

CITY OF SANIBEL
GENERAL EMPLOYEES' RETIREMENT PLAN

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2011

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDED SEPTEMBER 30, 2013



February 3, 2012

Board of Trustees
City of Sanibel General Employees' Retirement Plan
800 Dunlop Road
Sanibel, FL 33957-4096

Re: City of Sanibel
General Employees' Retirement Plan

Dear Board:

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

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

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian bank, Salem Trust Company, 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 Sanibel, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Sanibel General Employees' Retirement Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

By: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #11-7778

DHL/rv

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Sanibel General Employees' Retirement Plan, performed as of October 1, 2011, 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, 2013.

The contribution requirements, compared with those developed in the October 19, 2011, Actuarial Impact Statement (determined as of October 1, 2010), are as follows:

Valuation Date Applicable to Plan/Fiscal Year Ending	10/1/2010 <u>9/30/2012</u>	10/1/2011 <u>9/30/2013</u>
Total Required Contribution % of Projected Annual Payroll	105.35%	133.52%
Member Contributions (Est.) % of Projected Annual Payroll	4.76%	4.87%
Balance from City * % of Projected Annual Payroll	100.59%	128.65%

*Please note that there is a City receivable contribution of \$68,113 required for the fiscal year ending September 30, 2011.

During the last 12 months, the experience has been less favorable than expected on the basis of the Plan's actuarial assumptions. The primary source of unfavorable experience is attributable to a -3.1% investment return (Actuarial Asset Value Basis), falling short of the 7.5% assumption. This loss was partially offset by average increases in pensionable compensation that were less than the assumption by more than 4%, and greater than expected employee turnover.

Additionally, the funding requirements have increased as a percentage of payroll, partially due to a 15% decrease in Total Annual Payroll. This decrease has the effect of increasing the cost of servicing the Unfunded Actuarial Accrued Liability, when expressed as a percentage of payroll.

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: 
Douglas H. Lozer, EA, MAAA

By: 
Drew D. Ballard, B.S.

Plan Changes Since Prior Valuation

Ordinance 11-011, adopted and effective November 1, 2011, implemented a reduction in benefits and opt out provision.

Please refer to the June 8, 2011 and October 19, 2011 Actuarial Impact Statements for full details. Additional details are provided in the Assumptions and Summary of Plan Provisions sections of this report.

Actuarial Assumption/Method Changes Since Prior Valuation

Please refer to the above referenced Actuarial Impact Statements, in addition to the Assumptions section of this report for full details on changes in methods and assumptions since the October 1, 2010 valuation.

Comparative Summary of Principal Valuation Results

	<u>10/1/2011</u>	<u>10/1/2010</u>
A. Participant Data		
Number Included		
Actives	26	31
Service Retirees	50	45
DROP Retirees	7	10
Beneficiaries	1	1
Terminated Vested	76	75
Disability Retirees	0	0
	<hr/>	<hr/>
Total	160	162
Total Annual Payroll	\$1,306,071	\$1,534,370
Payroll Under Assumed Ret. Age	1,306,071	1,534,370
Annual Rate of Payments to:		
Service Retirees	861,180	798,183
DROP Retirees	110,434	151,765
Beneficiaries	5,922	5,922
Terminated Vested	1,406,671	1,426,540
Disability Retirees	0	0
B. Assets		
Actuarial Value	12,026,112	11,845,784
Market Value	11,535,557	10,952,327
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	2,709,809	2,049,964
Disability Benefits	0	0
Death Benefits	29,492	50,803
Vested Benefits	663,150	679,206
Refund of Contributions	10,183	16,779
Service Retirees	9,231,799	8,665,533
DROP Retirees *	1,346,845	1,808,404
Beneficiaries	34,744	36,283
Terminated Vested	9,894,383	10,156,393
Disability Retirees	0	0
	<hr/>	<hr/>
Total	23,920,405	23,463,365

* Liabilities shown are the present value of future benefits only. Assets in item B, above, are net of accumulated DROP Account balances as of the valuation date.

