A
October 1, 2006	N/A
October 1, 2007	N/A
October 1, 2008	N/A
October 1, 2009	N/A
October 1, 2010	N/A
October 1, 2011	N/A
October 1, 2012	\$1,013,795
October 1, 2013	\$1,167,034
October 1, 2014	\$1,259,231



Investment Return

Table III-C

*Annual Investment Returns*

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2004/05	N/A	N/A	N/A
2005/06	N/A	N/A	N/A
2006/07	N/A	N/A	N/A
2007/08	N/A	N/A	N/A
2008/09	N/A	N/A	N/A
2009/10	N/A	N/A	N/A
2010/11	N/A	N/A	N/A
2011/12	N/A	N/A	N/A
2012/13	11.46%	11.46%	7.00%
2013/14	8.42%	8.42%	7.00%
2yr. Avg.	9.93%	9.93%	7.00%



Asset Reconciliation

Table III-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2013	\$1,167,034	\$1,167,034
<i>Increases Due To:</i>		
Employer Contributions	\$61,535	\$61,535
Chapter 175/185 Contributions	\$10,022	\$10,022
Employee Contributions	\$11,104	\$11,104
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$82,661</u>	<u>\$82,661</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$98,020	
Total Investment Income	<u>\$98,020</u>	\$98,020
Other Income	\$0	
Total Income	<u>\$180,681</u>	<u>\$180,681</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	(\$53,558)	(\$53,558)
Refund of Employee Contributions	(\$18,901)	(\$18,901)
Total Benefit Payments	<u>(\$72,459)</u>	<u>(\$72,459)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$16,025)	(\$16,025)
Advance Employer Contribution		\$0
Excess Chapter 175/185 Contribution		\$0
Total Expenses	<u>(\$88,484)</u>	<u>(\$88,484)</u>
As of October 1, 2014	<u>\$1,259,231</u>	<u>\$1,259,231</u>



Historical Trust Fund Detail

Table III-E

Income

Plan	Employer	Chapter	Employee	Service		Realized	Unrealized	
<u>Year</u>	<u>Contribs.</u>	<u>Contribs.</u>	<u>Contribs.</u>	<u>Purchase</u>	<u>Interest /</u>	<u>Gains /</u>	<u>Gains /</u>	<u>Other</u>
				<u>Contribs.</u>	<u>Dividends</u>	<u>Losses</u>	<u>Losses</u>	<u>Income</u>
2004/05	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005/06	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2006/07	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2007/08	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2008/09	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2009/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010/11	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2011/12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2012/13	\$64,772	\$10,265	\$11,543	\$0	\$0	\$0	\$118,233	\$0
2013/14	\$61,535	\$10,022	\$11,104	\$0	\$0	\$0	\$98,020	\$0

Expenses

Plan	Monthly				<u>Other Actuarial Adjustments</u>	
<u>Year</u>	<u>Benefit</u>	<u>Contrib.</u>	<u>Admin.</u>	<u>Invest.</u>	<u>Advance</u>	<u>Excess</u>
	<u>Payments</u>	<u>Refunds</u>	<u>Expenses</u>	<u>Expenses</u>	<u>Employer</u>	<u>Chapter</u>
					<u>Contribs.</u>	<u>Contribs.</u>
2004/05	N/A	N/A	N/A	N/A	N/A	N/A
2005/06	N/A	N/A	N/A	N/A	N/A	N/A
2006/07	N/A	N/A	N/A	N/A	N/A	N/A
2007/08	N/A	N/A	N/A	N/A	N/A	N/A
2008/09	N/A	N/A	N/A	N/A	N/A	N/A
2009/10	N/A	N/A	N/A	N/A	N/A	N/A
2010/11	N/A	N/A	N/A	N/A	N/A	N/A
2011/12	N/A	N/A	N/A	N/A	N/A	N/A
2012/13	\$38,380	\$0	\$13,194	\$0	\$0	\$0
2013/14	\$53,558	\$18,901	\$16,025	\$0	\$0	\$0

Note: Information was not available to separate the investment expenses from the investment income nor was information available to separate the investment income by source.



