

CITY OF SANIBEL
GENERAL EMPLOYEES' RETIREMENT PLAN

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2012

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

February 8, 2013

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 City and the Board of Trustees, financial reports prepared by the Plan's 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 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:  2/8/13
Douglas H. Lozen, EA, MAAA
Enrolled Actuary #11-7778

DHL/lke

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, 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 contribution requirements, compared with those developed in the October 1, 2011, actuarial valuation, are as follows:

Valuation Date Applicable to Plan/Fiscal Year Ending	10/1/2011 <u>9/30/2013</u>	10/1/2012 <u>9/30/2014</u>
Total Required Contribution % of Projected Annual Payroll	133.52%	131.85%
Member Contributions (Est.) % of Projected Annual Payroll ¹	5.00%	5.00%
Balance from City % of Projected Annual Payroll	128.52%	126.85%

¹ As of October 1, 2012, all Members are contributory under the provisions of Plan A. Accordingly, the above contribution requirements reflect a 5% Member Contribution Rate.

Experience since the prior valuation has been less favorable than expected, on the basis of the Plan's actuarial assumptions. The primary sources of unfavorable experience included a 4.1% investment return (Actuarial Asset Value Basis), falling short of the 7.5% assumption, and no employee turnover (opt-out Members entering retirement during the year are not included in termination experience).

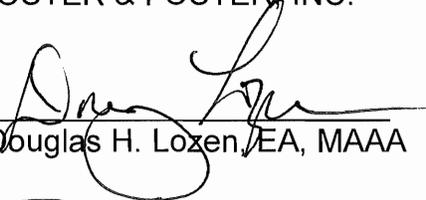
These losses were partially offset by average increases in pensionable compensation that were less than the assumption by approximately 2%.

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.

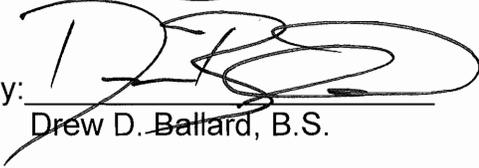
Respectfully submitted,

FOSTER & FOSTER, INC.

By:


Douglas H. Lozen, EA, MAAA

By:


Drew D. Ballard, B.S.

Plan Changes Since Prior Valuation

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

The following method changes have been implemented in conjunction with this valuation of the Plan:

1. Accumulated DROP Balances are disclosed as a liability, and are also included in the Market and Actuarial Value of Assets. For the purpose of consistency, this change is made retroactively to October 1, 2011. Accordingly, this change is reflected in both columns of the Comparative Summary section of this report.
2. Asset smoothing has been eliminated. The fair market value of assets is now utilized for determination of funding requirements.
3. Amortization periods for payment of the Unfunded Actuarial Accrued Liability are limited to no more than 10 years.

The following assumption changes have been implemented in conjunction with this valuation of the Plan:

1. Based on guidance provided in Actuarial Standards of Practice Number 35 (specifically in consideration of future mortality improvements), mortality rates for valuation dates on and after October 1, 2012 are based on the RP 2000 Combined Healthy Table, projected to the valuation date using Schedule AA.
2. The investment return assumption has been reduced from 7.5% to 6.75%.

Comparative Summary of Principal Valuation Results

	New Method New Assum. <u>10/1/2012</u>	New Method Prior Assum. <u>10/1/2012</u>	Prior Method Prior Assum. <u>10/1/2012</u>	Prior Method Prior Assum. <u>10/1/2011</u>
A. Participant Data				
Number Included				
Actives	26	26	26	26
Service Retirees	55	55	55	50
DROP Retirees	5	5	5	7
Beneficiaries	0	0	0	1
Terminated Vested	<u>74</u>	<u>74</u>	<u>74</u>	<u>76</u>
Total	160	160	160	160
Total Annual Payroll	\$1,325,935	\$1,325,935	\$1,325,935	\$1,306,071
Payroll Under Assumed Ret. Age	1,325,935	1,325,935	1,325,935	1,306,071
Annual Rate of Payments to:				
Service Retirees	1,046,925	1,046,925	1,046,925	861,180
DROP Retirees	100,402	100,402	100,402	110,434
Beneficiaries	0	0	0	5,922
Terminated Vested	1,263,083	1,263,083	1,263,083	1,406,671
B. Assets				
Actuarial Value ¹	18,689,248	16,499,396	15,364,473	12,299,111
Market Value ¹	18,689,248	16,499,396	16,499,396	11,808,556
C. Liabilities				
Present Value of Benefits				
Active Members				
Retirement Benefits	2,839,043	2,499,054	2,499,054	2,709,809
Death Benefits	29,102	29,654	29,654	29,492
Vested Benefits	763,684	642,310	642,310	663,150
Refund of Contributions	7,843	7,787	7,787	10,183
Service Retirees	12,545,984	11,516,571	11,516,571	9,231,799
DROP Retirees ¹	1,676,386	1,551,654	1,551,654	1,619,844
Beneficiaries	0	0	0	34,744
Terminated Vested	<u>10,825,205</u>	<u>9,547,904</u>	<u>9,547,904</u>	<u>9,894,383</u>
Total	28,687,247	25,794,934	25,794,934	24,193,404

