FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2012

CONTRIBUTIONS APPLICABLE TO THE PLAN/
FISCAL YEAR ENDED SEPTEMBER 30, 2014

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December 3, 2012

Board of Trustees
City of Leesburg
Retirement Plan for General Employees
c/o Barbara Cooper
P. O. Box 64
Lady Lake, FL 32158

Re: City of Leesburg
Retirement Plan for General Employees

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Leesburg Retirement Plan for General Employees. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year(s).

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

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

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

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Leesburg, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Leesburg Retirement Plan for General Employees. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: ______________________

Patrick T. Donlan, ASA, EA, MAAA
Enrolled Actuary #11-6595

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Enclosures

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Leesburg Retirement Plan for General Employees, performed as of October 1, 2012, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2014.

The funding requirements, compared with the amounts developed in the October 1, 2011 actuarial valuation report, are as follows:

Valuation Date	10/1/2011	10/1/2012
Applicable Plan/Fiscal Year End	9/30/2013	9/30/2014
Total Recommended Contribution	$1,362,439	$1,451,966
Valuation Date	10/1/2013	10/1/2014
Applicable Plan/Fiscal Year End	9/30/2015	9/30/2016
Estimated Projected Contribution *	$1,451,966	$1,451,966

* Because the Board utilizes use a 4-year smoothing technique on the Actuarial Value of Assets, it is likely that there will be small investment gains relative to the assumption during the next three years. Please see Page 18. If the Fund earns 7.5% for each of fiscal 2013, 2014, and 2015, then the rounded 4-year rolling averages would be 7.5%, 7.5% and 9.1% for each of those respective years. Because the 4-year rolling averages are what is used in the valuations, this would produce an investment gain (relative to the 7.5% assumption) of approximately $475,000 in the October 1, 2015 valuation report. The 10-year amortization for this gain would reduce the Plan's funding requirements by approximately $67,000. Therefore, at the end of the 3-year period, the funding requirements will be approximately $67,000 per year lower than they are now, which represents approximately 0.4% of the current department payroll. It is very important to point out that turnover, retirements, deaths, etc influence the actual funding requirements on an annual basis. The reduction of 0.4% of payroll is only resulting from deferred

investment gains and makes the assumption that each of the next 3 years the Fund will experience exactly 7.5% returns.

Please note that the Fund has a balance of excess contributions of $111,770. If desired, the City may use any or all of this amount to offset the required contribution. This balance has been created for relief in "lean" years. If the total required contribution is completely offset by the excess contribution balance, the City must contribute at least the administrative expense amount for the coming year.

The pensionable payroll for the fiscal year ended September 30, 2012 was $12,742,737. If we assume that that amount would drop by 5.0% each year (when Members retire they are not replaced in the defined benefit plan), then the dollar amounts stated above would represent approximately the following percentages of the pensionable payroll (please note that the dollar amounts shown above are what is legally required. These percentages are shown only for comparative purposes):

Valuation Date Applicable Plan/Fiscal Year End	10/1/2011 9/30/2013	10/1/2012 9/30/2014
Total Recommended Contribution	11.2%	12.6%

The approximate total payroll for the City for the fiscal year ended September 30, 2013 is $17,705,565 (this does not include the fire department). If we assume that this amount would stay the same for next year, then the dollar amounts stated above would represent approximately the following percentages of the total payroll of the City's Police and General Employees (please note that the dollar amounts shown above are what is legally required. These percentages are shown only for comparative purposes):

Valuation Date Applicable Plan/Fiscal Year End	10/1/2011 9/30/2013	10/1/2012 9/30/2014
Total Recommended Contribution	7.7%	8.2%

Net actuarial experience has been favorable during the past 12 months. The primary sources of favorable experience included larger than expected turnover and larger than expected retiree mortality. These gains were partially offset by the effects of a 6.88% investment return (Actuarial Asset Value basis) that was less the 7.5% assumption.

One gauge of the funded status of the Plan is to compare the Market Value of Assets to the Total Present Value of Accrued Benefits. On this basis, the funded ratio as of October 1, 2011 was 75.2% and as of October 1, 2012 it had become 78.9%.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By: Christine M. O'Neal

Christine M. O'Neal, EA, MAAA

By:

Patrick T. Donlan, EA, ASA, MAAA

Plan Changes Since Prior Valuation

There have been no changes to the Plan since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

There has been one change since the prior valuation, as outlined below:

- In consideration of Actuarial Standards of Practice Number 35 that requires consideration of mortality improvements, this valuation includes projecting the RP-2000 static mortality rates to the valuation date (2012) with scale AA. Future valuation reports will also project the mortality rates to the valuation date.

