

CITY OF NAPLES
FIREFIGHTERS' PENSION AND RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2012

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

February 24, 2013

Board of Trustees
City of Naples Firefighters' Pension and Retirement System
c/o City of Naples Finance Department
735 8th Street, South
Naples, FL 34102

Re: City of Naples
Firefighters' Pension and Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Naples Firefighters' Pension and Retirement System. 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 175, 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 Naples, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Naples Firefighters' Pension and Retirement System. 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:

A handwritten signature in black ink, appearing to read 'Douglas H. Lozen', is written over a solid horizontal line.

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

DHL/ike

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	5
	b. Changes Since Prior Valuation	7
	c. Requirements of Chapter 112, Part VII, Florida Statutes	8
II	Valuation Information	
	a. Reconciliation of Unfunded Actuarial Accrued Liability	13
	b. Actuarial Assumptions and Methods	14
	c. Valuation Notes	17
	d. Partial History of Premium Tax Refunds	18
	e. Excess State Monies Reserve	19
III	Trust Fund	20
IV	Member Statistics	
	a. Eligibility for Retirement	25
	b. Statistical Data	26
	c. Age and Service Distribution	27
	d. Member Reconciliation	28
V	Summary of Plan Provisions	29
VI	Governmental Accounting Standards Board Statement No. 25 and No. 27 Information	32
VII	Chapter 175 Share Plan	35
VIII	Senate Bill 1128 Compliance	37

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Naples Firefighters' Pension and Retirement System, 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 City's plan/fiscal year ending September 30, 2014.

The funding requirements, compared with the amounts developed in the October 1, 2011, actuarial valuation, are as follows:

Valuation Date	10/1/11	10/1/12
Applicable Plan Year End	<u>9/30/13</u>	<u>9/30/14</u>
Total Required Contribution		
% of Total Annual Payroll	80.51%	88.08%
Less Member Contributions (Est.)		
% of Total Annual Payroll	5.00%	5.00%
City and State Required Contribution		
% of Total Annual Payroll	75.51%	83.08%
Less State Contribution (est.) ¹	834,618	834,618
% of Total Annual Payroll	23.54%	23.54%
Less City Incentive Contribution	57,135	57,135
% of Total Annual Payroll	1.61%	1.61%
Balance from City ¹		
% of Total Annual Payroll	50.36%	57.93%

¹ The City may use up to \$1,668,662 in State Contributions for determining its minimum funding requirements. For budgeting purposes, the required Sponsor Contribution (City and State) is 83.08% of Pensionable Earnings for the fiscal year ending September 30, 2014. The precise City requirement for the year is this amount, less actual State Contributions (up to the maximum \$1,668,662).

Additionally, there is a receivable City contribution of \$8,484.84 for the fiscal year ended September 30, 2012. A monthly interest charge of \$53 is required for each complete month after September 30, 2012 until this deposit is made. This interest charge is based on the 7.5% valuation assumption for investment return, and is required by the Division of Retirement for approval of the Annual Report.

Experience since the prior valuation has been more favorable than expected on the basis of the Plan's actuarial assumptions. The primary source of favorable experience is attributable to average increases in pensionable compensation that were less than the assumption by approximately 9%. This gain was partially offset by a 4.0% investment return (Actuarial Asset Basis), falling short of the 7.5% assumption.

In spite of the Plan's net favorable experience during the prior 12 months, the City's funding requirements have increased, when expressed as a percentage of payroll, due to the 2.6% decrease in Total Annual Payroll, combined with a decrease in the payroll growth assumption from 5.0% to 4.1%. These decreases have the effect of increasing the required payment for amortization of the Unfunded Actuarial Accrued Liability. Additionally, the Normal Cost funding rate has increased as a result of an increase in the average entry age of Plan Participants, and contributed to the overall increased funding rate, when expressed as a percentage of payroll.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 

Douglas H. Lozen, EA, MAAA

By: 

Drew D. Ballard

Plan Changes Since Prior Valuation

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

Actuarial Assumption/Method Changes Since Prior Valuation

In conjunction with the October 1, 2012 actuarial valuation, accumulated Share 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.

Comparative Summary of Principal Valuation Results

	<u>10/1/2012</u>	<u>10/1/2011</u>
A. Participant Data		
Number Included		
Actives	52	52
Service Retirees	30	28
Beneficiaries	1	0
Terminated Vested	6	6
Disability Retirees	1	1
Total	<u>90</u>	<u>87</u>
Total Annual Payroll	3,545,457	3,640,486
Annual Rate of Payments to:		
Service Retirees	1,572,284	1,305,416
Beneficiaries	7,859	0
Terminated Vested	82,622	82,622
Disability Retirees	38,341	38,341
B. Assets		
Actuarial Value ¹	32,388,216	30,070,359
Market Value ¹	33,747,106	27,089,640
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	38,153,731	41,285,399
Disability Benefits	1,181,872	1,227,328
Death Benefits	150,105	157,718
Vested Benefits	128,256	138,534
Refund of Contributions	9,191	6,195
Service Retirees	25,151,941	20,597,029
Beneficiaries	70,631	0
Terminated Vested	568,821	536,379
Disability Retirees	430,957	436,495
Share Balances ¹	747,394	662,758
Total	<u>66,592,899</u>	<u>65,047,835</u>