	<u>10/1/2011</u>	<u>10/1/2010</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	6,784,781	9,084,049
Present Value of Future Member Cont.	308,163	375,745
Normal Cost (Entry Age Normal)		
Retirement Benefits	101,165	105,321
Disability Benefits	0	0
Death Benefits	1,310	3,173
Vested Benefits	40,470	61,748
Refund of Contributions	3,116	3,767
Total Normal Cost	<u>146,061</u>	<u>174,009</u>
Present Value of Future Normal Costs	528,469	777,634
Actuarial Accrued Liability (Entry Age Normal)		
Retirement Benefits	2,390,376	1,576,691
Disability Benefits	0	0
Death Benefits	23,060	35,133
Vested Benefits	467,080	401,055
Refund of Contributions	3,649	6,239
Inactives	20,507,771	20,666,613
Total Actuarial Accrued Liability	<u>23,391,936</u>	<u>22,685,731</u>
Unfunded Actuarial Accrued Liability (UAAL)	11,365,824	10,839,947
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	20,507,771	20,666,613
Actives	1,813,504	1,399,009
Member Contributions	341,443	310,345
	<u>22,662,718</u>	<u>22,375,967</u>
Total	22,662,718	22,375,967
Non-vested Accrued Benefits	<u>148,690</u>	<u>249,838</u>
Total Present Value Accrued Benefits	22,811,408	22,625,805
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	(520,064)	
Benefits Paid (net of DROP Lump Sums)	(955,439)	
Interest	1,661,106	
Other	0	
Total:	<u>185,603</u>	

Valuation Date	10/1/2011	10/1/2010
Applicable to Fiscal Year Ending	<u>9/30/2013</u>	<u>9/30/2012</u>
E. Pension Cost		
Normal Cost (with interest) % of Total Annual Payroll*	11.60	11.77
Administrative Expense (with interest) % of Total Annual Payroll*	2.15	2.28
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years (as of 10/1/11) % of Total Annual Payroll*	119.77	91.30
Total Required Contribution % of Total Annual Payroll*	133.52	105.35
Expected Member Contributions % of Total Annual Payroll*	4.87	4.76
Expected City Contrib. % of Total Annual Payroll*	128.65	100.59
F. Past Contributions		
Plan Years Ending:	<u>9/30/2011</u>	
Total Required Contribution	1,599,006	
City Requirement	1,448,913	
Actual Contributions Made:		
City	1,448,913	
Members	<u>150,093</u>	
Total	1,599,006	
G. Net Actuarial Gain (Loss)	(1,070,117)	

* Contributions developed as of 10/1/11 are expressed as a percentage of total annual payroll at 10/1/11 of \$1,306,071.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2011	11,365,824
2012	10,597,389
2013	9,771,324
2018	4,613,350
2023	2,574,886
2033	(332,497)
2040	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2011	0.2%	4.8%
Year Ended	9/30/2010	0.1%	4.8%
Year Ended	9/30/2009	-0.2%	5.2%

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

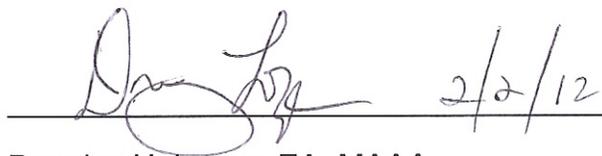
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2011	-3.1%	7.5%
Year Ended	9/30/2010	-1.4%	7.5%
Year Ended	9/30/2009	-1.6%	7.5%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2011	\$1,306,071
	10/1/2001	3,033,837
(b) Total Increase		-56.9%
(c) Number of Years		10.00
(d) Average Annual Rate		-8.1%

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.



Douglas H. Lozen, EA, MAAA
Enrolled Actuary #11-7778

A copy of this Report is to be furnished to the Division of Retirement within 60 days of receipt from the actuary at the following address:

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

Reconciliation of Unfunded Actuarial Accrued Liabilities and
Derivation of Actuarial (Gain)/Loss

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2010	\$10,839,947
(2)	Sponsor Normal Cost developed as of October 1, 2010	100,964
(3)	Expected Administrative Expenses during fiscal 2011	33,658
(4)	Interest on (1), (2) and (3)	821,831
(5)	Sponsor Contributions to the System during the year ending September 30, 2011	1,448,913
(6)	Interest on (5)	51,780
(7)	Expected Unfunded Actuarial Accrued Liability as of October 1, 2011 [(1)+(2)+(3)+(4)-(5)-(6)]	10,295,707
(8)	Change to UAAL due to Actuarial (Gain)/Loss	1,070,117
(9)	Unfunded Accrued Liability as of October 1, 2011	11,365,824