Comparative Summary of Principal Valuation Results

	New Assum 10/1/2012	Old Assum 10/1/2012	Old Assum 10/1/2011
A. Participant Data			
Number Included			
Actives	290	290	316
Service Retirees	155	155	145
Beneficiaries	36	36	34
Terminated Vested	201	201	195
Disability Retirees	5	5	5
Total	687	687	695
Total Annual Payroll	$12,742,737	$12,742,737	$13,550,400
Payroll Under Assumed Ret. Age	12,742,737	12,742,737	13,550,400
Annual Rate of Payments to:			
Service Retirees	1,979,152	1,979,152	1,898,471
Beneficiaries	186,294	186,294	174,710
Terminated Vested	1,040,742	1,040,742	1,066,628
Disability Retirees	58,195	58,195	57,632
B. Assets			
Actuarial Value	31,172,936	31,172,936	30,735,796
Market Value	31,112,567	31,112,567	28,828,625
C. Liabilities			
Present Value of Benefits			
Active Members			
Retirement Benefits	7,352,373	7,152,369	7,298,274
Disability Benefits	1,368,730	1,339,350	1,472,381
Death Benefits	221,581	260,092	256,549
Vested Benefits	3,888,076	3,790,216	3,819,994
Refund of Contributions	0	0	0
Service Retirees	20,578,406	20,091,937	19,392,696
Beneficiaries	1,533,947	1,498,657	1,443,035
Terminated Vested	3,901,261	3,804,916	4,075,552
Disability Retirees	596,648	574,876	585,959
Funding Credit Balance	111,770	111,770	614,188
Total	39,552,792	38,624,183	38,958,628

C. Liabilities - (Continued)	New Assum 10/1/2012	Old Assum 10/1/2012	Old Assum 10/1/2011
Present Value of Future Salaries	N/A	N/A	N/A
Present Value of Future Member Contributions	0	0	0
EAN Normal Cost (Retirement)	103,879	100,536	125,551
EAN Normal Cost (Disability)	37,785	37,173	51,345
EAN Normal Cost (Death)	5,174	6,066	7,651
EAN Normal Cost (Vesting)	39,862	38,794	49,058
EAN Normal Cost (Refunds)	0	0	0
Total Normal Cost	186,700	182,569	233,605
Present Value of Future Normal Costs (Entry Age)	619,875	608,268	773,767
Accrued Liability (Retirement)	7,101,206	6,908,948	7,005,080
Accrued Liability (Disability)	1,224,791	1,197,832	1,277,579
Accrued Liability (Death)	199,143	233,455	223,319
Accrued Liability (Vesting)	3,685,745	3,593,524	3,567,453
Accrued Liability (Refunds)	0	0	0
Accrued Liability (Inactives)	26,610,262	25,970,386	25,497,242
Actuarial Accrued Liability	38,821,147	37,904,145	37,570,673
Unfunded Actuarial Accrued Liability (UAAL)	7,648,211	6,731,209	6,834,877

D. Actuarial Present Value of Accrued Benefits

Vested Accrued Retirement Benefits			
Inactives	26,610,262	25,970,386	25,497,242
Actives	12,781,448	12,493,308	12,680,548
Member Contributions	20,102	20,102	20,102
Total	39,411,812	38,483,796	38,197,892
Non-vested Accrued Ret. Benefits	29,210	28,617	146,548
Total Present Value Accrued Benefits	39,441,022	38,512,413	38,344,440

Increase (Decrease) in Present Value of Accrued Benefits Attributable to:

Plan Amendments	0	0
Assumption Changes	928,609	0
New Accrued Benefits	0	(549,326)
Benefits Paid	0	(2,080,514)
Interest	0	2,797,814
Other	0	0
Total:	928,609	167,973