	<u>10/1/2012</u>	<u>10/1/2011</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	29,636,302	31,146,454
Present Value of Future Member Cont.	1,481,815	1,557,323
Normal Cost (Entry Age Normal)		
Retirement Benefits	1,490,107	1,445,410
Disability Benefits	89,044	83,334
Death Benefits	8,716	8,608
Vested Benefits	12,206	13,272
Refund of Contributions	2,728	2,616
Total Normal Cost	<u>1,602,801</u>	<u>1,553,240</u>
Present Value of Future Normal Costs	12,812,357	13,218,885
Actuarial Accrued Liability		
Retirement Benefits	26,219,680	28,952,599
Disability Benefits	475,105	518,443
Death Benefits	78,742	85,627
Vested Benefits	37,173	33,096
Refund of Contributions	98	6,524
Inactives plus Share Balances ¹	26,969,744	22,232,661
Total Actuarial Accrued Liability	<u>53,780,542</u>	<u>51,828,950</u>
Unfunded Actuarial Accrued Liability (UAAL)	21,392,326	21,758,591
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	26,222,350	21,569,903
Actives	19,006,640	20,411,870
Share Balances ¹	747,394	662,758
Member Contributions	2,001,635	1,997,007
	<u>47,978,019</u>	<u>44,641,538</u>
Total	47,978,019	44,641,538
Non-vested Accrued Benefits	<u>107,134</u>	<u>114,277</u>
Total Present Value Accrued Benefits	48,085,153	44,755,815
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	1,515,011	
Benefits Paid	(1,486,611)	
Interest	3,300,938	
Other	0	
	<u>3,329,338</u>	
Total:	3,329,338	

Valuation Date Applicable to the Fiscal Year Ending	10/1/2012 <u>9/30/2014</u>	10/1/2011 <u>9/30/2013</u>
E. Pension Cost		
Normal Cost (with interest) % of Projected Annual Payroll ²	46.90	44.27
Administrative Expense (with interest) % of Projected Annual Payroll ²	1.53	1.53
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/12) % of Projected Annual Payroll ²	39.65	34.71
Total Required Contribution % of Projected Annual Payroll ²	88.08	80.51
Expected Member Contributions % of Projected Annual Payroll ²	5.00	5.00
Expected City & State Contrib. % of Projected Annual Payroll ²	83.08	75.51

F. Past Contributions

Plan Years Ending:	<u>9/30/2012</u>
Total Required Contribution	2,630,687
City and State Requirement	2,446,439
Actual Contributions Made:	
Members	184,248
City	1,554,686
City Incentive	57,135
State	834,618
Total	<u>2,630,687</u>

G. Actuarial Gain (Loss) 1,021,366

¹ Assets and Liabilities include accumulated Share Balances as of 9/30/11 and 9/30/12.

² Contributions developed as of 10/1/12 are expressed as a percentage of Projected Annual Payroll at 10/1/12 of \$3,545,457

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2012	\$21,392,326
2013	21,540,188
2014	21,639,424
2024	18,300,191
2034	4,224,598
2042	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	-2.9%	6.1%
Year Ended	9/30/2011	4.3%	6.1%
Year Ended	9/30/2010	3.4%	6.0%

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

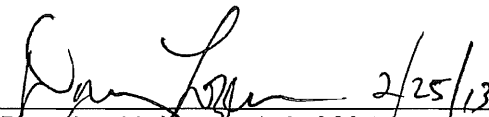
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2012	4.0%	7.5%
Year Ended	9/30/2011	-0.6%	7.5%
Year Ended	9/30/2010	2.6%	7.5%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2012	\$3,545,457
	10/1/2002	2,366,747
(b) Total Increase		49.8%
(c) Number of Years		10.00
(d) Average Annual Rate		4.1%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.


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

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	\$21,758,591
(2)	City and State Normal Cost Applicable for the Year	1,371,216
(3)	Expected Administrative Expenses for the Year	53,700
(4)	Interest on (1), (2), and (3)	1,736,749
(5)	Sponsor Contributions to the System during the year ending September 30, 2012	2,446,439
(6)	Interest on (5)	60,125
(7)	Expected Unfunded Accrued Liability as of October 1, 2012 (1)+(2)+(3)+(4)-(5)-(6)	22,413,692
(8)	New UAAL due to Experience (Gain)/Loss	(1,021,366)
(9)	UAAL as of October 1, 2012	21,392,326