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2011 Amount</u>	<u>Amortization Amount</u>
method change	10/1/2004	23	3,262,254	280,813
prior losses	10/1/2004	17	3,143,691	309,983
actuarial gain	10/1/2005	17	(774,191)	(76,339)
benefit change	10/1/2005	24	1,100,581	93,217
actuarial loss	10/1/2006	17	515,687	50,849
benefit change	10/1/2006	25	435,231	36,321
actuarial loss	10/1/2007	17	366,128	36,102
actuarial loss	10/1/2008	7	3,256,544	571,941
method change	10/1/2008	17	(1,478,609)	(145,798)
actuarial loss	10/1/2009	8	1,347,456	213,997
assum. change	10/1/2009	18	222,429	21,318
actuarial loss	10/1/2010	9	874,321	127,502
benefit change	10/1/2010	29	(1,975,815)	(157,143)
actuarial loss	10/1/2011	10	1,070,117	145,024
			11,365,824	1,507,787

ACTUARIAL ASSUMPTIONS AND COST METHODS

Assumptions

<u>Mortality Rates</u>	RP2000 Combined Healthy Mortality Table (sex distinct). Disabled lives are set forward 5 years.
<u>Termination Rates</u>	See Table below.
<u>Disability Rates</u>	See Table below.
<u>Retirement Age</u>	One year following satisfaction of the Plan's requirement for Normal Retirement.
<u>Early Retirement</u>	Commencing upon eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5% per year.
<u>Interest Rate</u>	7.5% per year, compounded annually, net of investment related expenses.
<u>Salary Increases</u>	See Table below.
<u>Payroll Increase</u>	None.
<u>Cost-of-Living Adjustment</u>	2% for 25 years, beginning 5 years after retirement, payable to Normal and Early Retirees.
<u>Administrative Expenses</u>	\$27,053 added to Normal Cost.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Average Salary Increase</u>
20	18.6%	0.14%	7.8%
30	11.0	0.18	6.3
40	9.2	0.30	5.4
50	8.2	1.00	4.8

VALUATION NOTES

Total Annual Payroll is the annual rate of pay as of 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 determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) 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. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

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.

City of Sanibel
General Employees' Retirement Plan

BALANCE SHEET
September 30, 2011

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Pooled Cash	10,252.06	10,252.06
Prepaid Benefit	735.28	735.28
Money Market	398,986.78	398,986.78
Cash	694.46	694.46
 Total Cash and Equivalents	 410,668.58	 410,668.58
Receivable:		
Additional City Contributions	68,112.61	68,112.61
Accrued Income	51,745.48	51,745.48
 Total Receivable	 119,858.09	 119,858.09
Investments:		
U S Govt/Govt Sponsored/Agency	1,630,953.75	1,727,080.41
Corporate Bonds/CMOs/REMICs	2,207,786.46	2,359,325.59
Corporate Stocks/REITs	2,878,229.39	2,943,345.18
Foreign/ADR Securities	285,069.43	310,831.88
Foreign Bonds	7,562.76	5,557.50
Mutual Funds:		
Equity	1,695,403.90	1,649,510.50
International Equity	1,733,330.10	1,511,093.81
Pooled/Common/Commingled Funds:		
Real Estate	722,028.62	779,181.78
 Total Investments	 11,160,364.41	 11,285,926.65
 TOTAL ASSETS	 11,690,891.08	 11,816,453.32
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payable:		
Unpaid Investment Expenses	6,897.05	6,897.05
Unpaid Administrative Expenses	1,000.00	1,000.00
 Total Liabilities	 7,897.05	 7,897.05
Net Assets:		
Active and Retired Members' Equity	11,409,994.83	11,535,557.07
DROP Plan Benefits	272,999.20	272,999.20
 Total Net Assets	 11,682,994.03	 11,808,556.27
 TOTAL LIABILITIES AND NET ASSETS	 11,690,891.08	 11,816,453.32