Valuation Date Applicable Fiscal Year End	New Assum 10/1/2012 9/30/2014	Old Assum 10/1/2012 9/30/2014	Old Assum 10/1/2011 9/30/2013
E. Pension Cost			
Normal Cost	$186,700	$182,569	$233,605
% of Projected Annual Payroll	N/A	N/A	N/A
Administrative Expenses	65,900	65,900	57,300
% of Projected Annual Payroll	N/A	N/A	N/A
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/12)	1,148,466	1,064,791	1,060,420
% of Projected Annual Payroll	N/A	N/A	N/A
Total Recommended Contribution *	1,451,966	1,360,444	1,362,439
% of Projected Annual Payroll	N/A	N/A	N/A
Expected Member Contributions	0	0	0
% of Projected Annual Payroll	N/A	N/A	N/A
Expected City Contrib.	1,451,966	1,360,444	1,362,439
% of Projected Annual Payroll	N/A	N/A	N/A

F. Past Contributions

Plan Years Ending:	9/30/2012
Total Recommended Contribution	986,422
Actual Contributions Made:	
City	525,643
Members	0

G. Net Actuarial Gain (Loss) 434,365

* Total recommended contribution equals the total normal cost plus administrative expenses plus amortization payment for unfunded accrued liabilities, all adjusted for timing (end of each month), less a full year's interest on the Funding Credit Balance.

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

Year	Projected Unfunded Accrued Liability
2012	$7,759,981
2013	7,511,040
2014	6,776,488
2019	2,311,617
2024	28,099
2029	(1,051,353)
2042	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		Actual	Assumed
Year Ended	9/30/2012	N/A	N/A
Year Ended	9/30/2011	N/A	N/A
Year Ended	9/30/2010	N/A	N/A

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

		Actual	Assumed
Year Ended	9/30/2012	6.9%	7.5%
Year Ended	9/30/2011	-0.5%	7.5%
Year Ended	9/30/2010	2.3%	7.5%

STATEMENT BY ENROLLED ACTUARY

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

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #11-6595

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

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

Funding Standard Account

		9/30/2009	9/30/2010	9/30/2011	9/30/2012
Charges					
(a)	Prior year's Accumulated Funding Deficiency	0	0	0	0
(b)	Required City Contribution (For 9/30/12 this equals the Normal Cost plus Admin Expense plus UAL Amort from October 1, 2010 Actuarial Valuation Report. (Revised 2/28/11).)	820,432	901,802	961,997	1,017,523
(c)	Interest on (a) & (b)	61,532	67,635	72,150	76,314
(d)	Total Charges	881,964	969,437	1,034,147	1,093,837
Credits					
(e)	Prior year's Credit Balance	1,168,273	1,048,209	988,722	614,188
(f)	City Contributions	649,908	801,286	564,298	525,643
(g)	Interest on (e) & (f)	111,992	108,664	95,315	65,776
(h)	Total Credits	1,930,173	1,958,159	1,648,335	1,205,607
Balance					
(1)	Accumulated Funding Deficiency (-) or Credit (+) Balance as of Plan Year End	1,048,209	988,722	614,188	111,770

Reconciliation of Unfunded Actuarial Accrued Liabilities
And Illustration of Amortization of Outstanding Bases

(1)	Unfunded Actuarial Accrued Liability (UAAL) Plus Credit Balance as of October 1, 2011	$7,449,065
(2)	Sponsor Normal Cost Applicable for the year [1]	290,905
(3)	Interest on (1) and (2)	580,498
(4)	Sponsor Contributions to the System during the year ending September 30, 2012	986,422
(5)	Interest on (4)	56,702
(6)	Expected UAAL Plus Credit Balance as of October 1, 2012 (1)+(2)+(3)-(4)-(5)	7,277,344
(7)	Actual UAAL Plus Credit Balance as of October 1, 2012	7,759,981
(8)	Change in UAAL Plus Credit Balance due to Actuarial (Gain)/Loss	(434,365)
(9)	Change in UAAL due to Assumption Change	917,002

	Date Established	Years Remaining	10/1/2012 Amount	Amortization Amount
"A"	10/1/1978	6	$517,154	$102,490
"B"	10/1/1990	8	266,053	42,253
"C"	10/1/1991	9	185,014	26,981
"D"	10/1/1993	11	214,871	27,323
"E"	10/1/1995	13	295,915	33,876
"F"	10/1/1999	17	297,959	29,380
"G"	10/1/2000	18	(259,587)	(24,879)
"H"	10/1/2001	19	(2,403,330)	(224,484)
Method Change	10/1/2004	22	(162,530)	(14,240)
Benefit Change	10/1/2005	23	620,768	53,435
Benefit Change	10/1/2006	24	3,534,476	299,362
Method & Assum	10/1/2007	25	4,184,813	349,230
Prior Losses [2]	10/1/2007	16	3,200,239	325,654
Benefit Changes	10/1/2007	25	(9,397,943)	(784,275)