* The Actuarial and Market Value of Assets displayed above for the middle 2 columns represent the calculated end of year asset values displayed in the Trust Fund section of this report, less the \$2.0 million additional City contribution and \$189,852 excess City contribution that were utilized for the purpose of paying down the UAAL base created due to the change in mortality and investment return assumptions.

	New Method New Assum. <u>10/1/2012</u>	New Method Prior Assum. <u>10/1/2012</u>	Prior Method Prior Assum. <u>10/1/2012</u>	Prior Method Prior Assum. <u>10/1/2011</u>
C. Liabilities - (Continued)				
Present Value of Future Salaries	7,195,750	6,953,551	6,953,551	6,784,781
Present Value of Future Member Cont.	359,788	347,678	347,678	308,163
Normal Cost (Entry Age Normal)				
Retirement Benefits	110,589	95,077	95,077	101,165
Death Benefits	1,426	1,420	1,420	1,310
Vested Benefits	46,436	38,173	38,173	40,470
Refund of Contributions	2,556	2,540	2,540	3,116
Total Normal Cost	<u>161,007</u>	<u>137,210</u>	<u>137,210</u>	<u>146,061</u>
Present Value of Future Normal Costs	621,489	501,426	501,426	528,469
Actuarial Accrued Liability (Entry Age Normal)				
Retirement Benefits	2,481,698	2,206,966	2,206,966	2,390,376
Death Benefits	21,978	22,846	22,846	23,060
Vested Benefits	512,349	445,399	445,399	467,080
Refund of Contributions	2,158	2,168	2,168	3,649
Inactives ¹	25,047,575	22,616,129	22,616,129	20,780,770
Total Actuarial Accrued Liability	<u>28,065,758</u>	<u>25,293,508</u>	<u>25,293,508</u>	<u>23,664,935</u>
Unfunded Actuarial Accrued Liability (UAAL)	9,376,510	8,794,112	9,929,035	11,365,824
D. Actuarial Present Value of Accrued Benefits				
Vested Accrued Benefits				
Inactives ¹	25,047,575	22,616,129	22,616,129	20,780,770
Actives	1,939,449	1,681,671	1,681,671	1,813,504
Member Contributions	391,766	391,766	391,766	341,443
Total	<u>27,378,790</u>	<u>24,689,566</u>	<u>24,689,566</u>	<u>22,935,717</u>
Non-vested Accrued Benefits	<u>124,227</u>	<u>103,364</u>	<u>103,364</u>	<u>148,690</u>
Total Present Value Accrued Benefits	27,503,017	24,792,930	24,792,930	23,084,407
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:				
Plan Amendments	0	0	0	
Assumption Changes	2,710,087	0	0	
New Accrued Benefits	0	0	981,312	
Benefits Paid	0	0	(967,826)	
Interest	0	0	1,695,037	
Other	0	0	0	
Total:	<u>2,710,087</u>	<u>0</u>	<u>1,708,523</u>	