City of Sanibel
General Employees' Retirement Plan

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2011
Market Value Basis

REVENUES

Contributions:		
Member	150,092.73	
City	1,448,913.23	
Total Contributions		1,599,005.96
Earnings from Investments		
Interest & Dividends	290,953.84	
Miscellaneous Income	32,055.46	
Net Realized Gain (Loss)	393,175.44	
Unrealized Gain (Loss)	(628,132.46)	
Total Earnings and Investment Gains		88,052.28
	EXPENDITURES	
Expenses:		
Investment Related*	67,846.62	
Administrative	27,053.41	
Total Expenses		94,900.03
Distributions to Members:		
Benefit Payments	829,194.71	
Lump Sum DROP Balances	156,221.57	
Termination and Opt-Out Payments	126,244.12	
Total Distributions		1,111,660.40
DROP Account Net Change		(5,370.03)
Change in Net Assets for the Year		485,867.84
Net Assets Beginning of the Year		11,049,689.23
Net Assets End of the Year		11,535,557.07

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

City of Sanibel
General Employees' Retirement Plan

ACTUARIAL ASSET VALUATION
September 30, 2011

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, but are limited to 120% of Market Value, if less.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*	
9/30/08	-13.21%	
9/30/09	-6.39%	
9/30/10	8.14%	
9/30/11	0.17%	
Annualized Rate of Return for prior four (4) years:		-3.14%
(A) 10/01/10 Actuarial Assets:		\$11,943,146.22
(I) Net Investment Income:		
1. Interest and Dividends		323,009.30
2. Realized Gains (Losses)		393,175.44
3. Change in Actuarial Value		(1,031,034.11)
4. Investment Related Expenses		(67,846.62)
Total		(382,695.99)
(B) 10/01/11 Actuarial Assets:		\$12,026,112.42
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		-3.14%
10/01/11 Limited Actuarial Assets: (Lesser of Actuarial Assets or 120% of Market Value)		\$12,026,112.42

*Market Value Basis, net of investment related expenses

City of Sanibel
General Employees' Retirement Plan

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2011
Actuarial Asset Basis

REVENUES

Contributions:		
Member	150,092.73	
City	1,448,913.23	
Total Contributions		1,599,005.96
Earnings from Investments		
Interest & Dividends	290,953.84	
Miscellaneous Income	32,055.46	
Net Realized Gain (Loss)	393,175.44	
Change in Actuarial Value	(1,031,034.11)	
Total Earnings and Investment Gains		(314,849.37)
	EXPENDITURES	
Expenses:		
Investment Related*	67,846.62	
Administrative	27,053.41	
Total Expenses		94,900.03
Distributions to Members:		
Benefit Payments	829,194.71	
Lump Sum DROP Balances	156,221.57	
Termination and Opt-Out Payments	126,244.12	
Total Distributions		1,111,660.40
DROP Account Net Change		(5,370.03)
Change in Net Assets for the Year		82,966.19
Net Assets Beginning of the Year		11,943,146.22
Net Assets End of the Year**		12,026,112.42

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

**Net Assets may be limited for actuarial consideration

City of Sanibel
General Employees' Retirement Plan

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2010 through September 30, 2011

Name	9/30/10 Balance	Additions	Investment Return	Distributions	9/30/11 Balance
Amadio, Russell	0.00	4,409.23	86.69	0.00	4,495.92
Ballo, John	14,734.46	4,220.88	1,020.01	0.00	19,975.35
Beck, Susan	14,020.32	4,540.08	987.47	0.00	19,547.87
Bennett, Bertha	10,530.70	8,101.80	892.82	0.00	19,525.32
Goyette, Gerad	1,235.51	7,359.24	311.18	0.00	8,905.93
Isom, James	41,565.75	1,984.54	420.14	(43,970.43)	0.00
Liccardi, Alfred	92,161.13	13,147.68	3,444.92	(108,753.73)	0.00
Reed, Carol	763.08	4,545.24	192.20	0.00	5,500.52
Stallsmith, Arthur	5,884.33	9,892.92	671.72	0.00	16,448.97
Stott, Donald	1,148.87	2,275.50	73.04	(3,497.41)	0.00
Yeadon, Charmaine	96,325.08	74,107.68	8,166.56	0.00	178,599.32
Total	278,369.23	134,584.79	16,266.75	(156,221.57)	272,999.20

