

CITY OF HOLLY HILL
POLICE OFFICERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2012

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



January 4, 2013

Board of Trustees
City of Holly Hill
Police Officers' Pension Board
1065 Ridgewood Avenue
Holly Hill, FL 32117

Re: Holly Hill Police Officers' Retirement Trust Fund

Dear Board:

We are pleased to present this report of the annual actuarial valuation of the City of Holly Hill 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.

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 Holly Hill 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 Holly Hill, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Holly Hill 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:



Patrick T. Donlan

Enrolled Actuary #11-6595

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Enclosures

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SUMMARY OF REPORT

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

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

Valuation Date	10/1/11	10/1/12
Applicable Plan/Fiscal Year End	<u>9/30/13</u>	<u>9/30/14</u>
Total Required Contribution		797,581
% of Total Annual Payroll	71.3%	
Member Contributions (Est.)		65,334
% of Total Annual Payroll	5.6%	
Required City and State Cont.		732,247
% of Total Annual Payroll	65.7%	
Applicable State Contribution *	61,153	61,153
% of Total Annual Payroll	5.9%	
Balance from City*		671,094
% of Total Annual Payroll	59.8%	

* The City may use up to \$224,193 in State Monies, if received, in determining their bottom line requirement. Additionally the City has a shortfall of \$17,310.07 that must be paid in addition to the above requirements

During the past 12 months, actuarial experience has been more favorable than expected, on the basis of the actuarial assumptions. The primary components of favorable experience included an 8.6% investment return (Actuarial Asset basis) that was greater than the 7.5% assumption and average increases in Pensionable Earnings that were less than the assumed rate. Per Florida Statutes, the payroll growth

assumption was lowered from 1.99% to 1.27% based on the actual 10-year average which caused an increase in the funding requirements.

Since the prior valuation the Board adopted a change in the funding method from the percent of payroll requirement to a fixed dollar requirement.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

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

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

CHANGES SINCE PRIOR VALUATION

Plan Changes –Ordinance 2917 was adopted since the prior valuation, but these changes were reflected in the prior valuation.

Actuarial Assumption/Method Changes –The payroll growth assumption utilized in amortizing the Unfunded Actuarial Accrued Liability is limited to the historical 10-year average increase in pensionable payroll. Last year 1.99% was used and this year 1.27% was used.

The Board adopted a change in funding method from level percent of pay to a fixed dollar requirement in conjunction with this valuation.

In order to more appropriately portray the fact that the accumulated DROP Balances of the Members are both in the Market Value of Assets and represent a liability of an amount payable to the DROP Members when they terminate employment, these balances are now being added both to the assets and the DROP Retiree liabilities. In last year's report these balances were not included in the assets or the liabilities. For better comparison between 2011 and 2012, the 2011 column has been amended as such.

Comparative Summary of Principal Valuation Results

A. Participant Data	<u>10/1/2012</u>	<u>10/1/2011</u>
Number Included		
Actives	24	25
Service Retirees	12	11
Beneficiaries	2	2
Terminated Vested	3	1
Disability Retirees	2	2
DROP Members	2	3
Total	<u>45</u>	<u>44</u>
Total Annual Payroll	\$1,041,612	\$1,060,484
Payroll Under Assumed Ret. Age	1,041,612	1,060,484
Annual Rate of Payments to:		
Service Retirees	456,096	366,299
Beneficiaries	53,391	53,391
Terminated Vested	25,192	11,280
Disability Retirees	20,698	20,698
DROP Members	115,147	175,400
B. Assets		
Actuarial Value ¹	7,240,497	6,726,247
Limited Value ¹	7,240,497	6,726,247
Market Value ¹	7,515,903	6,486,493
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	3,492,688	3,285,221
Disability Benefits	56,202	57,109
Death Benefits	31,017	30,938
Vested Benefits	904,856	944,720
Refund of Contributions	37,889	29,407
Service Retirees	5,156,117	4,296,699
Beneficiaries	385,144	398,175
Terminated Vested	146,074	65,358
Disability Retirees	162,439	167,591
DROP Members ¹	2,169,792	3,118,406
Excess State Monies Reserve	0	0
Total	<u>12,542,218</u>	<u>12,393,624</u>