	Date Established	Years Remaining	10/1/2012 Amount	Amortization Amount
Actuarial Loss	10/1/2008	6	54,108	10,723
Method Change	10/1/2008	16	1,374,493	139,867
Actuarial Loss	10/1/2009	7	1,127,714	198,058
Assum Change	10/1/2009	17	146,729	14,468
Actuarial Loss	10/1/2010	8	838,126	133,108
Actuarial Loss	10/1/2011	9	2,642,304	385,327
Actuarial Gain	10/1/2012	10	(434,365)	(58,866)
Assumption Change	10/1/2012	20	917,002	83,675
			$7,759,981	$1,148,466

[1] $233,605 Normal Cost plus $57,300 Administrative Expenses from 10/1/11 Val.

[2] It is assumed that 50% of the cost method portion of the change base from 2007 was attributable to unfavorable actuarial experience prior to that date. This loss will be amortized over a 20 year period effective October 1, 2008 (compared to 29 years). Additionally, prior gain and loss bases are amortized over 20 years, and new gain and loss bases on and after October 1, 2008 will be amortized over 10 years.

ACTUARIAL ASSUMPTIONS AND METHODS

Assumptions

Mortality Rates	RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA (previously static). Disabled lives set forward 5 years.
Termination Rates	See Table below.
Disability Rates	See Table below.
Retirement Rates	See table below.

Age	Rate Per Year
50 – 54	2.0%
55 – 58	20.0%
59 – 61	20.0%
62	50.0%
63 – 64	25.0%
65	100.0%

Interest Rate	7.5% per year, compounded annually, net of investment related expenses.
Salary Increases	None.
Payroll Increase	None.
Cost of Living Increases	2.0% per year after 3 years (no VT's).
Administrative Expenses	$65,900 added to Normal Cost.
Funding Method	Entry Age Normal Method

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	25.0%	0.05%
30	12.4	0.05
40	9.5	0.09
50	7.5	0.40
60	5.5	1.74

Actuarial Asset Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value.

VALUATION NOTES

Total Annual Payroll is the annual rate of pay for the fiscal year preceding the valuation date of all covered Members.

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

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

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

(a) The normal cost accrual rate equals

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

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

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

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

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

City of Leesburg
Retirement Plan for General Employees

BALANCE SHEET
September 30, 2012

ASSETS	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	771,889.83	771,889.83
Pending Sales Receivable	24,370.76	24,370.76
Pending Purchases Payable	(5,670.22)	(5,670.22)
Cash	113,429.57	113,429.57
Total Cash and Equivalents	904,019.94	904,019.94
Receivable:		
Pending Equity Dividends	17,772.44	17,772.44
Accrued Income	51,424.61	51,424.61
Total Receivable	69,197.05	69,197.05
Investments:		
Fixed Income	6,301,588.97	6,611,032.39
Equity	14,000,837.86	16,088,167.59
Mutual Funds:		
Fixed Income	1,192,255.33	1,283,600.85
Pooled/Common/Commingled Funds:		
Alternative Investments	5,871,589.26	6,159,156.49
Total Investments	27,366,271.42	30,141,957.32
TOTAL ASSETS	28,339,488.41	31,115,174.31
LIABILITIES AND NET ASSETS		
Liabilities:		
Payable:		
Benefit Payments	2,606.83	2,606.83
Total Liabilities	2,606.83	2,606.83
Net Assets	28,336,881.58	31,112,567.48
TOTAL LIABILITIES AND NET ASSETS	28,339,488.41	31,115,174.31

City of Leesburg
Retirement Plan for General Employees

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2012
Market Value Basis

REVENUES		
Contributions:		
City	525,643.38	
Total Contributions		525,643.38
Earnings from Investments		
Interest & Dividends	729,227.58	
Net Realized Gain (Loss)	1,087,731.87	
Unrealized Gain (Loss)	2,269,318.17	
Total Earnings and Investment Gains		4,086,277.62
EXPENDITURES		
Expenses:		
Investment Related*	181,648.45	
Administrative	65,815.87	
Total Expenses		247,464.32
Distributions to Members:		
Benefit Payments	1,991,190.43	
Lump Sum DROP Balances	0.00	
Lump Sum PLOP Distributions	89,323.98	
Total Distributions		2,080,514.41
Change in Net Assets for the Year		2,283,942.27
Net Assets Beginning of the Year		28,828,625.21
Net Assets End of the Year		31,112,567.48