Other Reconciliations

Table III-F

Advance Employer Contribution

Advance Employer Contribution as of October 1, 2013	\$0
Additional Employer Contribution	\$71,557
Minimum Required Contribution	(\$71,557)
Net Increase in Advance Employer Contribution	\$0
Advance Employer Contribution as of October 1, 2014	\$0

Excess Chapter 175/185 Contribution

Excess Chapter 175/185 Contribution as of October 1, 2013	\$0
Additional Chapter 175/185 Contribution	\$10,022
Allowable Chapter 175/185 Contribution	(\$10,022)
Net Increase in Excess Chapter 175/185 Contribution	\$0
Excess Chapter 175/185 Contribution as of October 1, 2014	\$0



Allowable Chapter 175/185 Contribution

Table III-G

1997 Base Amounts

Chapter 175 Regular Distribution	\$5,732
Chapter 175 Supplemental Distribution	\$0
Chapter 185 Distribution	\$0

Qualifying Benefit Improvements

Prior Ordinance(s)	\$4,533
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Historical Chapter 175/185 Contributions

Table III-H

Total Accumulated Excess Chapter 175/185 Contribution \$0

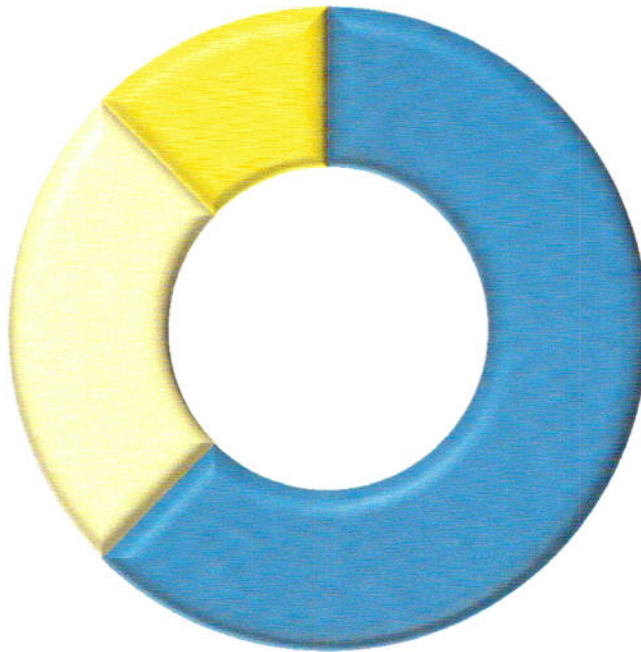
	Chapter 175 Regular <u>Distribution</u>	Chapter 175 Supplemental <u>Distribution</u>	Chapter 185 <u>Distribution</u>	Allowable <u>Amount</u>
1998 Distribution	\$0	\$0	\$5,907	(\$5,907)
1999 Distribution	\$0	\$0	\$5,470	(\$5,470)
2000 Distribution	\$0	\$0	\$6,082	(\$6,082)
2001 Distribution	\$0	\$0	\$8,235	(\$8,235)
2002 Distribution	\$0	\$0	\$8,299	(\$8,299)
2003 Distribution	\$0	\$0	\$9,271	(\$9,271)
2004 Distribution	\$0	\$0	\$8,657	(\$8,657)
2005 Distribution	\$0	\$0	\$9,244	(\$9,244)
2006 Distribution	\$0	\$0	\$9,193	(\$9,193)
2007 Distribution	\$0	\$0	\$8,809	(\$8,809)
2008 Distribution	\$0	\$0	\$9,607	(\$9,607)
2009 Distribution	\$0	\$0	\$10,019	(\$10,019)
2010 Distribution	\$0	\$0	\$9,394	(\$9,394)
2011 Distribution	\$0	\$0	\$10,053	(\$10,053)
2012 Distribution	\$0	\$0	\$10,265	(\$10,265)
2013 Distribution	\$0	\$0	\$10,022	(\$10,022)



Summary of Participant Data

Table IV-A

As of October 1, 2014

*Participant Distribution by Status*Actively Employed Participants

Active Participants	5
DROP Participants	0

Inactive Participants

Deferred Vested Participants	0
Due a Refund of Contributions	0
Deferred Beneficiaries	0