C. Liabilities - (Continued)	<u>10/1/2012</u>	<u>10/1/2011</u>
Present Value of Future Salaries	6,868,086	7,255,920
PV of Future Member Cont's	391,721	403,114
EAN Normal Cost (Retirement)	173,764	175,145
EAN Normal Cost (Disability)	4,294	4,467
EAN Normal Cost (Death)	2,129	2,201
EAN Normal Cost (Vesting)	59,344	61,526
EAN Normal Cost (Refunds)	5,111	3,712
Total Normal Cost (Entry Age Method)	<u>244,642</u>	<u>247,051</u>
Present Value of Future Normal Costs (Entry Age)	1,181,792	1,263,491
Accrued Liability (Retirement)	2,381,774	2,093,636
Accrued Liability (Disability)	51,908	52,642
Accrued Liability (Death)	28,888	28,737
Accrued Liability (Vesting)	845,512	883,194
Accrued Liability (Refunds)	32,778	25,695
Accrued Liability (Inactives) ¹	8,019,566	8,046,229
Excess State Monies Reserve	0	0
Total Actuarial Accrued Liability	<u>11,360,426</u>	<u>11,130,133</u>
Unfunded Actuarial Accrued Liability (UAAL)	4,119,929	4,403,886
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	8,019,566	8,046,229
Actives	1,049,680	806,594
Member Contributions	<u>422,876</u>	<u>406,926</u>
Total	9,492,122	9,259,749
Non-vested Accrued Benefits	<u>285,370</u>	<u>146,526</u>
Total Present Value Accrued Benefits	9,777,492	9,406,275
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	467,589	
Benefits Paid	(772,860)	
Interest	676,488	
Other	<u>0</u>	
Total:	371,217	

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

E. Pension Cost

Normal Cost (with interest) % of Total Total Payroll	\$269,045	24.2
Administrative Expenses (with int.) % of Total Total Payroll	20,125	2.8
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 26 years (as of 10/1/12) % of Total Total Payroll	508,411	44.3
Total Required Contribution % of Total Total Payroll	797,581	71.3
Expected Member Contributions % of Total Total Payroll	65,334	5.6
Expected City for Member Contribution % of Total Total Payroll	0	0.0
Expected City & State Contribution % of Total Total Payroll	732,247	65.7

F. Past Contributions

Plan Years Ending:	<u>9/30/2012</u>
Total Required Contribution	731,427
City and State Requirement	667,847
Actual Contributions Made:	
Members	63,580
City	606,694
State	61,153
Total	<u>731,427</u>

G. Net Actuarial Gain (Loss)	156,696
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¹The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2012 and 9/30/2011.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2012	4,119,929
2013	3,931,953
2014	3,723,565
2019	2,504,788
2024	1,513,841
2034	176,031
2038	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2012	3.1%	6.0%
Year Ended	9/30/2011	1.0%	6.0%
Year Ended	9/30/2010	-0.9%	6.0%

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

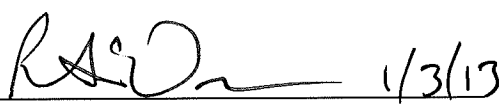
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2012	8.6%	7.5%
Year Ended	9/30/2011	0.9%	7.5%
Year Ended	9/30/2010	3.4%	7.5%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2012	\$1,041,612
	10/1/2002	918,337
(b) Total Increase		13.4%
(c) Number of Years		10.00
(d) Average Annual Rate		1.27%

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.

