

CITY OF LEESBURG
MUNICIPAL POLICE OFFICERS'
PENSION TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2012

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



December 11, 2012

Ms. Barbara C. Cooper
Plan Administrator
Post Office Box 64
Lady Lake, Florida 32158

Re: City of Leesburg Municipal Police Officers' Pension Trust Fund

Dear Barb:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Leesburg Municipal Police Officers' Pension Trust Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year.

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

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Leesburg, 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 Municipal Police Officers' Pension Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

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

PTD\lke

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	5
	b. Changes Since Prior Report	7
	c. Requirements of Chapter 112, Part VII, Florida Statutes	8
II	Valuation Information	
	a. Reconciliation of Unfunded Actuarial Accrued Liability	13
	b. Actuarial Assumptions and Methods	14
	c. Valuation Notes	16
	d. Partial History of Premium Tax Refunds	17
	e. Excess State Monies Reserve	18
III	Trust Fund	19
IV	Member Statistics	
	a. Eligibility for Retirement	25
	b. Statistical Data	26
	c. Age and Service Distribution	27
	d. Member Reconciliation	28
V	Summary of Plan Provisions	29
VI	Governmental Accounting Standards Board Statements No. 25 and No. 27 Disclosure Information	32
VII	Senate Bill 1128 Compliance	34

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Leesburg Municipal Police Officers' Pension Trust Fund, performed as of October 1, 2012, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2014.

The contribution requirements, compared with those developed in the October 1, 2011, Actuarial Valuation Report, are as follows:

Valuation Date Applicable Plan/Fiscal Year End	10/1/2011 <u>9/30/2013</u>	10/1/2012 <u>9/30/2014</u>
Total Required Contribution % of Total Annual Payroll	23.22%	22.90%
Less Member Contributions % of Total Annual Payroll	7.65%	7.65%
Equals Required City and State % of Total Annual Payroll	15.57%	15.25%
Less State Contribution ¹ % of Total Annual Payroll	\$155,518 4.29%	\$155,518 4.29%
Balance from City ² % of Total Annual Payroll	11.28%	10.96%

¹ The City may use up to \$213,695.18 of State Monies, if received, in determining their bottom line funding requirement.

² As requested by the Division of Retirement, the required contribution from the City and State for the year ending September 30, 2013, is 15.57% of the actual Non-DROP payroll realized in that year. As a budgeting tool, the City may contribute 11.28% of each non-DROP Member's Salary and then make a one-time adjustment to account for the actual State Monies received (up to the maximum \$213,695.18). The City and State requirement for the fiscal year ending September 30, 2014 will be 15.25% of the actual Non-DROP payroll

realized in that year. Please note the City has a prepaid contribution of \$23.22 available to offset the fiscal 2013 requirements.

As can be seen, the Total Required Contribution has decreased when expressed as a percentage of Total Annual Payroll. This decrease is the result of net favorable actuarial experience over the past year. The principal components of favorable experience were average increases in pensionable earnings that were less than the assumed rate by more than 5% and greater than expected employee turnover. These gains were partially offset by a 6.5% investment return (Actuarial Asset Basis) that was less than the 7.9% assumption.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

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

By: 
Christine M. O'Neal, EA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes - There have been no plan changes since the prior valuation.

Actuarial Assumption/Method Changes – There have been no changes in assumptions or methods since the prior valuation.