Participants Receiving a Benefit

Service Retirements	2
Disability Retirements	1
Beneficiaries Receiving	0

Total Participants 8Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2005	5	0	1	1	7
October 1, 2006	N/A	N/A	N/A	N/A	N/A
October 1, 2007	6	0	1	1	8
October 1, 2008	N/A	N/A	N/A	N/A	N/A
October 1, 2009	N/A	N/A	N/A	N/A	N/A
October 1, 2010	6	0	0	2	8
October 1, 2011	N/A	N/A	N/A	N/A	N/A
October 1, 2012	N/A	N/A	N/A	N/A	N/A
October 1, 2013	6	0	0	2	8
October 1, 2014	5	0	0	3	8



Data Reconciliation

Table IV-B

	<u>Active</u>	<u>DROP</u>	<u>Deferred Vested</u>	<u>Due a Refund</u>	<u>Def. Benef.</u>	<u>Service Retiree</u>	<u>Disabled Retiree</u>	<u>Benef. Rec'v.</u>	<u>Total</u>
<u>October 1, 2013</u>	6	0	0	0	0	2	0	0	8
<u>Change in Status</u>									
Re-employed									
Terminated	(1)			1					
Retired	(1)						1		
<u>Participation Ended</u>									
Transferred Out									
Cashed Out				(1)					(1)
Died									
<u>Participation Began</u>									
Newly Hired	1								1
Transferred In									
New Beneficiary									
<u>Other Adjustment</u>									
<u>October 1, 2014</u>	5	0	0	0	0	2	1	0	8

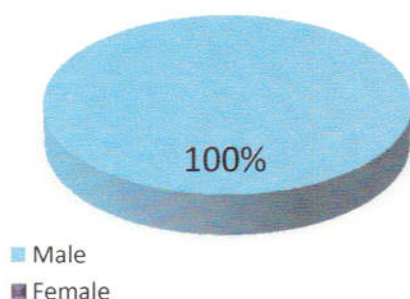


Active Participant Data

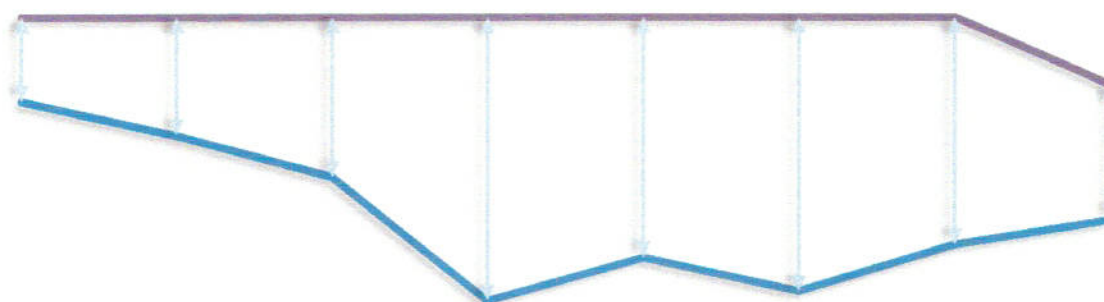
Table IV-C

As of October 1, 2014

Gender Mix



Average Age	50.6 years
Average Service	9.8 years
Total Annualized Compensation for the Prior Year	\$212,250
Total Expected Compensation for the Current Year	\$220,740
Average Increase in Compensation for the Prior Year	1.53%
Expected Increase in Compensation for the Current Year	4.00%