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2012 Amount</u>	<u>Amortization Amount</u>
	10/1/1997	15	1,532,407	126,709
	10/1/1999	17	2,318,623	174,210
	10/1/2000	18	(1,057,902)	(76,172)
	10/1/2002	20	4,308,330	287,373
	10/1/2003	21	2,368,707	152,643
Actuarial Loss	10/1/2004	22	2,671,324	166,675
Amendment	10/1/2004	22	(9,327)	(582)
Actuarial Gain	10/1/2005	23	(314,541)	(19,040)
Assum. Change	10/1/2005	23	1,241,358	75,142
Actuarial Gain	10/1/2006	24	(487,549)	(28,683)
Assum. Change	10/1/2006	24	1,301,651	76,578
Actuarial Loss	10/1/2007	25	1,814,154	103,902
Assum./Method Change	10/1/2007	25	131,915	7,555
Amendment	10/1/2007	25	882,128	50,522
Actuarial Loss	10/1/2008	26	3,838,778	214,362
Actuarial Gain	10/1/2009	27	(60,670)	(3,308)
Assumption Changes	10/1/2009	27	(1,646,079)	(89,746)
Actuarial Loss	10/1/2010	28	1,966,295	104,805
Actuarial Loss	10/1/2011	29	1,614,090	84,207
Actuarial Gain	10/1/2012	30	(1,021,366)	(52,212)
			<u>21,392,326</u>	<u>1,354,940</u>

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	<p>RP-2000 Table projected to the Valuation Date with Schedule AA – Disabled lives are set forward 5 years.</p> <p>Based on a study of over 650 public safety funds, RP2000 without projection reflects a 10% margin for future mortality improvements.</p>
<u>Normal Retirement Age</u>	<p>Earlier of 1) age 55, 2) the completion of 25 years of credited service, regardless of age, or 3) the attainment of age 50 with 20 years of credited service.</p>
<u>Early Retirement Age</u>	<p>Attainment of age 50, regardless of years of credited service. Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.</p>
<u>Interest Rate</u>	<p>7.5% per year, compounded annually, net of investment related expenses.</p>
<u>Administrative Expenses</u>	<p>\$52,324</p>
<u>Post Retirement COLA</u>	<p>3% per year at beginning at age 50 for Service Retirees and surviving Beneficiaries. No COLA for Disability or Vested, Terminated Members.</p>
<u>Payroll Growth</u>	<p>4.1% per year for amortization of the Unfunded Actuarial Accrued Liability.</p>
<u>Funding Method</u>	<p>Entry Age Actuarial Cost Method</p>
<u>Actuarial Value of Assets</u>	<p>The Actuarial Value of Assets utilizes a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a five-year period.</p>

Disability Rates

See table below. It is assumed that 75% of disablements and active Member deaths are service-related.

Age	% Becoming Disabled During the Year
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%

Salary Increases

See table below.

Years of Service	Salary Increase
1	10.0%
2-9	7.5%
10-14	6.0%
15-19	5.5%
20+	4.5%

Retirement Rates

Number of Year After First Eligibility For Normal Retirement	Probability of Normal Retirement
0	25%
1	50%
2	50%
3	50%
4	100%

The retirement rate for Normal Retirement is 100% for participants who have attained age 55 or 25 years of service, regardless of age.

Mortality Rates

Age	Male	Female
50	0.17%	0.14%
55	0.29%	0.25%
60	0.56%	0.48%
65	1.08%	0.91%
70	1.85%	1.58%
75	3.19%	2.55%
80	5.71%	4.22%

Termination Rates

Sample Ages	Years of Service	% of Active Members Separating Within Next Year
ALL	0	20.0%
	1	12.0%
	2	8.0%
	3	4.0%
	4	2.0%
20	5+	9.6%
25		5.6%
30		2.8%
35		1.4%
40		0.4%
45+		0.0%

VALUATION NOTES

Total Annual Payroll is the projected 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.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1989	126,692.85	_____%
1990	140,532.98	10.9%
1991	145,414.36	3.5%
1992	153,586.79	5.6%
1993	149,494.29	-2.7%
1994	161,873.43	8.3%
1995	192,559.04	19.0%
1996	257,693.96	33.8%
1997	294,558.53	14.3%
1998	301,079.01	2.2%
1999	455,798.85	51.4%
2000	554,631.15	21.7%
2001	575,860.11	3.8%
2002	655,065.93	13.8%
2003	806,425.83	23.1%
2004	857,886.93	6.4%
2005	902,412.83	5.2%
2006	977,382.61	8.3%
2007	1,028,721.85	5.3%
2008	1,223,271.11	18.9%
2009	1,390,851.74	13.7%
2010	893,185.02	-35.8%
2011	765,598.10	-14.3%
2012	834,617.96	9.0%

EXCESS STATE MONIES RESERVE

<u>Year</u>	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies For Reserve</u>
1998	301,079.01	301,079.01	0.00
1999	455,798.85	436,036.07	19,762.78
2000	554,631.15	607,243.07	0.00
2001	575,860.11	607,243.07	0.00
2002	655,065.93	708,644.07	0.00
2003	806,425.83	708,644.07	97,781.76
2004	857,886.93	708,644.07	149,242.86
2005	902,412.83	708,644.07	193,768.76
2006	977,382.61	708,644.07	268,738.54
2007	1,028,721.85	775,809.07	252,912.78
2008	1,223,271.11	775,809.07	447,462.04
2009	1,390,851.74 *	1,668,662.00 *	0.00
2010	893,185.02	1,668,662.00	0.00
2011	765,598.10	1,668,662.00	0.00
2012	834,617.96	1,668,662.00	0.00
		Total:	1,429,669.52
		Less Reserve used for Ordinance 02-9816	(19,762.78)
		Less Reserve used for Ordinance 06-11152	(709,531.92)
		Less Reserve used for Ordinance 08-12286	(18,328.88)
		Less Reserve used for Ordinance 10-12807	(682,045.94)
		Total:	0.00

* Supplemental distribution accrued beginning the fiscal year ending September 30, 2009. Additionally, the "frozen" State contribution increased to \$1,668,662 as a result of Ordinances 09-12517 and 09-12518.