	New Method New Assum.	New Method Prior Assum.	Prior Method Prior Assum.	Prior Method Prior Assum.
Valuation Date	10/1/2012	10/1/2012	10/1/2012	10/1/2011
Applicable to Fiscal Year Ending	<u>9/30/2014</u>	<u>9/30/2014</u>	<u>9/30/2014</u>	<u>9/30/2013</u>
E. Pension Cost				
Normal Cost (with int.) % of Total Annual Payroll ²	12.55	10.74	10.74	11.60
Administrative Expense (with int.) % of Total Annual Payroll ²	2.13	2.14	2.14	2.15
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 10 years (with int.) (as of 10/1/12) % of Total Annual Payroll ²	117.17	113.94	118.68	119.77
Total Required Contribution % of Total Annual Payroll ²	131.85	126.82	131.56	133.52
Expected Member Contributions % of Total Annual Payroll ²	5.00	5.00	5.00	5.00
Expected City Contrib. % of Total Annual Payroll ²	126.85	121.82	126.56	128.52

F. Past Contributions

Plan Years Ending:	<u>9/30/2012</u>
Total Required Contribution	1,463,907
City Requirement	1,397,764
Actual Contributions Made:	
City Members	<u>5,587,616</u> <u>66,143</u>
Total	5,653,759

G. Net Actuarial Gain (Loss) (1,139,969)

¹ The asset values and liabilities for DROP Member include accumulated DROP Balances as of 9/30/11 and 9/30/12.

² Contributions developed as of 10/1/12 are expressed as a percentage of total annual payroll at 10/1/12 of \$1,325,935. Additionally, all active Member as of 10/1/12 are contributory. Accordingly, the Member Contribution Rate has been set to 5% for the fiscal year ending September 30, 2013.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2012	9,376,510
2013	8,405,099
2014	7,368,118
2015	6,261,141
2016	5,079,445
2017	3,817,982
2022	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2012	1.9%	3.9%
Year Ended	9/30/2011	0.2%	4.8%
Year Ended	9/30/2010	0.1%	4.8%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2012	4.1%	7.5%
Year Ended	9/30/2011	-3.1%	7.5%
Year Ended	9/30/2010	-1.4%	7.5%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2012	\$1,325,935
	10/1/2002	3,249,973
(b) Total Increase		-59.2%
(c) Number of Years		10.00
(d) Average Annual Rate		-8.6%

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

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

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

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2011	\$11,365,824
(2)	Sponsor Normal Cost developed as of October 1, 2011	82,485
(3)	Expected Administrative Expenses during fiscal 2012	27,053
(4)	Interest on (1), (2), and (3)	859,638
(5)	Sponsor Contributions to the System during the year ending September 30, 2012 ¹	3,397,764
(6)	Interest on (5)	148,170
(7)	Expected Unfunded Actuarial Accrued Liability as of October 1, 2012 [(1)+(2)+(3)+(4)-(5)-(6)]	8,789,066
(8)	Change to UAAL due to Actuarial (Gain)/Loss	1,139,969
(9)	New UAAL due to Change in Asset Methodology	(1,134,923)
(10)	New UAAL due to Change in Assumptions	2,772,251
(11)	Unfunded Accrued Liability as of October 1, 2012	9,376,510

	Date Established	Years Remaining	10/1/2012 Amount	Amortization Amount
method change	10/1/2004	10	1,231,915 ¹	162,413
prior losses	10/1/2004	10	3,114,150	410,562
actuarial gain	10/1/2005	10	(766,916)	(101,108)
benefit change	10/1/2005	10	1,107,060	145,952
actuarial loss	10/1/2006	10	510,842	67,348
benefit change	10/1/2006	10	438,389	57,796
actuarial loss	10/1/2007	10	362,688	47,816
actuarial loss	10/1/2008	6	2,950,290	575,353
method change	10/1/2008	10	(1,464,716)	(193,105)
actuarial loss	10/1/2009	7	1,245,634	214,633
assum. change	10/1/2009	10	221,014	29,138
actuarial loss	10/1/2010	8	820,729	127,510
benefit change	10/1/2010	10	(1,998,660)	(263,498)
actuarial loss	10/1/2011	9	1,016,647	144,624
actuarial loss	10/1/2012	10	1,139,969	150,291
method change	10/1/2012	10	(1,134,923)	(149,626)
assum. change	10/1/2012	10	582,398 ²	76,782
			9,376,510	1,502,881

¹ \$2.0 million additional City contribution applied to the 2004 method change base.