Actual vs. Expected Salary Increases

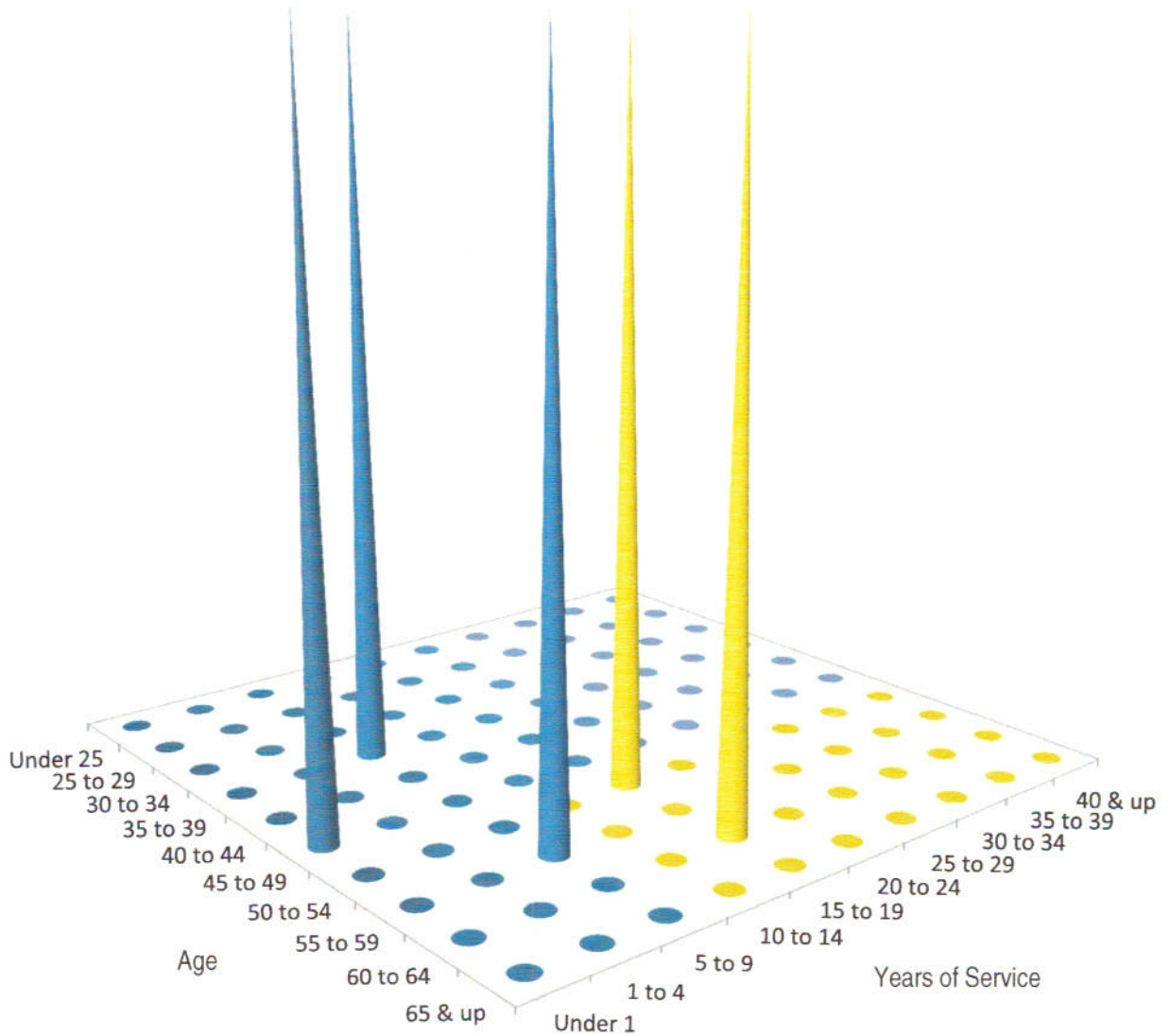
Active Participant Statistics From Prior Valuations

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2005	41.9	5.0	\$34,087	7.50%	-3.70%
October 1, 2006	N/A	N/A	N/A	7.50%	13.00%
October 1, 2007	40.9	6.2	\$41,304	7.50%	5.00%
October 1, 2008	N/A	N/A	N/A	7.50%	4.00%
October 1, 2009	N/A	N/A	N/A	7.50%	2.80%
October 1, 2010	46.8	8.9	\$44,023	7.50%	-0.90%
October 1, 2011	N/A	N/A	N/A	7.50%	0.40%
October 1, 2012	N/A	N/A	N/A	7.50%	-0.60%
October 1, 2013	49.8	11.9	\$46,828	7.50%	0.80%
October 1, 2014	50.6	9.8	\$42,450	5.50%	1.53%