Comparative Summary of Principal Valuation Results

	<u>10/1/2012</u>	<u>10/1/2011</u>
A. Participant Data		
Number Included		
Actives	70	71
Service Retirees	27	25
Beneficiaries	0	0
Terminated Vested	7	9
Disability Retirees	1	1
DROP Retirees	0	0
	<hr/>	<hr/>
Total	105	106
Total Annual Payroll	\$3,621,679	\$3,687,749
Payroll Under Assumed Ret. Age	3,621,679	3,687,749
Annual Rate of Payments to:		
Service Retirees	688,271	632,042
Beneficiaries	0	0
Terminated Vested	0	67,102
Disability Retirees	22,283	22,283
DROP Retirees	0	0
B. Assets		
Actuarial Value	13,985,699	13,237,121
Market Value	14,260,248	12,285,713
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	11,176,357	10,860,331
Disability Benefits	586,354	553,638
Death Benefits	134,666	275,184
Vested Benefits	1,424,274	1,329,849
Refund of Contributions	205,408	207,723
Service Retirees	6,795,073	6,260,947
Beneficiaries	0	0
Terminated Vested	11,823	555,988
Disability Retirees	150,254	157,361
DROP Retirees	0	0
Excess State Monies Reserve	67,056	67,056
	<hr/>	<hr/>
Total	20,551,265	20,268,077

	<u>10/1/2012</u>	<u>10/1/2011</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	31,045,773	32,611,637
Present Value of Future Member Contributions	2,375,002	2,494,790
Normal Cost (FIL Method)	671,650	709,070
Present Value of Future Normal Costs (Entry Age)	3,875,891	4,140,948
Actuarial Accrued Liability	14,793,748	13,997,607
Unfunded Actuarial Accrued Liability (UAAL)	808,049	760,486
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	6,957,150	6,974,296
Actives	3,337,063	3,125,275
Member Contributions	<u>2,321,982</u>	<u>2,180,231</u>
Total	12,616,195	12,279,802
Non-vested Accrued Benefits	<u>175,354</u>	<u>152,771</u>
Total Present Value Accrued Benefits	12,791,549	12,432,573
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	268,634	
Benefits Paid	(857,943)	
Interest	948,285	
Other	<u>0</u>	
Total:	358,976	

Valuation Date	10/1/2012	10/1/2011
Applicable to Fiscal Year Ending	<u>9/30/2014</u>	<u>9/30/2013</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll*	19.28	19.99
Administrative Expenses (with interest) % of Total Annual Payroll*	0.82	0.82
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 22 years (as of 10/1/2012) % of Total Annual Payroll*	2.80	2.41
Total Required Contribution % of Total Annual Payroll*	22.90	23.22
Expected Member Contributions % of Total Annual Payroll*	7.65	7.65
Expected City & State Contribution % of Total Annual Payroll*	15.25	15.57

F. Past Contributions

Plan Years Ending:	<u>9/30/2012</u>
Total Required Contribution	772,472
City and State Requirement	490,400
Actual Contributions Made:	
Members	282,072
City	334,882
State	155,518
Total	<u>772,472</u>

G. Net Actuarial Gain (Loss)	N/A
------------------------------	-----

* Contributions developed as of 10/1/2012 are expressed as a percentage of total annual payroll at 10/1/2012 of \$3,621,679.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2012	\$808,049
2013	766,702
2014	718,936
2019	360,858
2024	52,140
2031	93,989
2034	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2012	0.7%	6.2%
Year Ended	9/30/2011	0.9%	6.2%
Year Ended	9/30/2010	1.1%	6.2%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2012	6.5%	7.9%
Year Ended	9/30/2011	-1.3%	7.9%
Year Ended	9/30/2010	2.0%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2012	\$3,621,679
	10/1/2002	2,566,611
(b) Total Increase		41.1%
(c) Number of Years		10.00
(d) Average Annual Rate		3.5%

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 copies of the report to the following offices to comply with Chapter 112 Florida Statutes:

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

Patricia Shoemaker
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2011	\$760,486
(2)	City and State Normal Cost Applicable for the year *	456,185
(3)	Interest on (1) and (2)	96,117
(4)	Sponsor Contributions to the System during the year ending September 30, 2012	490,400
(5)	Interest on (4)	14,339
(6)	Unfunded Accrued Liability as of October 1, 2012 (1)+(2)+(3)-(4)-(5)	808,049

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2012 Amount</u>	<u>Amortization Amount</u>
"A"	10/1/1991	9	520,745	69,183
"B"	10/1/1998	16	411,639	35,633
"C"	10/1/2001	19	(1,120,472)	(86,761)
"D"	10/1/2003	21	(51,451)	(3,749)
"E"	10/1/2004	22	299,874	21,268
Method Change	10/1/2008	16	310,255	26,857
Assum Changes	10/1/2010	18	<u>437,459</u>	<u>35,049</u>
			808,049	97,480

*Includes \$29,228 for administrative expenses.

