

CITY OF SANIBEL
MUNICIPAL POLICE OFFICERS'
RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2013

CONTRIBUTIONS APPLICABLE TO THE PLAN/FISCAL
YEAR ENDED SEPTEMBER 30, 2015



January 27, 2014

Board of Trustees
City of Sanibel Municipal Police Officers'
Retirement Trust Fund
800 Dunlop Road
Sanibel, FL 33957-4096

Re: City of Sanibel
Municipal Police Officers' Retirement Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Sanibel Municipal Police Officers' Retirement 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(s).

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of 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 Sanibel, 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 Sanibel, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Sanibel Municipal Police Officers' Retirement 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: 
Douglas H. Lozen, EA, MAAA
Enrolled Actuary #11-7778

DHL/lke

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	<u>Introduction</u>	
	a. Summary of Report	5
	b. Changes Since Prior Valuation	7
	c. Comparative Summary of Principal Valuation Results	8
II	<u>Valuation Information</u>	
	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	<u>Member Statistics</u>	
	a. Statistical Data	24
	b. Age and Service Distribution	25
	c. Member Reconciliation	26
V	Summary of Plan Provisions	27
VI	Governmental Accounting Standards Board Statements No. 25 and No. 27 Disclosure Information	29

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Sanibel Municipal Police Officer's Retirement Trust Fund, performed as of October 1, 2013, 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, 2015.

The contribution requirements, compared with those developed in the October 1, 2012 Actuarial Valuation, are as follows:

Valuation Date	10/1/2012	10/1/2013
Applicable Plan Year End	<u>9/30/2014</u>	<u>9/30/2015</u>
Total Required Contribution % of Total Annual Payroll	79.70%	79.31%
Member Contributions (Est.) % of Total Annual Payroll	8.00%	8.00%
City and State Required Contribution % of Total Annual Payroll	71.70%	71.31%
State Contribution (est.) * % of Total Annual Payroll	62,542 4.31%	62,542 4.31%
Balance from City * % of Total Annual Payroll	67.39%	67.00%

* The City may use up to \$111,941 in State Contributions for determining its minimum funding requirements. For budgeting purposes, the required Sponsor Contribution (City and State) is 71.31% of Pensionable Earnings for the fiscal year ending September 30, 2015. The precise City requirement for the year is this amount, less actual State Contributions (up to the maximum \$111,941).

During the past year, there has been net favorable experience, on the basis of the Plan's actuarial assumptions. The primary components of favorable actuarial experience included a 9.2% investment return (Actuarial Asset Basis) that exceeded the 8.0% assumption, and average increases in Pensionable Earnings that were below the assumed rate by almost 6%. These liability gains were partially offset by the effect of no employee turnover, and no retiree mortality.

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: 
Drew D. Ballard

By: 
Douglas H. Lozer, EA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

In conjunction with this valuation, there have been multiple changes to the actuarial assumptions, as follows:

- The investment return assumption was lowered from 8.0% to 7.5% per year, net of investment related expenses.
- The assumed termination probabilities have been changed from an age-based table to a service-based table. Please see the actuarial assumptions section of this report for the specific assumed rates of termination.
- The payroll growth assumption utilized for amortization of the Unfunded Actuarial Accrued Liability was decreased from 2.8% to 2.3%. This reduction is required pursuant to provisions of the Florida Administrative Code. Any use of a payroll growth assumption is limited to the ten-year average growth in Total Annual Payroll as of the valuation date.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assums <u>10/1/2013</u>	Old Assums <u>10/1/2013</u>	Old Assums <u>10/1/2012</u>
A. Participant Data			
Number Included			
Actives	21	21	18
Service Retirees	17	17	15
DROP Retirees	2	2	3
Beneficiaries	1	1	1
Terminated Vested	6	6	6
Disability Retirees	2	2	2
Total	<u>49</u>	<u>49</u>	<u>45</u>
Total Annual Payroll	\$1,450,942	\$1,450,942	\$1,284,662
Payroll Under Assumed Ret. Age	1,450,942	1,450,942	1,284,662
Annual Rate of Payments to:			
Service Retirees	647,170	647,170	543,220
DROP Retirees	183,204	183,204	263,914
Beneficiaries	10,432	10,432	10,432
Terminated Vested	82,812	82,812	82,812
Disability Retirees	24,876	24,876	24,876
B. Assets			
Actuarial Value ¹	13,244,866	11,990,518	11,069,940
Market Value ¹	13,939,400	12,685,052	11,397,390
C. Liabilities			
Present Value of Benefits			
Active Members			
Retirement Benefits	11,295,126	8,562,575	7,682,339
Disability Benefits	297,051	242,631	210,427
Death Benefits	82,089	66,056	69,640
Vested Benefits	0	587,129	588,307
Refund of Contributions	16,266	5,937	2,932
Service Retirees	7,999,004	7,629,466	6,091,035
DROP Retirees ¹	3,510,205	3,317,055	4,891,286
Beneficiaries	82,330	80,004	82,353
Terminated Vested	502,069	465,618	431,747
Disability Retirees	210,262	203,906	209,331
Excess State Monies Reserve	27,317	27,317	27,317
Total	<u>24,021,719</u>	<u>21,187,694</u>	<u>20,286,714</u>