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

City of Leesburg
Retirement Plan for General Employees

ACTUARIAL ASSET VALUATION
September 30, 2012

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

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*
9/30/09	4.95%
9/30/10	7.63%
9/30/11	1.38%
9/30/12	13.94%

Annualized Rate of Return for prior four (4) years: 6.88%

(A) 10/01/11 Actuarial Assets:	$30,735,796.06
(I) Net Investment Income:	
1. Interest and Dividends	729,227.58
2. Realized Gains (Losses)	1,087,731.87
3. Change in Actuarial Value	422,515.80
4. Investment Related Expenses	(181,648.45)
Total	2,057,826.80
(B) 10/01/12 Actuarial Assets:	$31,172,935.96
Actuarial Asset Rate of Return = 2I/(A+B-I):	6.88%
10/01/12 Limited Actuarial Assets:	$31,172,935.96

*Market Value Basis, net of investment related expenses

City of Leesburg
Retirement Plan for General Employees

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2012
Actuarial Asset Basis

REVENUES

Contributions:		
City	525,643.38	
Total Contributions		525,643.38
Earnings from Investments		
Interest & Dividends	729,227.58	
Net Realized Gain (Loss)	1,087,731.87	
Change in Actuarial Value	422,515.80	
Total Earnings and Investment Gains		2,239,475.25

EXPENDITURES

Expenses:		
Investment Related*	181,648.45	
Administrative	65,815.87	
Total Expenses		247,464.32
Distributions to Members:		
Benefit Payments	1,991,190.43	
Lump Sum DROP Balances	0.00	
Lump Sum PLOP Distributions	89,323.98	
Total Distributions		2,080,514.41
Change in Net Assets for the Year		437,139.90
Net Assets Beginning of the Year		30,735,796.06
Net Assets End of the Year**		31,172,935.96

*Investment Related expenses include investment advisory, custodial and performance monitoring fees.
**Net Assets may be limited for actuarial consideration

ELIGIBILTY FOR RETIREMENT

Members are eligible for Normal Retirement based upon the following criteria:

1) Attained Age 65 with 5 years of Credited Service.

Members are eligible for Early Retirement based upon the following criteria:

1) Attained Age 50 with 15 years of Credited Service.

As of the date of this valuation, the following list of Members are eligible for:

Normal Retirement	Early Retirement	
CAMPBELL, NOEL H	BEAN, EARLL	MAGAMOLL, KERRY W
LANG, LEAH L	BOGER, DEIDRE D	MAGAMOLL, TAMMY
LOVE, SAUNDRA	BRONSON, JANE E	MCMULLEN, JANICE R
RICHARDSON, BETTY M	BYNUM, JR, HARMON F	MEIER, V, JOHN H
ROWOLD, ROBERTA M	CAMPMAN, CHERYL R	MENELEY, JOE
WILEY JR, WILLIAM O	CHRISMAN, WILLIAM J	MYRICK, JESSE J.
	CODY, KENNETH B	NUNN, ARTHUR
	CRAINE, DAREL W	ROGERS, JR, JACKSON G
	EVANS, RAY F	ROWE, WILLIAM
	FILLMORE, SAMMIE J	THOMAS, DAVID S
	FRANKLIN, DOUGLAS D	THOMAS, KAREN R
	FRENCH, HOWARD D	TREVORROW, JAMES H
	GONZALES, JANICE	VEILLEUX, GREGORY C
	GREENE, LA DONNA M	WALKER, HUBERT III
	HAINES, CATHY M	
	HALL, ROGER W	
	HANCOCK, JR, RONALD E	
	HESTER, II, SIDNEY EVANS	
	HICKSON, KAREN M	
	JANIK, JR, PHILLIP A	
	KEENAN, PATRICK L	
	LINDSEY, TIMOTHY E	
	MACKEY, PATRICIA L	