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years.)
<u>Interest Rate</u>	7.9% per year, compounded annually, net of investment related expenses.
<u>Retirement Age</u>	Earlier of: 1.) Age 50 and 25 years of Credited Service, or 2.) Age 55 and 10 years of Credited Service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
<u>Early Retirement</u>	Commencing at eligibility for Early Retirement (Age 45 with 10 years of Credited Service), Members are assumed to retire with an immediate benefit at the rate of 2% per year.
<u>Disability Rate</u>	See table below (1207). It is assumed that 75% of disablements and active member deaths are service related.
<u>Termination Rate</u>	See table below (1302).
<u>Salary Increases</u>	6.2% per year until the assumed retirement age; see table below. Projected salary at retirement is increased 22% to account for non-regular compensation.
<u>Cost-of-Living Adjustment</u>	None.
<u>Administrative Expenses</u>	\$28,447 added to Normal Cost (average of non-investment expenses for the past 2 years).
<u>Payroll Growth Assumption</u>	3.0% annually for amortizing UAAL.
<u>Funding Method</u>	Frozen Entry Age Actuarial Cost Method.
<u>Asset Valuation</u>	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 50</u>
20	9.0%	.07%	16.5%
30	7.5	.11	30.0
40	3.9	.19	54.8
50	1.2	.51	100.0

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.

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

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

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

Frozen Entry Age Actuarial Cost Method is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. See the "Reconciliation of Unfunded Actuarial Accrued Liability" for details regarding the current status of the separate liabilities.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1990	86,717.00	N/A
1991	87,109.00	0.5%
1992	77,914.00	-10.6%
1993	83,595.00	7.3%
1994	91,204.00	9.1%
1995	93,883.00	2.9%
1996	103,247.00	10.0%
1997	109,924.00	6.5%
1998	116,718.00	6.2%
1999	118,411.00	1.5%
2000	114,628.00	-3.2%
2001	120,045.00	4.7%
2002	137,613.00	14.6%
2003	159,149.65	15.7%
2004	166,624.90	4.7%
2005	184,093.15	10.5%
2006	184,827.50	0.4%
2007	184,093.15	-0.4%
2008	184,093.15	0.0%
2009	170,126.72	-7.6%
2010	159,138.64	-6.5%
2011	161,436.95	1.4%
2012	155,518.07	-3.7%

EXCESS STATE MONIES RESERVE

	<u>Actual State Distribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	116,718.18	116,718.18	0.00
1999	118,410.85	116,718.18	1,692.67
2000	114,627.92	116,718.18	0.00
2001	120,045.31	117,037.18	3,008.13
2002	137,612.65	117,037.18	20,575.47
2003	159,149.65	117,037.18	42,112.47
2004	166,624.90	117,037.18	49,587.72
2005	184,093.15	117,037.18	67,055.97
2006	184,827.50	213,695.18	0.00
2007	184,093.15	213,695.18	0.00
2008	184,093.15	213,695.18	0.00
2009	170,126.72	213,695.18	0.00
2010	159,138.64	213,695.18	0.00
2011	161,436.95	213,695.18	0.00
2012	155,518.07	213,695.18	0.00
Total:			184,032.43
Less amounts used in funding Ord. No. 05-114 (Compensation Definition):			(116,976.46)
Total Current State Monies Reserve:			67,055.97