ELIGIBILITY FOR RETIREMENT

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

- 1) Attained Age 60 with 5 Years of Credited Service

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

- 1) Attained Age 55 with 5 Years of Credited Service

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

Normal Retirement	Early Retirement
None	CLAUSING, Cindy KOHER, Donna Gay MORT, John Fitzgerald SLANE, Frances Jennifer SMITH, Pamela WILSON, Jennifer Lynn

STATISTICAL DATA

(Averages are salary weighted)

	<u>10/1/2008</u>	<u>10/1/2009</u>	<u>10/1/2010</u>	<u>10/1/2011</u>
Number	101	92	31	26
Average Current Age	48.5	48.7	49.9	50.4
Average Age at Employment	39.4	38.7	41.6	39.8
Average Past Service	9.2	10.0	8.3	10.6
Average Annual Salary	\$53,950	\$53,557	\$49,496	\$50,234

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	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	1	0	0	1	0	0	0	0	0	2
35 - 39	0	0	0	0	1	1	0	1	0	0	0	3
40 - 44	0	0	0	0	0	0	1	0	0	0	0	1
45 - 49	0	0	0	1	1	2	0	2	0	0	0	6
50 - 54	0	0	0	0	1	0	0	2	1	0	0	4
55 - 59	0	0	0	1	0	3	1	0	1	1	0	7
60 - 64	0	0	0	1	1	1	0	0	0	0	0	3
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	1	3	4	8	2	5	2	1	0	26

VALUATION PARTICIPANT RECONCILIATION
(Compared to Results of the October 9, 2011 Actuarial Impact Statement)

1. Active lives

a.	Number in prior valuation 10/1/10	31
b.	Terminations	
i.	Vested (partial or full) with deferred benefits	3
ii.	Non-vested or full lump sum distribution received	2
c.	Deaths	
i.	Beneficiary receiving benefits	0
ii.	No future benefits payable	0
d.	Disabled	0
e.	Retired	1
f.	DROP Retired	1
g.	Voluntary withdrawal	0
h.	Continuing participants	24
i.	New entrants	2 *
j.	Total active life participants in valuation	26

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 Retired</u>	<u>Total</u>
a. Number prior valuation	45	1	0	75	10	131
b. In	5	0	0	3	1	9
c. Out	0	0	0	2	4	6
d. Number current valuation	50	1	0	76	7	134

* Members who elected to remain as participants of the Plan, but were assumed to opt out for purposes of the Impact Statement.

SUMMARY OF PLAN PROVISIONS

<u>Effective Date of Latest Amendment</u>	November 1, 2011
<u>Eligibility</u>	Regular, full-time employees who are not sworn police officers enter on date of employment.
<u>Salary</u>	Fixed rate of pay on June 1.
<u>Average Compensation</u>	Career monthly average Salary for Plan B Members, and the average of the highest consecutive five years for Plan A Members.
<u>Credited Service</u>	Years and fractional parts of years of service with the City as a General Employee.
<u>Normal Retirement</u>	
Date	Attainment of age 65 with 6 years of Credited Service. For Members with 15 years or more of Credited Service as of 9/30/11 (12/31/11 for Police Dispatchers), it is the attainment of age 60 with 5 years of Credited Service. Additionally, those Members who attained age 60 with 5 years of Credited Service prior to 10/1/11 (1/1/12 for Police Dispatchers) remain under the prior eligibility requirements for the Normal Retirement Date.
Benefit	3.0% of Average Final Compensation times Credited Service before 5/1/11 (1/1/12 for Police Dispatchers) plus 1.68% of Average Final Compensation times Credited Service after 4/30/11 (12/31/11 for Police Dispatchers).
Form of Benefit	10 Year Certain and Life (options available).

Early Retirement

Date	Attainment of age 60 with 6 years of Credited Service. For Members with 15 years or more of Credited Service as of 9/30/11 (12/31/11 for Police Dispatchers), it is the attainment of age 55 with 5 years of Credited Service. Additionally, those Members who attained age 55 with 5 years of Credited Service prior to 10/1/11 (1/1/12 for Police Dispatchers) remain under the prior eligibility requirements for the Early Retirement Date.
Benefit	Accrued Benefit on Early Retirement Date, reduced 5.0% for each year that Early Retirement Date precedes the Normal Retirement Date.
Form of Benefit	10 Year Certain and Life (options available).