 1/3/13
 Patrick T. Donlan, EA, ASA, MAAA
 Enrolled Actuary #11-6595

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

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

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

Reconciliation of Unfunded Actuarial Accrued Liabilities

(1) Unfunded Actuarial Accrued Liability as of October 1, 2011	4,403,886
(2) City and State Normal Cost Applicable for the year *	216,334
(3) Interest on (1) and (2)	346,517
(4) Sponsor Contributions to the System during the year ending September 30, 2012	667,847
(5) Interest on (4)	22,265
(6) Expected UAAL as of October 1, 2012 (1)+(2)+(3)-(4)-(5)	4,276,625
(7) Actual UAAL as of October 1, 2012	4,119,929
(8) Actuarial (Gain)/Loss as of October 1, 2012	(156,696)

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2012 Amount</u>	<u>Amortization Amount</u>
Method Change	10/1/2002	16	556,351	52,404
Loss Portion **	10/1/2002	16	556,351	52,404
Actuarial Gain	10/1/2003	16	(410,229)	(38,640)
Actuarial Loss	10/1/2004	16	1,412,674	133,063
Actuarial Gain	10/1/2005	16	(82,780)	(7,797)
Actuarial Loss	10/1/2006	16	60,585	5,707
Benefit Change	10/1/2006	24	39,188	2,983
Assumption Change	10/1/2007	25	934,163	69,838
Actuarial Loss	10/1/2007	16	5,468	515
Actuarial Loss	10/1/2008	6	572,107	110,126
Method Change	10/1/2008	16	250,699	23,614
Benefit Change	10/1/2008	26	(259,876)	(19,107)
Actuarial Loss	10/1/2009	7	178,597	30,302
Actuarial Loss	10/1/2010	8	188,643	28,790
Actuarial Loss	10/1/2011	9	274,684	38,296
Actuarial Gain	10/1/2012	10	<u>(156,696)</u>	<u>(20,201)</u>
			4,119,929	462,297

* Includes \$28,200 for administrative expenses.

** Estimated portion of original Base attributable to prior accumulated actuarial losses.

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).
<u>Interest Rate</u>	7.5% per year compounded annually, net of investment related expenses.
<u>Retirement Age</u>	Earlier of age 55 and 6 years of service, or the completion of 20 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
<u>Early Retirement</u>	Commencing with eligibility for Early Retirement Age (age 50 with 6 years of Service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
<u>Disability Rate</u>	See table below (1201), 75% of disablements are assumed to be service related.
<u>Termination Rate</u>	See table below (1305).
<u>Salary Increases</u>	6.0% per year until the assumed retirement age; see table below. Projected salary at retirement is increased 40% to account for non-regular compensation.
<u>Payroll Increase</u>	Up to 5.0% per year (1.27% for 10/1/12 Val).
<u>Cost of Living Adjustments</u>	2.0% per year for all retirees commencing 5 years after retirement (including disability retirees & beneficiaries of retirees).
<u>Administrative Expenses</u>	\$18,300 annually.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method.
<u>Asset Valuation Method</u>	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 50</u>
20	17.2%	0.03%	17.4%
30	15.0	0.04	31.2
40	8.2	0.07	55.8
50	1.7	0.18	100.0

VALUATION NOTES

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

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

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

Unfunded Actuarial Accrued Liability (UAAL) is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service. Under the Entry Age Normal Actuarial Cost Method, there is also a new UAAL created each year equal to the actuarial gain or loss for that year.

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.

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.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1991	42,016.95	_____%
1992	40,235.97	-4.2%
1993	42,044.77	4.5%
1994	43,894.29	4.4%
1995	48,205.39	9.8%
1996	47,682.87	-1.1%
1997	51,189.90	7.4%
1998	51,838.81	1.3%
1999	48,759.83	-5.9%
2000	45,177.19	-7.3%
2001	45,612.78	1.0%
2002	51,038.21	11.9%
2003	60,740.83	19.0%
2004	71,624.61	17.9%
2005	74,699.30	4.3%
2006	74,699.30	0.0%
2007	74,699.30	0.0%
2008	0.00	-100.0%
2009	150,819.27	N/A
2010	69,797.43	-53.7%
2011	64,309.42	-7.9%
2012	61,153.14	-4.9%