Active Age-Service Distribution

Table IV-D



- ▲ Eligible to retire
- ▲ May be eligible to retire
- ▲ Not eligible to retire



Active Age-Service-Salary Table

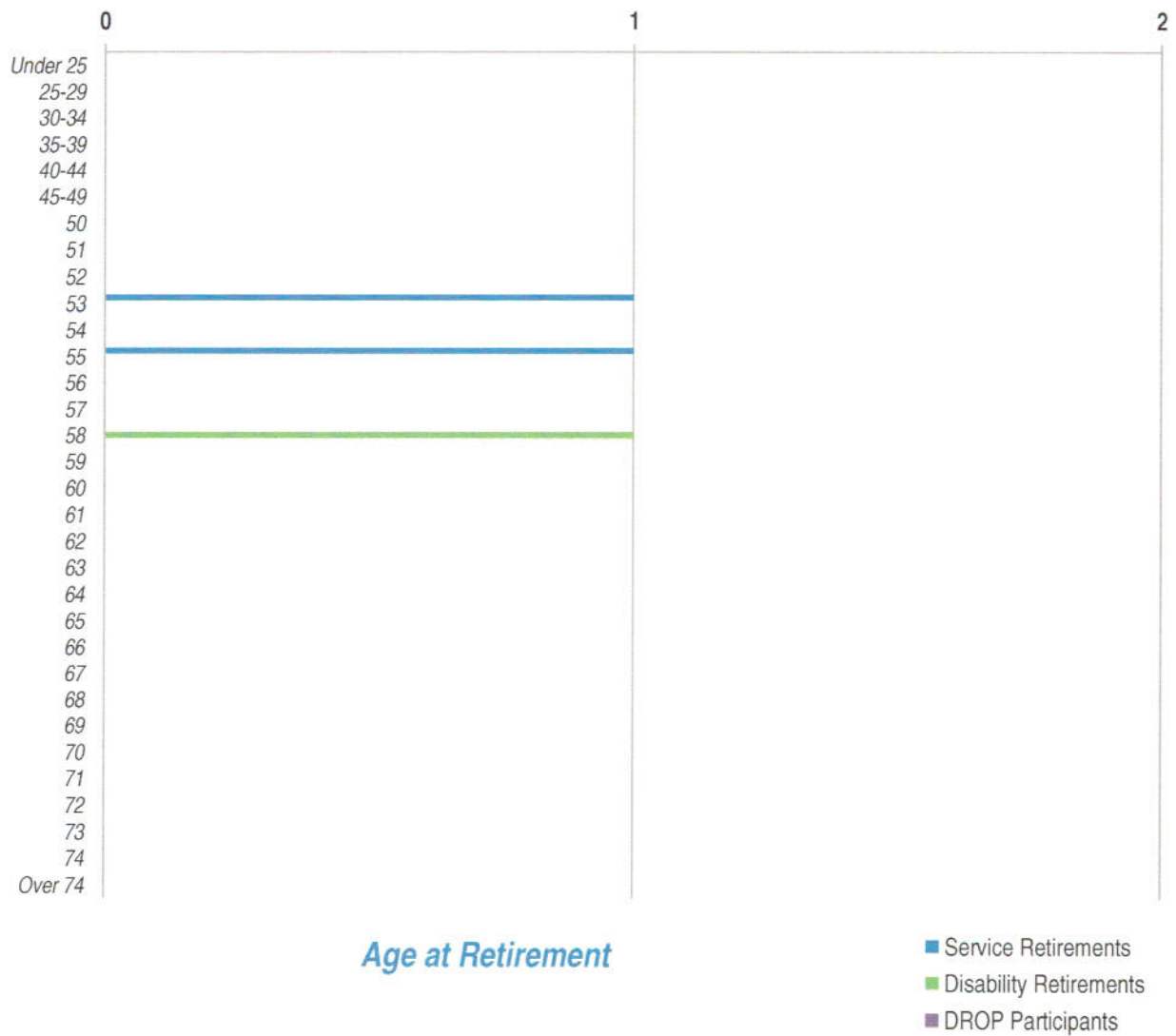
Table IV-E

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
35 to 39	0	0	1	0	0	0	0	0	0	0	1
Avg.Pay	0	0	35,980	0	0	0	0	0	0	0	35,980
40 to 44	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
45 to 49	1	0	0	0	0	0	0	0	0	0	1
Avg.Pay	29,891	0	0	0	0	0	0	0	0	0	29,891
50 to 54	0	0	0	0	1	0	0	0	0	0	1
Avg.Pay	0	0	0	0	52,276	0	0	0	0	0	52,276
55 to 59	0	0	1	0	0	0	0	0	0	0	1
Avg.Pay	0	0	36,225	0	0	0	0	0	0	0	36,225
60 to 64	0	0	0	0	1	0	0	0	0	0	1
Avg.Pay	0	0	0	0	57,878	0	0	0	0	0	57,878
65 & up	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	1	0	2	0	2	0	0	0	0	0	5
Avg.Pay	29,891	0	36,103	0	55,077	0	0	0	0	0	42,450