City of Leesburg
Municipal Police Officers' Pension Trust Fund

BALANCE SHEET
September 30, 2012

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Petty Cash	43.69	43.69
Money Market	530,038.00	530,038.00
Cash	487.74	487.74
 Total Cash and Equivalents	 530,569.43	 530,569.43
Receivable:		
Member Contributions in Transit	10,091.26	10,091.26
City Contributions	37,474.31	37,474.31
 Total Receivable	 47,565.57	 47,565.57
Investments:		
U S Govt/Govt Sponsored/Agency	1,980,056.04	2,150,271.79
Corporate Bonds/CMOs/REMICs	1,206,894.61	1,276,244.90
Corporate Stocks/REITs	7,300,147.17	8,372,494.36
Foreign Bonds	69,006.45	73,076.00
Mutual Funds:		
Fixed Income	630,000.00	655,414.99
Pooled/Common/Commingled Funds:		
Equity	986,325.48	1,154,647.74
 Total Investments	 12,172,429.75	 13,682,149.78
 TOTAL ASSETS	 12,750,564.75	 14,260,284.78
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Prepaid Member Contribution	13.36	13.36
Prepaid City Contribution	23.22	23.22
 Total Liabilities	 36.58	 36.58
 Net Assets	 12,750,528.17	 14,260,248.20
 TOTAL LIABILITIES AND NET ASSETS	 12,750,564.75	 14,260,284.78

City of Leesburg
Municipal Police Officers' Pension Trust Fund

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	1.39%	
9/30/10	9.98%	
9/30/11	-1.32%	
9/30/12	17.07%	
Annualized Rate of Return for prior four (4) years:		6.54%
(A) 10/01/11 Actuarial Assets:		\$13,237,120.73
(I) Net Investment Income:		
1. Interest and Dividends		297,571.82
2. Realized Gains (Losses)		440,884.90
3. Change in Actuarial Value		222,220.55
4. Investment Related Expenses		(99,238.78)
Total		861,438.49
(B) 10/01/12 Actuarial Assets:		\$13,985,699.31
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		6.54%
10/01/12 Limited Actuarial Assets:		\$13,985,699.31

*Market Value Basis, net of investment related expenses.

Municipal Police Officers' Pension Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

September 30, 2012

Actuarial Asset Basis

REVENUES

Contributions:		
Member	282,072.27	
City	334,882.09	
State	155,518.07	
Total Contributions		772,472.43
Earnings from Investments		
Interest & Dividends	297,571.82	
Net Realized Gain (Loss)	440,884.90	
Change in Actuarial Value	222,220.55	
Total Earnings and Investment Gains		960,677.27

EXPENDITURES

Expenses:		
Investment Related*	99,238.78	
Administrative	27,389.56	
Total Expenses		126,628.34
Distributions to Members:		
Benefit Payments	710,346.10	
Lump Sum DROP Balances	0.00	
Termination Payments	147,596.68	
Total Distributions		857,942.78
DROP Account Net Change		0.00
Change in Net Assets for the Year		748,578.58
Net Assets Beginning of the Year		13,237,120.73
Net Assets End of the Year**		13,985,699.31

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

**Net Assets may be limited for actuarial consideration

City of Leesburg
Municipal Police Officers' Pension Trust Fund

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2011 through September 30, 2012

<u>Name</u>	<u>9/30/11 Balance</u>	<u>Additions</u>	<u>Investment Return</u>	<u>Distributions</u>	<u>9/30/12 Balance</u>
No current DROP members					
Total	0.00	0.00	0.00	0.00	0.00

City of Leesburg
Municipal Police Officers' Pension Trust Fund

RECONCILIATION OF CITY'S PREPAID CONTRIBUTION FOR THE
FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2012

(1) City Shortfall as of September 30, 2011	\$59,696.03
(2) City and State Required Contribution Rate (from the October 1, 2010 Actuarial Valuation Report)	13.30%
(3) Pensionable Payroll Derived from Member Contributions	\$3,687,219.22
(4) Required City and State Contribution (2) x (3) + (1)	550,096.19
(5) Less Allowable State Contribution	<u>(155,518.07)</u>
(6) Equals Required City Contribution	394,578.12
(7) Less Actual City Contributions	<u>(394,601.34)</u>
(8) Equals City's Prepaid Contribution as of September 30, 2012	(\$23.22)