City of Naples
Firefighters' Pension and Retirement System

BALANCE SHEET
September 30, 2012

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Checking Account	2,848.13	2,848.13
Money Market	1,046,763.00	1,046,763.00
Cash	70.01	70.01
Total Cash and Equivalents	1,049,681.14	1,049,681.14
Receivable:		
Member Contributions in Transit	6,903.79	6,903.79
City Contributions in Transit	57,936.47	57,936.47
Additional City Contributions	8,484.84	8,484.84
State Contributions	834,617.96	834,617.96
Total Receivable	907,943.06	907,943.06
Investments:		
Fixed Income	9,094,611.67	9,674,628.68
Equity	18,350,390.48	20,609,263.53
Pooled/Common/Commingled Funds:		
Equity	1,450,000.00	1,505,590.08
Total Investments	28,895,002.15	31,789,482.29
TOTAL ASSETS	30,852,626.35	33,747,106.49
<u>LIABILITIES AND NET ASSETS</u>		
Total Liabilities	0.00	0.00
Net Assets, including Share Account Balances	30,852,626.35	33,747,106.49
TOTAL LIABILITIES AND NET ASSETS	30,852,626.35	33,747,106.49

City of Naples
Firefighters' Pension and Retirement System

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

REVENUES

Contributions:		
Member	184,247.55	
City	1,554,686.01	
City Incentive	57,135.00	
State	834,617.96	
Total Contributions		2,630,686.52
Earnings from Investments		
Interest & Dividends	702,527.05	
Net Realized Gain (Loss)	1,717,970.36	
Unrealized Gain (Loss)	3,299,648.88	
Total Earnings and Investment Gains		5,720,146.29
EXPENDITURES		
Expenses:		
Investment Related ¹	154,431.64	
Administrative	52,324.25	
Total Expenses		206,755.89
Distributions to Members:		
Benefit Payments	1,433,555.00	
Lump Sum Share Balances	41,338.38	
Termination Payments	11,717.20	
Total Distributions		1,486,610.58
Change in Net Assets for the Year		6,657,466.34
Net Assets Beginning of the Year ²		27,089,640.15
Net Assets End of the Year		33,747,106.49

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

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

City of Naples
Firefighters' Pension and Retirement System

ACTUARIAL ASSET VALUATION
September 30, 2012

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return.

Plan Year Ending	Gain/Loss	<u>Gains/Losses Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2012	2013	2014	2015	2016
9/30/2008	(4,882,704)	0	0	0	0	0
9/30/2009	(761,996)	(152,399)	0	0	0	0
9/30/2010	172,359	68,944	34,472	0	0	0
9/30/2011	(2,253,494)	(1,352,096)	(901,398)	(450,699)	0	0
9/30/2012	3,493,051	2,794,441	2,095,831	1,397,221	698,610	0
Total		1,358,890	1,228,905	946,522	698,610	0

Development of Investment Gain/Loss

Market Value of Assets including Prepaid Contributions and Share, 9/30/2011	27,089,640
Contributions Less Benefit Payments & Admin Expenses	1,091,752
Expected Investment Earnings*	2,072,664
Actual Net Investment Earnings	5,565,715
2012 Actuarial Investment Gain/(Loss)	<u>3,493,051</u>

*Expected Investment Earnings = $0.075 * (27,089,640 + 0.5 * 1,091,752)$

Development of Actuarial Value of Assets

Market Value of Assets, 9/30/2012	33,747,106
(Gains)/Losses Not Yet Recognized	<u>(1,358,890)</u>
Actuarial Value of Assets, 9/30/2012	32,388,216

(A) 9/30/2011 Actuarial Assets, including Prepaid Contributions and Share: 30,070,359

(I) Net Investment Income:

1. Interest and Dividends	702,527
2. Realized Gains (Losses)	1,717,970
3. Change in Actuarial Value	(1,039,960)
4. Investment Expenses	<u>(154,432)</u>
Total	1,226,106

(B) 9/30/2012 Actuarial Assets, including Prepaid Contributions and Share: 32,388,216

Actuarial Asset Rate of Return = $2I/(A+B-I)$: 4.0%
Market Value of Assets Rate of Return: 20.1%

10/01/12 Limited Actuarial Assets: 32,388,216
(Lesser of Actuarial Assets or 120% of Market Value, but no less than 80% of Market Value)

City of Naples
Firefighters' Pension and Retirement System

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

REVENUES

Contributions:		
Member	184,247.55	
City	1,554,686.01	
City Incentive	57,135.00	
State	834,617.96	
 Total Contributions		 2,630,686.52
Earnings from Investments		
Interest & Dividends	702,527.05	
Net Realized Gain (Loss)	1,717,970.36	
Change in Actuarial Value	(1,039,960.12)	
 Total Earnings and Investment Gains		 1,380,537.29
	 EXPENDITURES	
Expenses:		
Investment Related ¹	154,431.64	
Administrative	52,324.25	
 Total Expenses		 206,755.89
Distributions to Members:		
Benefit Payments	1,433,555.00	
Lump Sum Share Balances	41,338.38	
Termination Payments	11,717.20	
 Total Distributions		 1,486,610.58
 Change in Net Assets for the Year		 2,317,857.34
 Net Assets Beginning of the Year ²		 30,070,359.15
 Net Assets End of the Year ³		 32,388,216.49

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

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

³Net Assets may be limited for actuarial consideration.