Inactive Participant Data

Table IV-F

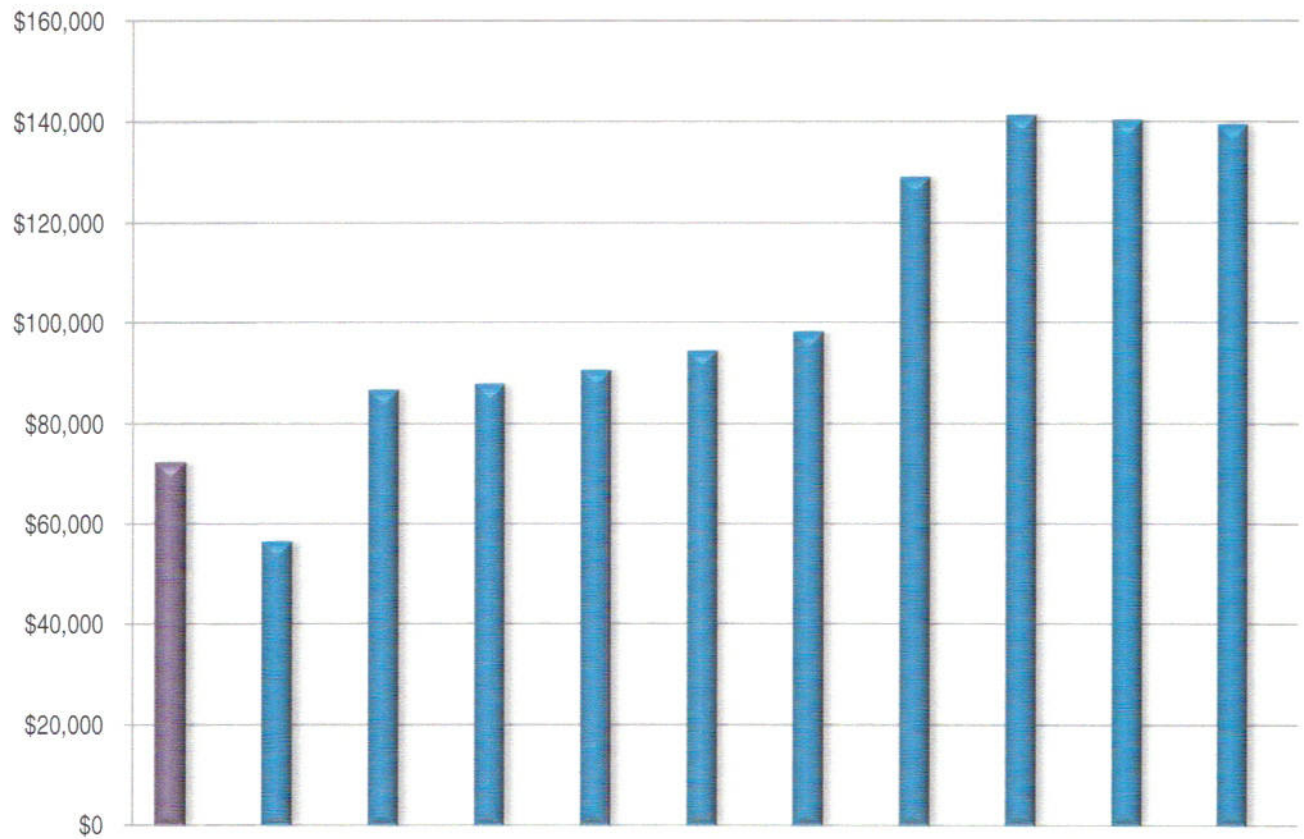
Average Monthly Benefit

Service Retirements	\$1,599.16
Disability Retirements	\$1,558.01
Beneficiaries Receiving	Not applicable
DROP Participants	Not applicable
Deferred Vested Participants	Not applicable
Deferred Beneficiaries	Not applicable



Projected Benefit Payments

Table IV-G

Actual

For the period October 1, 2013 through September 30, 2014

\$72,459

Projected

For the period October 1, 2014 through September 30, 2015

\$56,659

For the period October 1, 2015 through September 30, 2016

\$86,824

For the period October 1, 2016 through September 30, 2017

\$87,897

For the period October 1, 2017 through September 30, 2018

\$90,656

For the period October 1, 2018 through September 30, 2019

\$94,488

For the period October 1, 2019 through September 30, 2020

\$98,222

For the period October 1, 2020 through September 30, 2021

\$129,256

For the period October 1, 2021 through September 30, 2022

\$141,273

For the period October 1, 2022 through September 30, 2023

\$140,441

For the period October 1, 2023 through September 30, 2024

\$139,525



Summary of Actuarial Methods and Assumptions

Table V-A

1. **Actuarial Cost Method**

Aggregate cost method. Under this actuarial cost method, a funding cost is developed for the plan as a level percentage of payroll. The level funding percentage is calculated as the excess of the total future benefit liability over accumulated assets and future employee contributions, with this excess spread over the expected future payroll for current active participants. The normal cost is equal to the level funding percentage multiplied by the expected payroll for the year immediately following the valuation date. The actuarial accrued liability is equal to the accumulated assets. Therefore, under the aggregate cost method, no unfunded accrued liability is developed.

2. **Asset Method**

The actuarial value of assets is equal to the market value of assets.

3. **Interest (or Discount) Rate**

7.00% per annum

4. **Salary Increases**

Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual plan compensation is known for a prior plan year.

5. **Decrements**

- Pre-retirement mortality: None is assumed.