ELIGIBILITY FOR RETIREMENT

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

- 1.) Earlier of Age 55 and 10 Years of Credited Service,
- or 2.) Age 50 and 25 Years of Credited Service

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

- 1) Attained Age 45 with 10 Years of Credited Service

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

Normal Retirement	Early Retirement
None	BARRETT JR, GARY L. BEAN, EARLL CASH, BRIAN CHRISMAN, WILLIAM J. DANIELS, JOHN NEAL, MICHAEL STEWART, KIM E THOMAS, KAREN R. TOLER, LOUIS S.

STATISTICAL DATA

(Averages are salary weighted)

	<u>10/1/2009</u>	<u>10/1/2010</u>	<u>10/1/2011</u>	<u>10/1/2012</u>
Number	67	72	71	70
Average Current Age	39.2	39.6	40.3	40.5
Average Age at Employment	29.7	30.0	30.4	29.9
Average Past Service	9.5	9.6	9.9	10.5
Average Annual Salary	\$51,935	\$51,924	\$51,940	\$51,738

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	2	0	1	1	0	0	0	0	0	0	0	4
25 - 29	3	0	2	2	0	1	0	0	0	0	0	8
30 - 34	1	2	1	2	1	3	0	0	0	0	0	10
35 - 39	0	1	0	1	2	4	5	0	0	0	0	13
40 - 44	0	0	2	3	0	0	7	6	2	0	0	20
45 - 49	0	0	0	1	0	0	1	2	1	1	0	6
50 - 54	0	0	0	0	1	2	0	0	3	0	0	6
55 - 59	0	0	0	0	0	1	1	0	0	0	0	2
60 - 64	0	0	0	0	0	1	0	0	0	0	0	1
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	6	3	6	10	4	12	14	8	6	1	0	70

MEMBER RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2011	71
b. Terminations	
i. Vested (partial or full) with deferred benefits	1
ii. Non-vested or full lump sum distribution received	5
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	1
f. Entered DROP	0
g. Continuing members	64
h. New entrants	6
i. Total active life participants in valuation	70

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

	<u>Service Retirees, Vested Receiving Benefits</u>	<u>Receiving Death Benefits</u>	<u>Receiving Disability Benefits</u>	<u>Vested Deferred</u>	<u>DROP</u>	<u>Total</u>
a. Number prior valuation	25	0	1	9	0	35
b. In	2	0	0	2	0	4
c. Out	0	0	0	4	0	4
d. Number current valuation	27	0	1	7	0	35

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 11-32)

<u>Eligibility</u>	Full-time sworn police officers.
<u>Salary</u>	Reportable W-2 compensation, less Christmas bonuses, but including lump sum payment of accrued sick leave, accrued annual leave, or accrued compensatory leave, plus all tax deferred (IRC Section 414(h)(2) and IRC Section 457 contributions) and tax exempt (IRC Section 125) items of income.
<u>Average Final Compensation</u>	Average of Salary paid during the 4 best years of the last 10 years of Credited Service.
<u>Credited Service</u>	Years and fractional parts of years of service with the City as a Police Officer.
<u>Normal Retirement</u>	
Date	Earlier of 1.) Age 50 and the completion of 25 Years of Credited Service, or 2.) Age 55 and the completion of 10 years of Credited Service.
Benefit	3.00% of Average Final Compensation <u>times</u> Credited Service prior to May 27, 2003, and 2.00% thereafter.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 45 and completion of 10 years of Credited Service.
Benefit	Accrued benefit, reduced 3.0% per year.
<u>Disability Benefit</u>	
Eligibility	Total and permanent; Medical proof required. 10 years of Credited Service required for non-service incurred disability benefit.
Exclusions	Disability resulting from the use of drugs, illegal participation in riots, service in military, etc.