² \$2.0 million additional City contribution, in addition to \$189,852 excess City contribution, applied to new UAAL due to change in mortality and investment return

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	RP2000 Combined Healthy Mortality Table (sex distinct), projected to the valuation date with Schedule AA. Static mortality rates were utilized for prior valuations.
<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>	6.75% per year, compounded annually, net of investment related expenses. A 7.5% assumption was utilized for valuations prior to October 1, 2012.
<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>	\$27,360.

<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

Funding Method

Entry Age Normal Actuarial Cost Method.

Asset Smoothing Methodology

The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.

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, 2012

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Pooled Cash	8,620.80	8,620.80
Money Market	632,754.77	632,754.77
Total Cash and Equivalents	641,375.57	641,375.57
Receivable:		
Member Contributions in Transit	19.79	19.79
Accrued Income	70,943.37	70,943.37
Total Receivable	70,963.16	70,963.16
Investments:		
U S Govt/Govt Sponsored/Agency	2,142,314.04	2,251,114.88
Corporate Bonds/CMOs/REMICs	3,147,722.41	3,401,870.23
Corporate Stocks/REITs	4,501,789.95	5,541,115.98
Foreign/ADR Securities	365,684.13	431,427.38
Foreign Bonds	14,644.86	14,467.56
Mutual Funds:		
Equity	2,501,845.47	2,789,269.43
International Equity	2,669,179.35	2,737,662.82
Pooled/Common/Commingled Funds:		
Equity	722,028.62	819,581.47
Total Investments	16,065,208.83	17,986,509.75
TOTAL ASSETS	16,777,547.56	18,698,848.48
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payable:		
Unpaid Investment Expenses	9,600.20	9,600.20
Total Liabilities	9,600.20	9,600.20
Net Assets, including DROP Account Balances	16,767,947.36	18,689,248.28
TOTAL LIABILITIES AND NET ASSETS	16,777,547.56	18,698,848.48

City of Sanibel
General Employees' Retirement Plan

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

REVENUES

Contributions:		
Member	66,143.30	
City	1,587,616.04	
City Contribution allocated to UAAL	4,000,000.00	
Total Contributions		5,653,759.34
Earnings from Investments		
Interest & Dividends	390,145.40	
Net Realized Gain (Loss)	105,543.38	
Unrealized Gain (Loss)	1,806,834.33	
Total Earnings and Investment Gains		2,302,523.11
EXPENDITURES		
Expenses:		
Investment Related ¹	80,404.13	
Administrative	27,360.40	
Total Expenses		107,764.53
Distributions to Members:		
Benefit Payments	927,176.39	
Lump Sum DROP Balances	40,649.52	
Termination Payments	0.00	
Total Distributions		967,825.91
Change in Net Assets for the Year		6,880,692.01
Net Assets Beginning of the Year ²		11,808,556.27
Net Assets End of the Year		18,689,248.28

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets include DROP account balances at the beginning of the year.

City of Sanibel
General Employees' Retirement Plan

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	-6.39%	
9/30/10	8.14%	
9/30/11	0.17%	
9/30/12	15.72%	
Annualized Rate of Return for prior four (4) years:		4.08%
(A) 10/01/11 Actuarial Assets:		\$12,299,111.62
(I) Net Investment Income:		
1. Interest and Dividends		390,145.40
2. Realized Gains (Losses)		105,543.38
3. Change in Actuarial Value		181,356.01
4. Investment Related Expenses		(80,404.13)
Total		596,640.66
(B) 10/01/12 Actuarial Assets:		\$17,554,325.31
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		4.08%
10/01/12 Limited Actuarial Assets:		\$17,554,325.31

*Market Value Basis, net of investment related expenses.

City of Sanibel
General Employees' Retirement Plan

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

REVENUES

Contributions:		
Member	66,143.30	
City	1,587,616.04	
City Contribution allocated to UAAL	4,000,000.00	
Total Contributions		5,653,759.34
Earnings from Investments		
Interest & Dividends	390,145.40	
Net Realized Gain (Loss)	105,543.38	
Change in Actuarial Value	181,356.01	
Total Earnings and Investment Gains		677,044.79
EXPENDITURES		
Expenses:		
Investment Related ¹	80,404.13	
Administrative	27,360.40	
Total Expenses		107,764.53
Distributions to Members:		
Benefit Payments	927,176.39	
Lump Sum DROP Balances	40,649.52	
Termination Payments	0.00	
Total Distributions		967,825.91
Change in Net Assets for the Year		5,255,213.69
Net Assets Beginning of the Year²		12,299,111.62
Net Assets End of the Year³		17,554,325.31

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets include DROP account balances at the beginning of the year.