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.
- Disability: None is assumed.
- Termination: None is assumed.



Summary of Actuarial Methods and Assumptions

Table V-A

(continued)

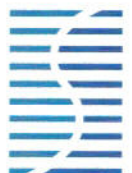
- Retirement: Retirement is assumed to occur at the rate of 5% at each of ages 50 through 54 if the participant is eligible for early retirement or at the rate of 10% at each age after age 54 if the participant is eligible for normal retirement; alternatively, 100% retirement is assumed at age 58 with at least 13 years of service or at age 55 with at least 28 years of service; no retirement decrement is assumed during the first year after the valuation date.

6. Form of Payment

Future retirees have been assumed to select the 10-year certain and life annuity.

7. Expenses

The total projected benefit liability has been loaded by 6.00% to account for anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.



Changes in Actuarial Methods and Assumptions

Table V-B

Since the completion of the previous valuation, the following assumptions were changed:

- (1) The assumed increase in future salaries was changed from service-based rates ranging from 5.50% to 10.00% per year, plus a 5.00% load to account for non-regular compensation, to a flat 4.00% per year.
- (2) The termination and disability decrements have been eliminated.
- (3) The mortality basis was changed from the unprojected RP-2000 Mortality Table to the RP-2000 Mortality Table projected to 2015 by Scale AA.
- (4) The administrative expense assumption was changed from the actual average of administrative expenses for the past three years to 6.00% of the projected benefit liability.



Summary of Plan Provisions

Table VI-A

1. Benefit Formula

3.00% of Average Monthly Earnings multiplied by Credited Service

2. Service Retirement

Normal retirement: Age 55 with at least 10 years of credited service; or

Age 52 with at least 25 years of credited service

Early retirement: Age 50 with at least 10 years of credited service

Note: The early retirement benefit is reduced by 3% for each year (prorated for portions of a year) by which the participant's early retirement date precedes his normal retirement date.