City of Naples Firefighters' Pension and Retirement System

Reconciliation of City's Shortfall Contribution for the
Fiscal Year Ended (FYE) September 30, 2012

(1) City and State Required Contribution Rate (from the October 1, 2010 Actuarial Valuation Report)	66.39%
(2) Pensionable Payroll Derived from Member Contributions	\$3,684,951.00
(3) Required City and State Contribution (Item 1 times Item 2)	2,446,438.97
(4) Less State Contribution	(834,617.96)
(5) Less City Incentive Contribution	<u>(57,135.00)</u>
(6) Equals Required City Contribution	1,554,686.01
(7) Less Actual City Contributions	<u>(1,546,201.17)</u>
(8) Equals City's Shortfall Contribution as of September 30, 2012	\$8,484.84

ELIGIBILITY FOR RETIREMENT

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

- 1) Attained Age 50 with 20 Years of Credited Service
- 2) Attained Age 55
- 3) 25 Years of Credited Service, regardless of Age.

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

- 1) Attained Age 50

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

Normal Retirement

CRISP, DANIEL,
FERREIRA, GEORGE,
LANZISERA, JOANNE,

Early Retirement

DASILVA, MARK,
HUNTON, STEVEN,
MOYER, WILLIAM,

STATISTICAL DATA

(Averages are salary weighted for valuations prior to 10/1/2011)

	<u>10/1/2009</u>	<u>10/1/2010</u>	<u>10/1/2011</u>	<u>10/1/2012</u>
Number	52	53	52	52
Average Current Age	38.9	39.2	39.3	39.8
Average Age at Employment	26.6	26.6	26.7	27.6
Average Past Service	12.4	12.6	12.6	12.2
Average Annual Salary	\$72,692	\$73,404	\$75,089	\$68,182

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	1	0	0	0	0	0	0	0	0	1
25 - 29	0	0	0	0	1	4	0	0	0	0	0	5
30 - 34	0	3	0	0	0	5	2	0	0	0	0	10
35 - 39	2	1	0	0	0	1	7	0	0	0	0	11
40 - 44	0	0	0	0	0	1	2	3	2	0	0	8
45 - 49	0	0	0	0	0	0	3	1	6	0	0	10
50 - 54	1	0	0	0	0	0	0	2	2	0	0	5
55 - 59	0	0	0	0	0	0	0	1	1	0	0	2
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	4	1	0	1	11	14	7	11	0	0	52

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/11	52
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. Disabled	0
e. Retired	3
f. Voluntary withdrawal	0
g. Continuing participants	48
h. New entrants	4
i. Total active life participants in valuation	52

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>Total</u>
a. Number prior valuation	28	0	1	6	35
b. In	3	1	0	1	5
c. Out	1	0	0	1	2
d. Number current valuation	30	1	1	6	38

* Non-vested former participant due a refund of Member Contributions only.

FIREFIGHTERS' PENSION AND RETIREMENT SYSTEM
SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 10-12807)

<u>Eligibility</u>	Full-time employees who are classified as certified Firefighters participate in the Plan as a condition of employment.
<u>Credited Service</u>	Total years and completed days of uninterrupted service with the City as a Firefighter.
<u>Salary</u>	Base compensation, excluding overtime pay, holiday pay, and fringe benefits.
<u>Final Average Compensation</u>	Average Salary for the best three (3) consecutive years of service.
<u>Member Contributions</u>	5.0% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.
<u>Normal Retirement</u>	
Date	Earlier of 1) age 55, 2) age 50 and the completion of 20 years of Credited Service, or 3) the completion of 25 years of credited service, regardless of age.
Benefit	4.00% of Final Average Compensation (FAC) <u>times</u> Credited Service.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Date	Age 50, regardless of years of Credited Service.

Benefit	Accrued benefit, reduced 3% per year retirement precedes the earlier of age 55 or the date when 20 years of service would have been completed.
---------	--

Vesting

Schedule	100% after 5 years of Credited Service.
----------	---

Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at age 55 (unreduced), or age 50, reduced as for Early Retirement.
----------------	--

Non-vested Members receive a refund of Member contributions accumulated with 5.5% interest.