STATISTICAL DATA

	10/1/2009	10/1/2010	10/1/2011	10/1/2012
Number	381	350	316	290
Average Current Age	44.6	45.2	46.3	46.8
Average Age at Employment	35.1	35.7	36.6	36.9
Average Past Service	9.5	9.5	9.8	9.8
Average Annual Salary	$39,553	$40,999	$42,881	$43,940

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	2	0	0	0	0	0	2
25 - 29	0	0	0	0	3	15	0	0	0	0	0	18
30 - 34	0	0	0	0	3	21	3	0	0	0	0	27
35 - 39	0	0	0	0	4	14	16	3	0	0	0	37
40 - 44	0	0	0	0	2	10	15	10	5	1	0	43
45 - 49	0	0	0	0	1	16	6	9	13	6	0	51
50 - 54	0	0	0	0	3	12	15	5	9	7	2	53
55 - 59	0	0	0	0	0	6	6	3	2	1	2	20
60 - 64	0	0	0	0	2	17	3	3	4	0	1	30
65+	0	0	0	0	1	4	2	0	1	0	1	9
Total	0	0	0	0	19	117	66	33	34	15	6	290

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/11	316
b. Terminations	
i. Vested (partial or full) with deferred benefits	18
ii. Non-vested or full lump sum distribution received	1
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	7
f. Voluntary withdrawal	0
g. Continuing participants	290
h. New entrants	0
i. Total active life participants in valuation	290

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested Deferred	Total
a. Number prior valuation	145	34	5	195	379
b. In	17	3	0	18	38
c. Out	7	1	0	12	20
d. Number current valuation	155	36	5	201	397

SUMMARY OF PLAN PROVISIONS
(Through Ordinance 08-64)

Eligibility	Regular, full-time employees who are not certified Firefighters enter on date of employment (Optional for City Attorney, Assistant City Attorney, Mayor and City Commissioners). Employees hired on or after October 1, 2008 are not eligible.
Salary	Basic compensation, excluding overtime pay, shift differential, stand-by pay, lump sum vacation pay, accrued sick leave pay, severance pay, bonuses, expense allowances and all other extraordinary compensation, and including all tax deferred, tax sheltered or tax exempt items of income.
Average Compensation	Average Salary of the 3 highest consecutive years of the last 10 years of Credited Service (not including any Salary paid after September 30, 2008.)
Credited Service	Years and months of service with the City as a General Employee. For Members who retire after October 1, 1993 with at least 15 years of service, service also includes up to 4 years of prior military service if not receiving a continuing military service pension. For purposes of determining a Member's Normal Retirement Benefit, Credited Service shall not include service with the City after September 30, 2008. Credited Service after September 30, 2008, shall, however, be taken into consideration for vesting and benefit entitlement purposes.
Normal Retirement	
Date	The attainment of age 65 with 5 years of Credited Service.
Benefit	2.0% of Average Compensation times Credited Service prior to October 1, 2008, with a maximum of 45 years of Credited Service.
Form of Benefit	Lifetime benefits, ceasing upon death (options available).

Early Retirement

Date	Attainment of age 50 with 15 years of Credited Service.
Benefit	Accrued Benefit on Early Retirement Date, reduced 3.33% for each year that Early Retirement precedes Age 65.
Form of Benefit	Lifetime benefits, ceasing upon death (options available).

Pre-Retirement Death Benefit

Requirement	Death while in active service.
Benefit	Monthly benefit provided by the greater of (i) or (ii), where (i) is the single sum value of the deferred monthly retirement income commencing at normal retirement date which has accrued to the date of death, and (ii) is the smaller of (a) 18 times Average Final Compensation at the date of death and (b) 100 times the anticipated monthly retirement income at Normal Retirement.

Disability

Eligibility	10 years of Credited Service.
Amount	Prior to normal retirement date, the benefit payable is the lesser of 50% of Average Final Compensation or $1,500. At normal retirement date, the benefit payable is 2% times Average Final Compensation times year and months of Credited Service (to a maximum of 45 years) as if employment had continued from date of disability to normal retirement date.

Death Benefit	The greater of (i) or (ii), where (i) is equal to the single- sum value, as of the date of the participant's death, of the deferred monthly retirement income commencing at normal retirement date that the disabled participant would have accrued to the date of termination of service due to disability, and (ii) is the smaller of (a) 18 times Average Final Compensation at the date of

termination due to disability and (b) 100 times the participant's anticipated monthly retirement income at Normal Retirement.