³Net Assets may be limited for actuarial consideration.

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:

<u>Normal Retirement</u>	<u>Early Retirement</u>
KOHER, Donna Gay MORT, John Fitzgerald	LARSEN, Sandra L. SLANE, Frances Jennifer SMITH, Pamela B.

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	92	31	26	26
Average Current Age	48.7	49.9	50.4	50.5
Average Age at Employment	38.7	41.6	39.8	40.1
Average Past Service	10.0	8.3	10.6	10.4
Average Annual Salary	\$53,557	\$49,496	\$50,234	\$50,998

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	0	1	0	0	1	0	0	0	0	2
35 - 39	0	1	0	0	0	2	0	1	0	0	0	4
40 - 44	0	0	0	0	0	0	1	0	0	0	0	1
45 - 49	0	0	0	0	1	2	0	2	0	0	0	5
50 - 54	0	0	0	0	0	2	0	1	0	0	0	3
55 - 59	1	0	0	0	1	2	1	0	2	0	0	7
60 - 64	0	0	0	0	1	2	0	0	1	0	0	4
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	1	0	1	3	10	3	4	3	0	0	26

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/12	26
b. Terminations	
i. Vested (partial or full) with deferred benefits	1 *
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Retired	1
e. DROP Retired	0
f. Voluntary withdrawal	0
g. Continuing participants	24
h. New entrants	2
i. 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>Vested Deferred</u>	<u>DROP Retired</u>	<u>Total</u>
a. Number prior valuation	50	1	76	7	134
b. In	6	0	1	0	7
c. Out	1	1	3	2	7
d. Number current valuation	55	0	74	5	134

* Opt-Out Member

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).
<u>Early Retirement</u>	
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
Plan B Members

5% of base pay.
None.

Termination of Employment

Vesting Schedule

<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)
10/01/12	18,689,248	28,065,758	9,376,510	66.59%	1,325,935	707.16%
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%

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	1,397,764	5,587,616	399.75%
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%

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/12

City	100.59%
Plan A Members	5.00%
Plan B Members	0.00%

Actuarially Determined Contribution 1,397,764

Contributions made 5,587,616

Actuarial valuation date 10/1/2010

Actuarial cost method Entry Age Normal

Amortization method Level percentage of pay, closed

Remaining amortization period 30 Years as of 10/1/2010

Asset valuation method Four Year Smooth of Market Value
(as of 10/1/2010)

Actuarial assumptions:

Investment rate of return	7.5%	(as of 10/1/2010)
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</u> <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
9/30/12	1,404,270	397.9%	(4,364,488)
9/30/11	1,468,410	98.7%	(181,142)
9/30/10	1,194,685	98.2%	(200,639)

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>9/30/08</u>	<u>9/30/09</u>	<u>9/30/10</u>	<u>9/30/11</u>	<u>9/30/12</u>
Actuarially Determined					
Contribution (A)	858,029	1,173,397	1,448,913	1,397,764	1,397,764
Interest on NPO	(8,574)	(16,645)	(15,048)	(13,586)	(13,586)
Adjustment to (A)	18,752	37,933	34,545	20,092	20,092
	-----	-----	-----	-----	-----
Annual Pension Cost	868,207	1,194,685	1,468,410	1,404,270	1,404,270
Contributions Made	975,816	1,173,397	1,448,913	5,587,616	5,587,616
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Increase in NPO	(107,609)	21,288	19,497	(4,183,346)	(4,183,346)
NPO Beginning of Year	(114,318)	(221,927)	(200,639)	(181,142)	(181,142)
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NPO End of Year	(114,318)	(221,927)	(200,639)	(181,142)	(4,364,488)

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	\$22,503,031
Actives	1,650,917
Member Contributions	<u>391,766</u>
Total	24,545,714
Non-Vested Accrued Benefits	<u>101,858</u>
Total Present Value of Accrued Benefits	\$24,647,572