Disability

Eligibility	Total and permanent as determined by the Board of Trustees. Members are covered from Date of Employment.
-------------	--

Benefit	Benefit accrued at 4.00% rate to date of disability but not less than 42% of Final Average Compensation (Service Incurred), or 25% of Final Average Compensation (Non-Service Incurred).
---------	--

Duration	Payable for life with 10 years certain or until recovery (as determined by the Board).
----------	--

Death Benefits

Pre-Retirement

Vested	Accrued benefit, actuarially reduced for commencement prior to age 55. The benefit is determined as if the participant had retired immediately prior to death and had chosen the 100% joint survivor option.
--------	--

Non-Vested	Refund of Member contributions, with 5.5% interest.
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Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.
-----------------	---

Cost of Living Adjustment

Eligibility

Normal and Early service Retirees and Beneficiaries. COLA is not payable to Disability or Vested, Terminated Retirees.

Amount

3.0% increase per year following one year of payments and the retiree's 50th birthday.

Board of Trustees

Two Council appointees, two Members of the Plan elected by the Membership, and a fifth Member elected by other 4 and appointed by Council as a ministerial duty.

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	32,388,216	53,780,542	21,392,326	60.22%	3,545,457	603.37%
10/01/11	29,407,601	51,166,192	21,758,591	57.47%	3,640,486	597.68%
10/01/10	28,280,330	48,047,361	19,767,031	58.86%	3,890,399	508.10%
10/01/09	26,748,426	43,855,840	17,107,414	60.99%	3,779,969	452.58%
10/01/08	23,542,873	41,532,653	17,989,780	56.69%	3,682,251	488.55%
10/01/07	21,991,743	37,118,012	15,126,269	59.25%	3,552,476	425.80%

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	2,446,439	1,611,821	834,618	100.00%
2011	2,443,915	1,678,317	765,598	100.00%
2010	2,576,441	1,683,256	893,185	100.00%
2009	1,998,487	607,635	1,390,852	100.00%
2008	1,628,489	888,198	775,809 *	102.18%
2007	1,252,682	572,674	775,809 *	107.65%

* "Frozen" pursuant to the provisions of Chapter 175, Florida Statutes, as amended.

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

Contribution rates as of 9/30/12	
City/State (from 2010 valuation)	66.39%
Plan Members	5.00%
Actuarially Determined Contribution (City/State)	2,446,439
Contributions made (City/State)	2,446,439
Actuarial valuation date	10/1/2010
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Closed
Remaining amortization period	30 Years
Asset valuation method	Market value of assets is adjusted for investment gains and losses realized during the year. The gains/losses are phased in 20% per year, up to 100% after 5 years.
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increase*	4.5% to 10% based on service
* Includes inflation at	3.0%
Post Retirement COLA (beginning at age 50)	3.0%

THREE YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2012	2,434,516	100.5%	(422,074)
9/30/2011	2,462,427	99.2%	(410,151)
9/30/2010	2,587,003	99.6%	(428,663)

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 development of the Net Pension Obligation to date is as follows:

	<u>9/30/2010</u>	<u>9/30/2011</u>	<u>9/30/2012</u>
Actuarially Determined			
Contribution (A)	2,576,441	2,443,915	2,446,439
Interest on NPO	(32,942)	(32,150)	(30,761)
Adjustment to (A)	43,504	50,662	18,838
	-----	-----	-----
Annual Pension Cost	2,587,003	2,462,427	2,434,516
Contributions Made	2,576,441	2,443,915	2,446,439
	-----	-----	-----
Increase in NPO	10,562	18,512	(11,923)
NPO Beginning of Year	(439,225)	(428,663)	(410,151)
	-----	-----	-----
NPO End of Year	(439,225)	(428,663)	(422,074)

CITY OF NAPLES
FIREFIGHTERS' PENSION AND RETIREMENT SYSTEM
SUPPLEMENTAL CHAPTER 175 SHARE PLAN
(as of 10/1/2012)