Termination of Employment

Vesting Schedule	Years of Service	Vested %
	Less than 5	0%
	5 or more	100%

Benefit: Vested Accrued benefit payable at age 65 (unreduced) or, if completed 15 years of Credited Service, Early Retirement Date (reduced).

Cost of Living Adjustment: Retirees (other than vested terminated members) and their beneficiaries receive a 2.0% increase in benefits each October 1st commencing 3 years after their otherwise Normal Retirement Date.

Board of Trustees: 1 City of Leesburg resident appointed by Commission, City Manager (or designee), Human Resources Director, one other department head appointed by the City Manager, 2 Members of the Plan who are not certified Police Officers and one Member of the Plan who is a certified Police Officer.

Deferred Retirement Option Plan

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: At Member's election:

(1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or

(2) 6.5% per annum compounded quarterly.

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

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

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/01/12	31,172,936	38,821,147	7,648,211	80.30%	12,742,737	60.02%
10/01/11	30,735,796	37,570,673	6,834,877	81.81%	13,550,400	50.44%
10/01/10	32,543,273	36,539,202	3,995,930	89.06%	14,349,754	27.85%
10/01/09	33,138,960	36,090,413	2,951,453	91.82%	15,069,783	19.59%
10/01/08	33,832,920	35,542,768	1,709,848	95.19%	16,547,145	10.33%
10/01/07	34,934,262	43,691,883	8,757,621	79.96%	17,757,533	49.32%

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

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2012	986,422	525,643	53.29%
2011	924,086	564,298	61.07%
2010	852,340	801,286	94.01%
2009	737,974	649,908	88.07%
2008	2,388,162	2,113,487	88.50%
2007	2,183,267	2,088,648	95.67%

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/2012	
City	7.6%
Plan Members	0.0%
Annual Pension Cost	963,255
Contributions made	525,643
Actuarial valuation date	10/1/2010
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	27 Years (as of 10/1/2010)
Asset valuation method	4 Year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increase*	6.0%
* Includes inflation at	3.0%
Post Retirement COLA	2.0% for Service Retirees beginning 3 years aft Retirement

THREE YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of (A) Contributed	Net Pension Obligation
9/30/2012	963,255	55%	820,397
9/30/2011	922,605	61%	382,785
9/30/2010	854,051	94%	24,478

** Please note that the City has a Funding Credit Balance of $111,770 as of October 1, 2012.

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

DEVELOPMENT OF NET PENSION OBLIGATION (NPO)

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

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

	9/30/07	9/30/08	9/30/09	9/30/10	9/30/11	9/30/12
Actuarially Determined Contribution (A)	2,183,267	2,388,162	737,974	852,340	924,086	986,422
Interest on NPO	(39,185)	(30,216)	(8,528)	(2,122)	1,836	28,709
Adjustment to (A)	56,681	19,534	5,881	3,833	(3,317)	(51,876)
Annual Pension Cost	2,200,763	2,377,480	735,327	854,051	922,605	963,255
Contributions Made	2,088,648	2,113,487	649,908	801,286	564,298	525,643
Increase in NPO	112,115	263,993	85,419	52,765	358,307	437,612
NPO Beginning of Year	(489,814)	(377,699)	(113,706)	(28,287)	24,478	382,785
NPO End of Year	(377,699)	(113,706)	(28,287)	24,478	382,785	820,397

SENATE BILL 1128 COMPLIANCE

Senate Bill 1128 amended Section 112.63 of the Florida Statutes to require that each plan report the plan's accrued vested, non-vested, and total benefits, as adopted by the Financial Accounting Standards Board, using the Florida Retirement System's assumed rate of return, which is currently 7.75%. The bill states that this is to promote comparability of actuarial data between local law plans.

While these calculations are required for compliance purposes, it is the view of Foster & Foster that utilizing this information to compare local law plans is extremely dangerous. There are many other assumptions inherent in the actuarial valuation, and they may differ widely from one plan to another. Additionally, benefit levels, funding policies, asset allocation, and the age of the plan itself all must be considered when comparing defined benefit plans.

Present Value of Accrued Benefits at 7.75% Interest

Vested Accrued Benefits	
Inactives	26,097,031
Actives	12,343,859
Member Contributions	20,102
Total	38,460,992
Non-Vested Accrued Benefits	28,160
Total Present Value of Accrued Benefits	$38,489,152