* The Actuarial and Market Value of Assets in the middle column represent the calculated end of year asset values displayed in the Trust Fund section of the report, less the \$1,254,348 additional City contribution that was utilized for the purpose of paying down the UAAL base created due to the change in turnover and investment return assumption.

	New Assums <u>10/1/2013</u>	Old Assums <u>10/1/2013</u>	Old Assums <u>10/1/2012</u>
C. Liabilities - (Continued)			
Present Value of Future Salaries	13,911,998	11,833,390	10,742,996
Present Value of Future Member Cont.	1,112,960	946,671	859,440
Normal Cost (Entry Age Normal)			
Retirement Benefits	473,580	338,477	289,708
Disability Benefits	20,337	17,657	13,951
Death Benefits	4,655	3,835	3,266
Vested Benefits	0	44,547	40,447
Refund of Contributions	5,108	1,854	1,335
Total Normal Cost	<u>503,680</u>	<u>406,370</u>	<u>348,707</u>
Present Value of Future Normal Costs	4,773,338	3,193,661	2,786,560
Actuarial Accrued Liability (Entry Age Normal)			
Retirement Benefits	6,759,783	5,829,581	5,321,272
Disability Benefits	117,262	104,371	100,113
Death Benefits	39,485	35,844	41,914
Vested Benefits	0	300,573	302,883
Refund of Contributions	664	298	903
Inactives plus state reserve ¹	12,331,187	11,723,366	11,733,069
Total Accrued Liability	<u>19,248,381</u>	<u>17,994,033</u>	<u>17,500,154</u>
Unfunded Actuarial Accrued Liability	6,003,515	6,003,515	6,430,214
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives ¹	12,303,870	11,696,049	11,705,752
Actives	2,863,048	2,665,648	2,178,073
Member Contributions	951,736	951,736	868,963
Total	<u>16,118,654</u>	<u>15,313,433</u>	<u>14,752,788</u>
Non-vested Accrued Benefits	<u>907,791</u>	<u>709,405</u>	<u>701,268</u>
Total Present Value Accrued Benefits	17,026,445	16,022,838	15,454,056
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	1,003,607	0	
New Accrued Benefits	0	478,649	
Benefits Paid	0	(1,102,107)	
Interest	0	1,192,240	
Other	0	0	
Total:	<u>1,003,607</u>	<u>568,782</u>	

Valuation Date	New Assums	Old Assums	Old Assums
Applicable to Fiscal Year Ending	<u>10/1/2013</u>	<u>10/1/2013</u>	<u>10/1/2012</u>
	<u>9/30/2015</u>	<u>9/30/2015</u>	<u>9/30/2014</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll ²	36.02	29.13	28.23
Administrative Expense (with interest) % of Total Annual Payroll ²	2.31	2.32	3.40
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 22 years as of 10/1/13 (with interest) % of Total Annual Payroll ²	40.98	42.22	48.07
Total Required Contribution % of Total Annual Payroll ²	79.31	73.67	79.70
Expected Member Contributions % of Total Annual Payroll ²	8.00	8.00	8.00
Expected City & State Contrib. % of Total Annual Payroll ²	71.31	65.67	71.70

F. Past Contributions

Plan Year Ending:	<u>9/30/2013</u>
Total Required Contribution	835,384
City and State Requirement	729,756
Actual Contributions Made:	
Members	105,628
City	2,072,711
State	62,542
Total	<u>2,240,881</u>

G. Net Actuarial Gain (Loss) 336,549

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 09/30/2012 and 09/30/2013.