3. Disability Retirement

The disability benefit is a monthly 10-year certain and life annuity equal to the accrued normal retirement benefit, but no less than 42% of average monthly earnings in the case of a service-connected disability. A participant must have earned at least 10 years of Credited Service unless his disability is service-connected. The participant may convert his disability benefit into any of the optional forms of payment that are otherwise available under the plan.

4. Deferred Vested Retirement

A vested participant who terminates employment before becoming eligible for retirement receives a deferred vested retirement pension equal to the accrued monthly benefit payable at the participant's normal retirement age (unreduced) or early retirement age (reduced by 3% for each year or portions thereof by which the early retirement date precedes the normal retirement date).

A non-vested participant who terminates employment receives his accumulated contributions.

5. Vesting

An employee becomes 100% vested upon the attainment of 10 years of Credited Service



Summary of Plan Provisions

Table VI-A

(continued)

6. Pre-Retirement Death Benefit

If a vested participant dies prior to retirement, the participant's beneficiary receives a 10-year certain annuity equal to the participant's accrued normal retirement benefit, reduced for early retirement if applicable, and payable at the participant's early or normal retirement date; alternatively, an actuarially equivalent 10-year certain annuity is payable immediately upon the death of the participant; if the beneficiary is not the participant's spouse, the early retirement reduction is replaced by an actuarial reduction if the participant was not eligible for early or normal retirement at the time of his death.

If a non-vested participant dies prior to retirement, the participant's beneficiary receives the participant's accumulated contributions.

7. Form of Payment

Actuarially increased single life annuity *(optional)*;

10-year certain and life annuity *(normal form of payment)*;

Actuarially reduced 50% joint and contingent annuity *(optional)*;

Actuarially reduced 66⅔% joint and contingent annuity *(optional)*;

Actuarially reduced 75% joint and contingent annuity *(optional)*;

Actuarially reduced 100% joint and contingent annuity *(optional)*;

Actuarially equivalent social security level income annuity *(optional)*;

Single lump sum payment equal to 10%, 15%, 20%, or 25% of the actuarially equivalent value of the normal form of payment plus a monthly annuity equal to the remaining value payable in any of the forms of annuity available under the plan *(optional)*;

Actuarially equivalent single lump sum distribution *(optional at the discretion of the pension board and only available if the single sum value of the participant's benefit is less than or equal to \$1,000)*

(Note: All forms of payment guarantee at least the return of the participant's accumulated contributions. Furthermore, a participant may change his joint annuitant up to two times after retirement subject to an actuarially equivalent adjustment.)



Summary of Plan Provisions

Table VI-A

(continued)

8. Average Monthly Earnings

Average monthly earnings during the highest five years of compensation out of the 10 years immediately preceding the determination date. Earnings includes total W-2 compensation, but excludes overtime in excess of 300 hours per year after July 1, 2011 and payments for unused sick and annual leave that accrues after July 1, 2011. Earnings cannot exceed the maximum amount allowed under Internal Revenue Code (IRC) section 401(a)(17).

9. Credited Service

The elapsed time from the participant's date of hire until his date of termination, retirement, or death; subject to certain limitations, a participant may purchase additional service credit for previous employment with the Town, for previous employment as a police officer in another jurisdiction, or for military service.

10. Employee Contribution

Employees must contribute 5.00% of pensionable earnings. Employee contributions are accumulated without interest.

11. Town Contribution

The Town is required to make periodic contributions at least on a quarterly basis as determined under Chapter 112, Florida Statutes.

12. Participant Requirement

All full-time police officers of the Town of Howie-in-the-Hills automatically become participants in the plan on their date of hire.

13. Actuarial Equivalence

Based on 8.00% interest per annum and the RP-2000 Combined Healthy Mortality Table (Unisex)



Summary of Plan Amendments

Table VI-B

Since the completion of the previous valuation, Ordinances 2014-010 and 2014-011 were adopted. These ordinances implemented a local law plan to replace the Chapter plan that was previously in effect.