Participant Name	Date of Birth	Date of Employment	Initial Allocation	Credited Service on 10/1/09	Months of Credited Service on 9/30/2012	Prior Year Balance	Earnings on Allocations and Balances	Forfeiture Additions	End of Year 9/30/2012 Balance	Vested Percent	Vested Balance
Active membership as of 09/30/12											
ADAMSKI, COREY	12/17/1986	8/20/2007	8,289.62	2.11	61	8,964.52	1,837.73	0.00	10,802.25	100%	10,802.25
BALODANO, ERICK	10/24/1978	8/23/1999	11,341.21	10.11	157	12,355.91	2,532.96	0.00	14,888.87	100%	14,888.87
BICE, CHRISTIAN	1/5/1985	3/20/2006	8,763.25	3.53	78	9,493.36	1,946.14	0.00	11,439.50	100%	11,439.50
BITRI, HENIS	2/10/1978	11/14/2011	0.00	0.00	10	0.00	0.00	0.00	0.00	0%	0.00
BLEIWEISS, AUSTIN	6/14/1984	1/8/2007	8,492.56	2.73	68	9,190.79	1,884.11	0.00	11,074.90	100%	11,074.90
BRUENER, TIMOTHY	2/19/1970	8/5/1991	15,551.70	18.16	253	16,992.53	3,483.47	0.00	20,476.00	100%	20,476.00
BRUNER, GREGORY	1/11/1974	7/1/2002	10,138.47	7.25	122	11,022.56	2,259.62	0.00	13,282.18	100%	13,282.18
CHRISTENSEN, A.	6/15/1965	10/5/1998	11,741.01	10.99	167	12,797.20	2,623.43	0.00	15,420.63	100%	15,420.63
CLISSOLD, CHRIS	7/30/1973	7/10/2000	10,956.22	9.23	146	11,929.35	2,445.52	0.00	14,374.87	100%	14,374.87
CRISP, DANIEL	11/5/1954	4/30/1990	16,342.03	19.42	269	17,860.48	3,661.40	0.00	21,521.88	100%	21,521.88
DASILVA, MARK	10/15/1958	10/5/1992	14,856.12	16.99	239	16,228.73	3,326.89	0.00	19,555.62	100%	19,555.62
DIMARIA, PETER	10/20/1964	8/7/1989	16,817.05	20.15	277	18,380.26	3,767.95	0.00	22,148.21	100%	22,148.21
FERREIRA, GEORGE	10/21/1953	6/6/1994	13,914.56	15.32	219	15,193.60	3,114.69	0.00	18,308.29	100%	18,308.29
FERREIRA, PAUL	12/11/1981	2/6/2006	8,805.36	3.65	79	9,539.77	1,955.65	0.00	11,495.42	100%	11,495.42
FETZER, JOSEPH	12/30/1966	12/6/1999	11,214.66	9.82	153	12,215.25	2,504.13	0.00	14,719.38	100%	14,719.38
FRICCHIONE, JOSEPH	2/24/1979	2/6/2006	8,805.36	3.65	79	9,539.77	1,955.65	0.00	11,495.42	100%	11,495.42
GARRITY, STEVEN	7/11/1986	2/6/2006	8,805.36	3.65	79	9,539.77	1,955.65	0.00	11,495.42	100%	11,495.42
GREEN, AUSTIN	8/14/1980	3/17/2003	9,861.76	6.54	114	10,715.88	2,196.76	0.00	12,912.64	100%	12,912.64
HAVERKATE, CHAD	4/15/1968	8/7/1989	16,817.05	20.15	277	18,380.26	3,767.95	0.00	22,148.21	100%	22,148.21
HOMAN, DEAN	10/18/1967	9/23/1991	15,470.58	18.02	252	16,904.19	3,465.36	0.00	20,369.55	100%	20,369.55
HOWARD, DAVID	7/24/1967	8/5/1991	15,551.70	18.16	253	16,992.53	3,483.47	0.00	20,476.00	100%	20,476.00
HOYT, MARK	1/15/1974	1/10/2011	0.00	0.00	20	0.00	0.00	0.00	0.00	0%	0.00
HUNTON, STEVEN	9/27/1960	8/22/1994	13,799.82	15.11	217	15,067.98	3,088.94	0.00	18,156.92	100%	18,156.92
JOHNSON, ANDREW	12/13/1981	2/12/2007	8,461.16	2.64	67	9,155.88	1,876.96	0.00	11,032.84	100%	11,032.84
KLINE, GIFFORD	10/22/1973	11/1/1999	11,257.50	9.92	154	12,262.45	2,513.80	0.00	14,776.25	100%	14,776.25
KOFSKY, STEVEN	1/29/1975	12/27/1999	11,189.03	9.76	153	12,187.71	2,498.48	0.00	14,686.19	100%	14,686.19
LANZISERA, JOANNE	7/9/1960	2/19/1991	15,835.51	18.62	259	17,304.51	3,547.42	0.00	20,851.93	100%	20,851.93
LAROCHELLE, DAVID	2/17/1968	1/16/2001	10,736.43	8.71	140	11,686.17	2,395.66	0.00	14,081.83	100%	14,081.83
MACAY, CEASAR E	9/23/1983	9/29/2008	7,936.99	1.01	48	8,570.40	1,756.93	0.00	10,327.33	0%	0.00
MASSEY, PAUL	7/29/1967	8/7/1989	16,817.05	20.15	277	18,380.26	3,767.95	0.00	22,148.21	100%	22,148.21
MINOR, JAIME	9/20/1982	1/10/2011	0.00	0.00	20	0.00	0.00	0.00	0.00	0%	0.00
MOORE, MICHAEL	12/30/1980	11/1/2004	9,252.84	4.92	94	10,038.16	2,057.82	0.00	12,095.98	100%	12,095.98
MORRISON, JOHN	9/15/1973	10/17/1997	12,194.70	11.96	179	13,298.76	2,726.25	0.00	16,025.01	100%	16,025.01
MOYER, WILLIAM	6/3/1958	10/31/2011	0.00	0.00	10	0.00	0.00	0.00	0.00	0%	0.00
MURPHY, MICHAEL	9/22/1980	4/4/2011	0.00	0.00	17	0.00	0.00	0.00	0.00	0%	0.00
NADELMAN, ADAM	9/22/1972	8/21/1995	13,270.50	14.11	205	14,485.16	2,969.46	0.00	17,454.62	100%	17,454.62
NASH, ADAM	10/1/1976	1/8/2007	8,492.56	2.73	68	9,190.79	1,884.11	0.00	11,074.90	100%	11,074.90
NICHOLS, MICHAEL	2/25/1964	7/13/1992	14,989.44	17.22	242	16,375.50	3,356.98	0.00	19,732.48	100%	19,732.48
NOTTINGHAM, DON	8/30/1970	1/25/1993	14,679.15	16.68	236	16,035.07	3,287.19	0.00	19,322.26	100%	19,322.26
OCANA, JASON	6/6/1982	9/26/2011	0.00	0.00	12	0.00	0.00	0.00	0.00	0%	0.00
ORTEGA, OTTO	3/10/1970	3/1/1999	11,555.73	10.58	162	12,592.27	2,581.42	0.00	15,173.69	100%	15,173.69
ORTIZ, ABEL	1/9/1967	8/14/2000	10,915.71	9.13	145	11,884.66	2,436.36	0.00	14,321.02	100%	14,321.02
PECAR, GERALD	10/23/1965	8/5/1991	15,551.70	18.16	253	16,992.53	3,483.47	0.00	20,476.00	100%	20,476.00
PRATT, JENNIFER	11/27/1970	8/2/1994	13,831.43	15.17	217	15,101.93	3,095.90	0.00	18,197.83	100%	18,197.83