EXCESS STATE MONIES RESERVE

	<u>Actual StateContribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	\$51,838.81	\$51,838.81	\$0.00
1999	48,759.83	51,838.81	0.00
2000	45,177.19	107,245.81	0.00
2001	45,612.78	108,155.81	0.00
2002	51,038.21	108,155.81	0.00
2003	60,740.83	108,155.81	0.00
2004	71,624.61	108,155.81	0.00
2005	74,699.30	108,155.81	0.00
2006	74,699.30	250,591.81	0.00
2007	74,699.30	250,591.81	0.00
2008	0.00	250,591.81	0.00
2009	150,819.27	250,591.81	0.00
2010	69,797.43	224,192.81	0.00
2011	64,309.42	224,192.81	0.00
2012	61,153.14	224,192.81	<u>0.00</u>
Total State Monies Reserve			\$0.00

City of Holly Hill
Police Officers' Retirement Trust Fund

BALANCE SHEET
September 30, 2012

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	391,686.62	391,686.62
Pending Sales Receivable	16,827.96	16,827.96
Pending Purchases Payable	(6,518.90)	(6,518.90)
Cash	56,094.98	56,094.98
Total Cash and Equivalents	458,090.66	458,090.66
Receivable:		
Additional City Contributions	17,310.07	17,310.07
Pending Equity Dividends	5,966.72	5,966.72
Accrued Income	23,325.13	23,325.13
Total Receivable	46,601.92	46,601.92
Investments:		
US Govt/Corporate Bonds/CMOs/REMICs	2,263,074.98	2,391,653.23
Corporate Stocks/REITs	3,136,509.57	3,935,454.69
Foreign/ADR Securities	691,923.70	702,198.04
Total Investments	6,091,508.25	7,029,305.96
TOTAL ASSETS	6,596,200.83	7,533,998.54
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payable:		
Unpaid Investment Expenses	18,095.40	18,095.40
Total Liabilities	18,095.40	18,095.40
Net Assets, including DROP Account Balances	6,578,105.43	7,515,903.14
TOTAL LIABILITIES AND NET ASSETS	6,596,200.83	7,533,998.54

City of Holly Hill
Police Officers' Retirement Trust Fund

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

REVENUES

Contributions:		
Member	63,580.08	
City	606,693.66	
State	61,153.14	
Total Contributions		731,426.88
Earnings from Investments		
Interest & Dividends	166,293.27	
Net Realized Gain (Loss)	445,537.97	
Unrealized Gain (Loss)	548,436.45	
Total Earnings and Investment Gains		1,160,267.69
EXPENDITURES		
Expenses:		
Investment Related ¹	71,197.89	
Administrative	18,226.69	
Total Expenses		89,424.58
Distributions to Members:		
Benefit Payments	467,847.68	
Lump Sum DROP Balances	286,350.34	
Termination Payments	18,662.33	
Total Distributions		772,860.35
Change in Net Assets for the Year		1,029,409.64
Net Assets Beginning of the Year ²		6,486,493.50
Net Assets End of the Year		7,515,903.14

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 Holly Hill
Police Officers' Retirement Trust Fund

ACTUARIAL ASSET VALUATION
September 30, 2012

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

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*
9/30/09	8.72%
9/30/10	8.59%
9/30/11	0.70%
9/30/12	16.87%

Annualized Rate of Return
for prior four (4) years: 8.57%

(A) 10/01/11 Actuarial Assets: \$6,726,246.81

(I) Net Investment Income:

1. Interest and Dividends	166,293.27
2. Realized Gains (Losses)	445,537.97
3. Change in Actuarial Value	33,277.34
4. Investment Related Expenses	(71,197.89)
Total	573,910.69

(B) 10/01/12 Actuarial Assets: \$7,240,497.34

Actuarial Asset Rate of Return = $2I/(A+B-I)$: 8.57%

10/01/12 Limited Actuarial Assets: \$7,240,497.34

*Market Value Basis, net of investment related expenses.