² Contributions developed as of 10/1/13 are expressed as a percentage of total annual payroll at 10/1/13 of \$1,450,942.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2013	\$6,003,515
2014	5,837,680
2015	5,645,240
2020	4,200,924
2025	2,499,739
2035	0
2035	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2013	1.2%	7.0%
Year Ended	9/30/2012	-0.7%	7.0%
Year Ended	9/30/2011	0.4%	7.0%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2013	9.2%	8.0%
Year Ended	9/30/2012	6.7%	8.0%
Year Ended	9/30/2011	-0.5%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2013	1,450,942
	10/1/2003	1,150,972
(b) Total Increase		26.1%
(c) Number of Years		10.00
(d) Average Annual Rate		2.3%

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 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

Ms. Sarah Carr
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2012	\$6,430,214
(2)	Sponsor Normal Cost developed as of October 1, 2012	245,934
(3)	Expected Administrative Expenses during fiscal 2013	41,976
(4)	Interest on (1), (2) and (3)	535,771
(5)	Sponsor Contributions to the System during the year ending September 30, 2013 ¹	880,905
(6)	Interest on (5)	32,926
(7)	Expected Unfunded Accrued Liability as of October 1, 2013 (1)+(2)+(3)+(4)-(5)-(6)	6,340,064
(8)	Change to UAAL due to Actuarial (Gain)/Loss	(336,549)
(9)	Change to UAAL due to Assumption Changes ²	1,254,348
(10)	Unfunded Accrued Liability as of October 1, 2013	6,003,515

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2013 Amount</u>	<u>Amortization Amount</u>
	10/1/1994	11	226,499	26,062
	10/1/2000	17	(178,159)	(15,132)
	10/1/2001	18	402,139	32,950
method change	10/1/2004	21	1,297,582	97,016
actuarial loss	10/1/2004	15	1,208,723	111,441
benefit change	10/1/2005	22	668,957	48,730
assum. change	10/1/2005	22	(138,741)	(10,106)
actuarial gain	10/1/2005	15	(164,246)	(15,143)
actuarial loss	10/1/2006	15	355,151	32,744
actuarial loss	10/1/2007	15	997,845	91,999
actuarial loss	10/1/2008	5	222,655	49,052
method change	10/1/2008	15	313,217	28,878
actuarial gain	10/1/2009	6	(514,001)	(96,625)
actuarial loss	10/1/2010	7	424,549	70,032
assum. change	10/1/2010	17	276,082	23,449
assum. change	10/1/2010	17	(151,578)	(12,874)
actuarial loss	10/1/2011	8	400,962	59,235
actuarial loss	10/1/2012	9	692,428	93,049
actuarial gain	10/1/2013	10	(336,549)	(41,644)
assum. changes	10/1/2013	20	0 ²	0
			<u>6,003,515</u>	<u>573,113</u>

¹ Includes excess City contribution utilized for purposes of paying down the UAAL.

² \$1,254,348 additional City contribution applied to new UAAL due to change in turnover and investment return assumptions.