<u>Benefit</u>	
Service Connected	Greater of accrued benefit or 50% of Average Final Compensation.
Non-Service Connected	Greater of accrued benefit or 25% of Average Final Compensation.
<u>Pre-Retirement Death Benefit</u>	
Service Connected	Beneficiary receives a monthly benefit which can be provided by the greater of: 1.) present value of Member's accrued benefit, or 2.) lesser of 24 times the Member's Average Final Compensation, or 100 times the Member's anticipated normal retirement benefit.
Non-Service Connected	If less than 10 years of service, beneficiary receives a refund of Member contributions; otherwise, same as service connected benefits.
<u>Death After Retirement</u>	
Benefit payable in accordance with optional form of pension selected at time of retirement.	
<u>Vesting (Termination of Employment)</u>	
Less than 10 years	Refund of Member Contributions.
10 years or more	Accrued pension payable on a reduced basis at Normal (unreduced) or Early (reduced) Retirement Date.
<u>Member Contributions</u>	
7.65% of Salary.	
<u>City Contributions</u>	
Amount required after State premium tax refunds in order to pay current costs and amortize unfunded past service cost, as provided in Part VII, Chapter 112, <u>Florida Statutes</u> .	
<u>Board of Trustees</u>	
<ul style="list-style-type: none"> a.) Two City residents appointed by the City Commission, b.) Two Police Officers elected by a majority of Police Officers and c.) A fifth Member elected by the Board and appointed (as a ministerial duty) by the City Commission. 	

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 36 months.
Rate of Return	Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.
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 ¹ (a)	Actuarial Accrued Liability (AAL) - Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/1/2012	13,985,699	14,793,748	808,049	94.54%	3,621,679	22.31%
10/1/2011	13,237,121	13,997,607	760,486	94.57%	3,687,749	20.62%
10/1/2010	13,318,716	14,063,487	744,771	94.70%	3,738,540	19.92%
10/1/2009	13,015,917	13,451,873	435,956	96.76%	3,479,653	12.53%
10/1/2008	13,185,827	13,661,930	476,103	96.52%	3,509,401	13.57%
10/1/2007	12,734,501	12,913,643	179,142	98.61%	3,603,003	4.97%

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	State Contribution	Percentage Contributed
2012	490,400	334,882	155,518	100.00%
2011	452,835	291,398	161,437	100.00%
2010	445,066	285,927	159,139	100.00%
2009	437,542	266,854	170,127	99.87%
2008	411,998	225,967 ²	184,093	99.53%
2007	376,923	189,272 ²	184,093	99.06%

¹ Actuarial Value, less Funding Credit Balance.

² The remaining required contribution came from the Funding Standard Account.

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 & State	13.30%
Plan Members	7.65%
Annual Pension Cost	490,400
Contributions made	490,400
Actuarial valuation date	10/1/2010
Actuarial cost method	Frozen Entry Age
Amortization method	Level percentage of pay, closed
Remaining amortization period	24 Years (as of 10/1/2010)
Asset valuation method	4 Year Smooth (Market)
Actuarial assumptions:	
Investment rate of return	7.9% (as of 10/1/2010)
Projected salary increase ¹	6.2%
¹ Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of APC ² Contributed	Net Pension Obligation
9/30/2012	490,400	100%	0
9/30/2011	291,398	100%	0
9/30/2010	285,927	100%	0

² Annual Pension Cost from City & State sources beginning with the fiscal year ending September 30, 2012.

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	\$7,038,933
Actives	3,443,653
Member Contributions	<u>2,321,982</u>
Total	12,804,568
Non-Vested Accrued Benefits	<u>183,340</u>
Total Present Value of Accrued Benefits	\$12,987,908