City of Holly Hill
Police Officers' Retirement Trust Fund

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

REVENUES

Contributions:		
Member	63,580.08	
City	606,693.66	
State	61,153.14	
Total Contributions		731,426.88
Earnings from Investments		
Interest & Dividends	166,293.27	
Net Realized Gain (Loss)	445,537.97	
Change in Actuarial Value	33,277.34	
Total Earnings and Investment Gains		645,108.58
EXPENDITURES		
Expenses:		
Investment Related ¹	71,197.89	
Administrative	18,226.69	
Total Expenses		89,424.58
Distributions to Members:		
Benefit Payments	467,847.68	
Lump Sum DROP Balances	286,350.34	
Termination Payments	18,662.33	
Total Distributions		772,860.35
Change in Net Assets for the Year		514,250.53
Net Assets Beginning of the Year ²		6,726,246.81
Net Assets End of the Year ³		7,240,497.34

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.

Name	9/30/11 Balance	Additions	Investment Return	Distributions	9/30/12 Balance
Barker, Mark	134,256.61	74,919.74	25,295.37	0.00	234,471.72
Borelli, Joe	230,945.11	19,966.08	35,439.15	(286,350.34)	0.00
Patton, James	162,612.42	42,737.64	27,775.58	0.00	233,125.64
Total	527,814.14	137,623.46	88,510.10	(286,350.34)	467,597.36

ELIGIBILTY FOR RETIREMENT

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

- 1) Attained Age 55 with 6 Years of Credited Service
- or 2) 20 Years of Credited Service regardless of Age

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

- 1) Attained Age 50 with 6 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>
None	Traylor, J. C.

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>
<u>Active Members</u>				
Number	24	23	25	24
Average Current Age	37.7	37.4	37.4	37.9
Average Age at Employment	29.5	31.0	31.3	31.2
Average Past Service	8.3	6.4	6.1	6.7
Average Annual Salary	\$48,088	\$44,271	\$42,419	\$43,401

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	1	1	0	0	0	0	0	0	0	0	0	2
25 - 29	2	1	0	0	0	0	0	0	0	0	0	3
30 - 34	0	1	1	0	1	2	0	0	0	0	0	5
35 - 39	0	0	0	0	0	3	2	0	0	0	0	5
40 - 44	0	1	1	0	0	1	1	0	0	0	0	4
45 - 49	0	0	0	0	0	2	0	1	0	0	0	3
50 - 54	0	0	0	0	0	0	0	1	0	0	0	1
55 - 59	0	1	0	0	0	0	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	3	5	2	0	1	8	3	2	0	0	0	24

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/11	25
b. Terminations	
i. Vested (partial or full) with deferred benefits	2
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	0
f. Entered DROP	0
g. Continuing participants	21
h. New entrants	3
i. Total active life participants in valuation	24

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	11	2	2	1	3	19
b. In	1	0	0	2	0	3
c. Out	0	0	0	0	1	1
d. Number current valuation	12	2	2	3	2	21

SUMMARY OF CURRENT PLAN
(Through Ordinance No. 2917)

<u>Latest Amendment Date</u>	February 14, 2012.
<u>Eligibility</u>	Full-time employees who are classified as full-time sworn police officers shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of continuous employment with the City as a Police Officer.
<u>Earnings</u>	Total W-2 Earnings plus all tax deferred or tax exempt items of income. Additional 10.6% of Earnings included for calculating AFC if employed prior to 10/1/99.
<u>Average Final Compensation (AFC)</u>	Average Earnings for the highest 5 years during the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	5.0% of Earnings, 8.0% if hired on or after July 1, 2011.
<u>Member Contributions by City</u>	8.0% of Earnings prior to October 1, 2005; 0.0% thereafter. Members hired on or after 10/1/99 vest in these contributions 16.66% for each complete year of Credited Service to 100% after 6 years of Credited Service. Members hired before 10/1/99 are 100% vested in these contributions.
<u>City and State Contributions</u>	Remaining amount necessary to pay current costs and amortize past service cost if any, over 30 years.
<u>Normal Retirement</u>	
Date	Earlier of Age 55 and 6 years of Credited Service or 20 years of Credited Service. For Members hired on or after July 1, 2011 the Earlier of age 55 and 10 years of Credited Service or 20 years of credited service regardless of age.