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	<p>RP 2000 Combined Healthy – Sex Distinct. Disabled lives are set forward 5 years.</p> <p>Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.</p>								
<u>Interest Rate</u>	7.5% (previously 8%) per year compounded annually, net of investment related expenses.								
<u>Retirement Age</u>	Two years after the earlier of Age 60 with 5 years of service, age 55 with 10 years of service, or 25 years of service regardless of age. Also, any member who has reached Normal Retirement plus two years is assumed to continue employment for one additional year.								
<u>Early Retirement</u>	Commencing at eligibility for Early Retirement (age 50), members are assumed to retire with an immediate benefit at the rate of 2% per year.								
<u>Disability Rate</u>	See table on following page (1202). It is assumed that 75% of disablements are service related.								
<u>Termination Rate</u>	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Credited Service</u></th> <th style="text-align: center;"><u>Termination Probability</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0-1</td> <td style="text-align: center;">15%</td> </tr> <tr> <td style="text-align: center;">2-4</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">5+</td> <td style="text-align: center;">0</td> </tr> </tbody> </table> <p>Prior to October 1, 2013, assumed rates of termination were age-based.</p>	<u>Credited Service</u>	<u>Termination Probability</u>	0-1	15%	2-4	10%	5+	0
<u>Credited Service</u>	<u>Termination Probability</u>								
0-1	15%								
2-4	10%								
5+	0								
<u>Salary Increases</u>	7% per year until the assumed retirement age; see table on following page. Projected salary in the year of retirement is increased 10% for Members who had 10 or more years of Credited Service as of September 30, 2011 and 5% for Members who had less than 10 years of Credited Service as of September 30, 2011. These increases are to account for non-regular compensation.								
<u>Administrative Expenses</u>	\$32,304								
<u>Cost-of-Living Adjustment</u>	3.0% automatic COLA to Normal and Early Retirees, beginning one year after retirement.								
<u>Payroll Growth Assumption</u>	Up to 2.3% annually								
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method								

Actuarial Asset Method

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

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 57</u>
20	0.051%	8.2%
30	0.058	16.1
40	0.121	31.7
50	0.429	62.3

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the fiscal year following 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.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1990	20,957.20	_____ %
1991	21,417.65	2.2%
1992	22,377.46	4.5%
1993	22,374.08	0.0%
1994	25,586.99	14.4%
1995	25,462.73	-0.5%
1996	29,796.30	17.0%
1997	33,568.08	12.7%
1998	30,273.87	-9.8%
1999	31,593.25	4.4%
2000	36,011.30	14.0%
2001	35,448.08	-1.6%
2002	38,571.02	8.8%
2003	43,515.50	12.8%
2004	46,642.40	7.2%
2005	0.00	-100.0%
2006	98,026.48	N/A
2007	50,725.64	-48.3%
2008	53,654.13	5.8%
2009	57,459.31	7.1%
2010	58,716.36	2.2%
2011	57,486.63	-2.1%
2012	63,573.88	10.6%
2013	62,541.87	-1.6%

EXCESS STATE MONIES RESERVE

	<u>Actual State Distribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	30,273.87	30,273.87	0.00
1999	31,593.25	30,273.87	1,319.38
2000	36,011.30	30,273.87	5,737.43
2001	35,448.08	30,273.87	5,174.21
2002	38,571.02	35,354.87	3,216.15
2003	43,515.50	35,354.87	8,160.63
2004	46,642.40	35,354.87	11,287.53
2005	0.00 *	0.00 *	0.00
2006	98,026.48	70,709.74	27,316.74
2007	50,726.00	111,940.87	0.00
2008	53,654.13	111,940.87	0.00
2009	57,459.31	111,940.87	0.00
2010	58,716.36	111,940.87	0.00
2011	57,486.63	111,940.87	0.00
2012	63,573.88	111,940.87	0.00
2013	62,541.87	111,940.87	<u>0.00</u>
Reserve used for Ordinance 06-014			(34,895.33)
Total Accumulation			27,316.74

* FY 2005 state contribution was not available until FY 2006.

BALANCE SHEET
September 30, 2013

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	1,270,466.38	1,270,466.38
Total Cash and Equivalents	1,270,466.38	1,270,466.38
Receivable:		
Member Contributions in Transit	30.33	30.33
Accrued Income	17,071.57	17,071.57
Total Receivable	17,101.90	17,101.90
Investments:		
Corporate Bonds	8,960.67	9,882.52
Stocks	5,903,458.49	7,453,540.10
Mutual Funds:		
Fixed Income	3,850,337.91	3,752,881.14
Pooled/Common/Commingled Funds:		
Equity	1,105,749.42	1,440,598.81
Total Investments	10,868,506.49	12,656,902.57
TOTAL ASSETS	12,156,074.77	13,944,470.85
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payable:		
Unpaid Investment Expenses	3,496.00	3,496.00
Unpaid Administrative Expenses	1,575.00	1,575.00
Total Liabilities	5,071.00	5,071.00
Net Assets, including DROP Account Balances	12,151,003.77	13,939,399.85
TOTAL LIABILITIES AND NET ASSETS	12,156,074.77	13,944,470.85