CITY OF NAPLES
FIREFIGHTERS' PENSION AND RETIREMENT SYSTEM
SUPPLEMENTAL CHAPTER 175 SHARE PLAN
(as of 10/1/2012)

Participant Name	Date of Birth	Date of Employment	Initial Allocation	Credited Service on 10/1/09	Months of Credited Service on 9/30/2012	Prior Year Balance	Earnings on Allocations and Balances	Forfeiture Additions	End of Year 9/30/2012 Balance	Vested Percent	Vested Balance
Active membership as of 09/30/12											
RAMBOSK, KYLE J	4/18/1989	1/11/2010	0.00	0.00	32	0.00	0.00	0.00	0.00	0%	0.00
SAAVEDRA, ERICK	3/22/1977	11/14/2011	0.00	0.00	10	0.00	0.00	0.00	0.00	0%	0.00
TOREKY, JASON	7/27/1971	7/12/2004	9,363.38	5.22	98	10,161.62	2,083.13	0.00	12,244.75	100%	12,244.75
VESELY, MARK	5/21/1976	12/21/1998	11,644.20	10.78	165	12,690.85	2,601.62	0.00	15,292.47	100%	15,292.47
VOGEL, THOMAS	2/2/1963	10/19/1987	18,047.20	21.95	299	19,727.82	4,044.20	0.00	23,772.02	100%	23,772.02
WARREN, WILLIAM	9/12/1975	3/29/1999	11,520.54	10.51	162	12,554.45	2,573.66	0.00	15,128.11	100%	15,128.11
WRIGHT, TRAVIS	3/30/1969	3/29/1999	11,520.54	10.51	162	12,554.45	2,573.66	0.00	15,128.11	100%	15,128.11
ZUNZUNEGUI, DANIEL	6/23/1981	3/20/2006	8,763.25	3.53	78	9,493.36	1,946.14	0.00	11,439.50	100%	11,439.50
						582,029.45	119,316.04	0.00	701,345.49		691,018.16

Participant Name	Date of Birth	Date of Employment	Initial Allocation	Credited Service on 10/1/09	Prior Year Balance	Earnings on Allocations and Balances	Forfeiture Additions	End of Year 9/30/2012 Balance
Members who retired during fiscal year 2012								
ALLEN, STEVE	5/16/1960	9/27/1988	17,394.72	21.01	19,013.84	3,862.84	0.00	22,876.68 *
MARTSOLF, GREGORY	7/13/1965	7/14/1987	18,234.96	22.21	19,933.08	3,239.13	0.00	23,172.21 *
					38,946.92	7,101.97	0.00	46,048.89

Participant Name	Date of Birth	Date of Employment	Initial Allocation	Credited Service on 10/1/09	Prior Year Balance	Earnings on Allocations and Balances	Forfeiture Additions	End of Year 9/30/2012 Balance
Distributions made during fiscal year 2012								
BINGHAM, MICHAEL	12/21/1957	10/24/1988	17,343.63	20.94	19,718.84	0.00	0.00	(19,718.84)
SAN ANGELO, MARC J.	12/1/1961	4/13/1987	18,416.64	22.47	20,131.80	1,487.74	0.00	(21,619.54)
					39,850.64	1,487.74	0.00	(41,338.38)

TOTALS:	Prior Year Balance	Earnings on Allocations and Balances	Forfeiture Additions	End of Year 9/30/2012 Balance
	660,827.01	127,905.75	0.00	(41,338.38)
				747,394.38

* Amounts shown were not paid as of September 30, 2012.

SENATE BILL 1128 COMPLIANCE

Senate Bill 1128 amended Section 112.63 of the Florida Statutes to require that each plan report the plan's accrued vested, 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	\$25,466,393
Actives	18,212,794
Share Balances	747,394
Member Contributions	<u>2,001,635</u>
Total	46,428,216
Non-Vested Accrued Benefits	<u>103,086</u>
Total Present Value of Accrued Benefits	\$46,531,302