Cost –of-Living Adjustment

To all Normal and Early Retirees after October 17, 2006, 2% automatic COLA for 25 years, beginning on the first October 1 following 5 years of retirement (including DROP Retirees).

Pre-Retirement Death Benefit

Eligibility	5 Years of Credited Service.
Benefit	½ of the actuarially reduced accrued benefit payable for the life of the spouse or beneficiary beginning at the Member's otherwise early retirement date.

Employee Contributions

Plan A Members	5% of base pay.
Plan B Members	None.

Termination of Employment

<u>Vesting Schedule</u>	<u>Years of Service</u>	<u>Vested %</u>
	Less than 6	0%
	6 or more	100

Additionally, Members with at least 5 years of Credited Service as of 9/30/11 (12/31/11 for Police Dispatchers), are 100% vested in their accrued benefit.

Benefit	Vested Accrued benefit payable at the Normal Retirement Date (unreduced) or the Early Retirement Date (reduced).
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DEFERRED RETIREMENT OPTION PLAN (DROP)

Eligibility	Satisfaction of Normal Retirement Requirements.
Participation	Not to exceed 60 months.
Rate of Return	6% annual rate, credited monthly.
Distribution	Lump sum at termination of employment.

<u>Board of Trustees</u>	2 Members of the Plan (1 with under 15 years of service, 1 with 15 years of service or more), 1 Department Director appointed by the City Manager, 3 Council appointees, 1 chosen by the other 6 Members of the Board.
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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)
10/01/11	12,026,112	23,391,936	11,365,824	51.41%	1,306,071	870.23%
10/01/10	11,943,146	24,759,926	12,816,780	48.24%	4,706,046	272.35%
10/01/09	11,708,363	23,478,995	11,770,632	49.87%	4,927,259	238.89%
10/01/08	11,596,243	21,420,310	9,824,067	54.14%	5,448,952	180.29%
10/01/07	11,333,284	18,698,244	7,364,960	60.61%	5,190,903	141.88%
10/01/06	9,777,203	16,121,010	6,343,807	60.65%	4,732,869	134.04%

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
2011	1,448,913	1,448,913	100.00%
2010	1,173,397	1,173,397	100.00%
2009	858,029	975,816	113.73%
2008	824,863	824,863	100.00%
2007	635,605	635,605	100.00%
2006	629,330	629,330	100.00%

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/11	
City	29.63%
Plan A Members	5.00%
Plan B Members	0.00%
Actuarially Determined Contribution	1,448,913
Contributions made	1,448,913
Actuarial valuation date	10/1/2009
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	29 Years as of 10/1/2011
Asset valuation method	Four Year Smooth of Market Value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increase*	See Page 14
* Includes inflation at	3.0%
Post Retirement COLA	2% for 25 years, beginning 5 years after Normal or Early Retirement

THREE YEAR TREND INFORMATION

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/11	1,468,410	98.7%	(181,142)
9/30/10	1,194,685	98.2%	(200,639)
9/30/09	868,207	112.4%	(221,927)

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

DEVELOPMENT OF NET PENSION OBLIGATION (NPO)

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

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

	<u>9/30/07</u>	<u>9/30/08</u>	<u>9/30/09</u>	<u>9/30/10</u>	<u>9/30/11</u>
Actuarially Determined					
Contribution (A)	824,863	858,029	1,173,397	1,448,913	1,448,913
Interest on NPO	(8,713)	(8,574)	(16,645)	(15,048)	(15,048)
Adjustment to (A)	10,570	18,752	37,933	34,545	34,545
	-----	-----	-----	-----	-----
Annual Pension Cost	826,720	868,207	1,194,685	1,468,410	1,468,410
Contributions Made	824,863	975,816	1,173,397	1,448,913	1,448,913
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Increase in NPO	1,857	(107,609)	21,288	19,497	19,497
NPO Beginning of Year	(116,175)	(114,318)	(221,927)	(200,639)	(200,639)
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NPO End of Year	(116,175)	(114,318)	(221,927)	(200,639)	(181,142)

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, nonvested, 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	\$19,946,732
Actives	1,746,799
Member Contributions	<u>341,443</u>
Total	\$22,034,974
Non-Vested Accrued Benefits	\$141,910
Total Present Value of Accrued Benefits	\$22,176,884