ACTUARIAL ASSET VALUATION
September 30, 2013

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*	
09/30/2010	10.25%	
09/30/2011	-1.37%	
09/30/2012	16.71%	
09/30/2013	12.01%	
Annualized Rate of Return for prior four (4) years:		9.19%
(A) 10/01/2012 Actuarial Assets:		\$11,069,939.96
(I) Net Investment Income:		
1. Interest and Dividends	308,431.51	
2. Realized Gains (Losses)	359,892.21	
3. Change in Actuarial Value	442,782.02	
4. Investment Related Expenses	(42,649.07)	
Total		1,068,456.67
(B) 10/01/2013 Actuarial Assets:		\$13,244,866.20
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		9.19%
10/01/2013 Limited Actuarial Assets:		\$13,244,866.20

*Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2013
Actuarial Asset Basis

REVENUES

Contributions:		
Member	105,627.78	
City	2,072,711.00	
State	62,541.87	
Total Contributions		2,240,880.65
Earnings from Investments		
Interest & Dividends	308,431.51	
Net Realized Gain (Loss)	359,892.21	
Change in Actuarial Value	442,782.02	
Total Earnings and Investment Gains		1,111,105.74
EXPENDITURES		
Expenses:		
Investment Related ¹	42,649.07	
Administrative	32,303.80	
Total Expenses		74,952.87
Distributions to Members:		
Benefit Payments	648,275.79	
Lump Sum DROP Distributions	453,488.60	
Termination Payments	342.89	
Total Distributions		1,102,107.28
Change in Net Assets for the Year		2,174,926.24
Net Assets Beginning of the Year		11,069,939.96
Net Assets End of the Year ²		13,244,866.20

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

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2012 to September 30, 2013

09/30/2012 Balance	558,644.07
Plus Additions	200,024.97
Investment Return Earned	13,449.92
Less Distributions	(453,488.60)
09/30/2013 Balance	318,630.36

STATISTICAL DATA

	<u>10/1/2010</u>	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>
Number	22	21	18	21
Average Current Age	44.1	44.0	42.8	43.8
Average Age at Employment	31.4	30.4	31.9	33.8
Average Past Service	12.7	13.6	10.9	10.0
Average Annual Salary	\$71,950	\$72,737	\$71,370	\$69,092

* Prior to October 1, 2012, averages were salary weighted.

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	0	1	3	0	0	0	0	0	4
35 - 39	0	0	0	0	0	1	0	0	0	0	0	1
40 - 44	2	0	0	0	0	2	0	1	1	0	0	6
45 - 49	1	0	0	0	0	2	0	1	1	0	0	5
50 - 54	1	0	0	0	0	0	0	3	0	0	0	4
55 - 59	0	0	0	0	0	1	0	0	0	0	0	1
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	4	0	0	0	1	9	0	5	2	0	0	21

MEMBER RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/12	18
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	1
f. DROP	0
g. Voluntary withdrawal	0
h. Continuing participants	17
i. New entrants	4
j. Total active life participants in valuation	21

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	15	1	2	6	3	27
b. In	2	0	0	0	0	2
c. Out	0	0	0	0	1	1
d. Number current valuation	17	1	2	6	2	28

SUMMARY OF CURRENT PLAN
(Through Ordinance 11-010)

CREDITED SERVICE	Years and completed months of continuous employment as a Police Officer.
AVERAGE FINAL COMPENSATION	Average compensation (excluding OT in excess of 300 hours per year, but including lump sum accruals determined as of 9/30/2011) paid during the five (5) highest years of service.
NORMAL RETIREMENT	
Eligibility	Earlier of 1) age 60 with 5 vesting credits, or 2) age 55 with 10 vesting credits, or 3) 25 vesting credits regardless of age.
Benefit Amount	3% of Average Final Compensation <u>times</u> Credited Service.
Form of Benefit	10 years certain and life thereafter. Options available
Maximum Benefit	90% of Average Final Compensation.
EARLY RETIREMENT	
Eligibility	Age 50 and attainment of 5 vesting credits.
Benefit Amount	Accrued benefit, reduced 2.5% for each year prior to Normal Retirement Date.
VESTING (TERMINATION)	
Less than 5 years of Credited Service	Refund of Member Contributions.
5 years or more	Accrued benefit payable at Early Retirement Date (reduced) or Normal Retirement Date (unreduced).
COST-OF-LIVING ADJUSTMENT	To all Normal and Early Retirees after October 17, 2006, 3% automatic COLA, beginning on the first October 1 following retirement.