Benefit	3.0% of Average Final Compensation times Credited Service. Members retiring after 10/1/1999, receive \$150 per month, payable for life.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 and 6 Years of Credited Service. For Members hired on or after July 1, 2011 Age 55 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year.
<u>Cost of Living Adjustment</u>	Annual 2.0% increase commencing 5 years after retirement for those Members who retire on or after October 6, 2009 (including disability retirees and beneficiaries, but not including those who terminate prior to reaching their Early or Normal Retirement Date and later begin drawing benefits).
<u>Vesting</u>	
Schedule	100% after 6 years of Credited Service. For Members hired on or after July 1, 2011 100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.
<u>Disability</u>	
Eligibility	Service Incurred: Covered from date of employment. Non-Service Incurred: 10 years of Credited Service.
Benefit	Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).
Duration	Payable for life (with 120 months

guaranteed) or until recovery (as determined by the Board). Options are available.

Death Benefits

Pre-Retirement

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years. Non-vested: Refund of accumulated contributions without interest.

Post-Retirement

Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

- a. Two Commission appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other 4 and appointed by Commission.

Deferred Retirement Option Plan

Eligibility

Eligibility for Normal Retirement.

Participation

Not to exceed 60 months.

Rate of Return

Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs).

Form of 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)
10/1/2011	7,240,497	11,360,426	4,119,929	63.73%	1,041,612	395.53%
10/1/2011	6,198,433	10,602,319	4,403,886	58.46%	1,060,484	415.27%
10/1/2010	6,291,928	10,378,081	4,086,153	60.63%	1,018,222	401.30%
10/1/2009	6,333,782	10,155,787	3,822,006	62.37%	1,154,107	331.17%
10/1/2008	6,685,951	9,467,373	2,781,422	70.62%	1,141,987	243.56%

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

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2012	667,847	606,694	61,153	100.00%
2011	496,881	432,571	64,309	100.00%
2010	456,309	386,511	69,797	100.00%
2009	412,016	261,197	150,819	100.00%
2008	396,940	396,940	0	100.00%

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/2012

City & State	59.9%
City for Members	0.0%
Plan Members	5.7%

Annual Pension Cost	669,099
Contributions made	667,847
Actuarial valuation date	10/1/2010
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay, Closed
Remaining amortization period	28 Years (as of 10/1/2010)
Asset valuation method	4 Year Smooth
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increase*	6.0%
* Includes inflation at	3.0%
Post Retirement COLA	2.0%

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>
9/30/2012	669,099	100%	(26,905)
9/30/2011	433,929	100%	(28,157)
9/30/2010	387,808	100%	(29,515)

Annual Pension Cost and Contributions made include State Monies beginning with the year ending 9/30/2012.

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

DEVELOPMENT OF NET PENSION OBLIGATION (NPO)

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

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

	<u>9/30/10</u>	<u>9/30/11</u>	<u>9/30/12</u>
Actuarially Determined Contribution (A)	386,511	432,572	667,847
Interest on NPO	(2,311)	(2,214)	(2,112)
Adjustment to (A)	3,608	3,571	3,364
	-----	-----	-----
Annual Pension Cost	387,808	433,929	669,099
Contributions Made	386,511	432,571	667,847
	-----	-----	-----
Increase in NPO	1,297	1,358	1,252
NPO Beginning of Year	(30,812)	(29,515)	(28,157)
	-----	-----	-----
NPO End of Year	(29,515)	(28,157)	(26,905)

Actuarially Determined Contribution and Contributions made include State Monies beginning with the fiscal year ending 9/30/12.

SENATE BILL 1128 COMPLIANCE

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

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

Present Value of Accrued Benefits at 7.75% Interest

Vested Accrued Benefits	
Inactives	\$7,844,516
Actives	996,203
Member Contributions	<u>422,876</u>
Total	9,263,595
 Non-Vested Accrued Benefits	 <u>264,651</u>
 Total Present Value of Accrued Benefits	 \$9,528,246