DISABILITY

Eligibility	10 years of contributing service for non-service related; coverage from date of hire for service-incurred.
Benefit Amount	3% of Average Final Compensation times Credited Service, but not less than 42% of Average Final Compensation for service related disabilities

DEATH

Vested Member	Accrued pension paid to beneficiary at otherwise Early Retirement Date (reduced basis) or Normal Retirement Date. Benefit paid for 10 years only.
Non-Vested Member	Beneficiary receives refund of Member's Contributions.

SUPPLEMENTAL BENEFIT

\$36.00 times Credited Service paid monthly to Age 67. Minimum payment period is 5 years.

CONTRIBUTIONS

Employee	8% of total pay until Normal Retirement Age, 4% thereafter.
Premium Tax	0.85% tax on premiums for casualty insurance.
City	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years.

BOARD OF TRUSTEES

- a) Two City Council appointees,
- b) Two Members of the System elected by a majority of the other covered Police Officers, and
- c) A fifth Member elected by the other 4 and appointed by Council.

DEFERRED RETIREMENT
OPTION PLAN

Eligibility	Satisfaction of Normal Retirement Requirements.
Participation	Not to exceed 60 months.
Rate of Return	4% annual rate, credited quarterly
Distribution	Lump sum at termination of employment.

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

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/01/13	13,244,866	19,248,381	6,003,515	68.81%	1,450,942	413.77%
10/01/12	11,069,940	17,500,154	6,430,214	63.26%	1,284,662	500.54%
10/01/11	8,870,573	15,524,832	6,654,259	57.14%	1,527,468	435.64%
10/01/10	8,863,410	14,990,803	6,127,393	59.13%	1,582,903	387.10%
10/01/09	8,488,652	13,588,596	5,099,944	62.47%	1,727,615	295.20%
10/01/08	8,049,862	13,735,278	5,685,416	58.61%	2,089,004	272.16%

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
2013	729,756	2,072,711	62,542	292.60%
2012	687,550	1,657,731	63,574	250.35%
2011	548,612	509,490	57,487	103.35%
2010	538,345	479,629	58,716	100.00%
2009	554,158	503,432	57,459	101.21%
2008	438,927	388,259	53,654	100.68%

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/13		
City and State	55.27%	
Plan Members	8.0%	(Until Normal Retirement Age)
Actuarially Determined Contribution (City and State)	729,756	
Contributions made	2,135,253	
Actuarial valuation date	10/1/2011	
Actuarial cost method	Entry Age Normal	
Amortization method	Level Percentage of Pay, Closed	
Remaining amortization period	24 Years as of 10/1/2011	
Asset valuation method	4 Year Smooth	
Actuarial assumptions:		
Investment rate of return	8.0%	(as of 10/1/2011)
Projected salary increase*	7.0%	
* Includes inflation at	3.0%	
Post Retirement COLA	3.0%	(beginning one year after retirement)

SIX YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/13	771,161	277%	(2,487,073)
9/30/12	690,920	249%	(1,122,981)
9/30/11	552,269	103%	(92,596)

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>9/30/11</u>	<u>9/30/12</u>	<u>9/30/13</u>
Actuarially Determined			
Contribution (A)	548,612	687,550	729,756
Interest on NPO	(6,231)	(7,408)	(89,838)
Adjustment to (A)	9,888	10,778	131,243
	-----	-----	-----
Annual Pension Cost	552,269	690,920	771,161
Contributions Made	566,977	1,721,305	2,135,253
	-----	-----	-----
Increase in NPO	(14,708)	(1,030,385)	(1,364,092)
NPO Beginning of Year	(77,888)	(92,596)	(1,122,981)
	-----	-----	-----
NPO End of Year	(77,888)	(92,596)	(2,487,073)