

CITY OF NAPLES
GENERAL RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2013

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

November 25, 2013

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

Re: City of Naples
General Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Naples General 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 Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian bank, 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.

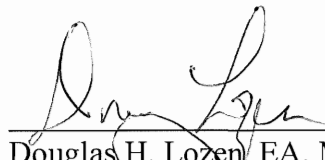
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Naples, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Naples General Retirement 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:



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

DHL/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Naples General Retirement System, 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 City's plan/fiscal year ending September 30, 2015.

The funding requirements, compared with the amounts developed in the October 1, 2012, actuarial valuation, are as follows:

Valuation Date	10/1/12	10/1/13
Applicable Plan Year End	<u>9/30/14</u>	<u>9/30/15</u>
Total Required Contribution % of Total Annual Payroll	16.99%	17.44%
Member Contributions (Est.) % of Total Annual Payroll	4.67%	4.52%
City Required Contribution ¹ % of Total Annual Payroll	12.32%	12.92%

¹ Please note that there is a City prepaid contribution of \$72 that may be utilized for the fiscal year ending September 30, 2014.

Experience since the last valuation has been more favorable than expected, relative to the Plan's actuarial assumptions. The primary sources of favorable experience included a 9.3% net-of-fees investment return (Actuarial Asset Basis), exceeding the 7.5% assumption, average increases in pensionable compensation that were below the assumption by almost 5%, and greater than expected Retiree mortality.


In spite of the net favorable experience, the City's funding rate has increased slightly, resulting from a decrease in the payroll growth assumption utilized for amortization of the Unfunded Actuarial Accrued Liability (UAAL). This decrease has resulted in a larger

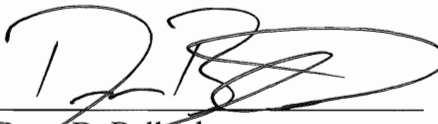
required contribution for servicing the UAAL.

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

Mortality rates are based on the RP 2000 Combined Healthy Table, projected to October 1, 2013 using Scale AA. The prior valuation projected rates to October 1, 2012 using Scale AA.

In order to comply with Part VII of Chapter 112, Florida Statutes, the payroll growth assumption utilized for purposes of amortizing the Unfunded Actuarial Accrued Liability has decreased from 4.2% to 3.5% per year.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2013</u>	<u>10/1/2012</u>
A. Participant Data		
Number Included		
Actives	305	302
Service Retirees	211	211
DROP Retirees	0	0
Beneficiaries	16	15
Terminated Vested	22	22
Disability Retirees	1	1
Total	<u>555</u>	<u>551</u>
Total Annual Payroll	\$15,986,671	\$15,661,751
Annual Rate of Payments to:		
Service Retirees	3,070,673	2,884,093
DROP Retirees	0	0
Beneficiaries	133,346	126,876
Terminated Vested	267,763	277,393
Disability Retirees	10,171	10,171
B. Assets		
Actuarial Value	42,970,744	40,286,392
Market Value	46,745,386	42,141,195
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	33,357,739	32,318,259
Disability Benefits	849,649	857,249
Death Benefits	341,991	328,866
Vested Benefits	1,574,600	1,649,917
Refund of Contributions	637,042	585,659
Service Retirees	29,440,199	27,928,229
DROP Retirees	0	0
Beneficiaries	1,128,063	1,100,498
Terminated Vested	2,118,955	2,122,480
Disability Retirees	<u>88,701</u>	<u>90,429</u>
Total	69,536,939	66,981,586

	<u>10/1/2013</u>	<u>10/1/2012</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	120,250,137	120,369,100
Present Value of Future Member Cont.	5,440,215	5,624,471
Normal Cost (Entry Age Normal)		
Retirement Benefits	1,146,321	1,108,675
Disability Benefits	42,289	42,425
Death Benefits	20,938	20,089
Vested Benefits	142,767	152,814
Refund of Contributions	90,383	88,103
Total Normal Cost	<u>1,442,698</u>	<u>1,412,106</u>
Present Value of Future Normal Costs	8,922,917	8,963,897
Actuarial Accrued Liability		
Retirement Benefits	26,026,306	24,977,983
Disability Benefits	598,372	596,580
Death Benefits	192,763	183,725
Vested Benefits	783,076	799,485
Refund of Contributions	237,587	218,280
Inactives	32,775,918	31,241,636
Total Actuarial Accrued Liability	<u>60,614,022</u>	<u>58,017,689</u>
Unfunded Actuarial Accrued Liability (UAAL)	17,643,278	17,731,297
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	32,775,918	31,241,636
Actives	16,981,632	16,433,287
Member Contributions	6,983,552	6,473,722
	<u>56,741,102</u>	<u>54,148,645</u>
Total	56,741,102	54,148,645
Non-vested Accrued Benefits	<u>1,256,758</u>	<u>1,525,275</u>
Total Present Value Accrued Benefits	57,997,860	55,673,920
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	1,785,229	
Benefits Paid	(3,505,381)	
Interest	4,044,092	
Other	0	
	<u>2,323,940</u>	
Total:	2,323,940	

Valuation Date Applicable to the Fiscal Year Ending	10/1/2013 <u>9/30/2015</u>	10/1/2012 <u>9/30/2014</u>
E. Pension Cost		
Normal Cost (with interest) % of Total Annual Payroll ¹	9.36	9.35
Administrative Expense (with interest) % of Total Annual Payroll ¹	0.82	0.87
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (with interest) (as of 10/1/13) % of Total Annual Payroll ¹	7.26	6.77
Total Required Contribution % of Total Annual Payroll ¹	17.44	16.99
Expected Member Contributions % of Total Annual Payroll ¹	4.52	4.67
Expected City & State Contrib. % of Total Annual Payroll ¹	12.92	12.32
F. Past Contributions		
Plan Years Ending:	<u>9/30/2013</u>	
Total Required Contribution	2,609,323	
City Requirement	1,883,262	
Actual Contributions Made:		
Members	726,061	
City	1,883,262	
Total	<u>2,609,323</u>	
G. Net Actuarial Gain (Loss)	332,460	

¹ Contributions developed as of 10/1/13 are expressed as a percentage of total annual projected payroll at 10/1/13 of \$15,986,671

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2013	\$17,643,278
2014	17,763,797
2015	17,851,256
2025	15,841,631
2035	4,780,414
2043	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2013	2.2%	7.0%
Year Ended	9/30/2012	-0.3%	6.8%
Year Ended	9/30/2011	4.4%	6.8%

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

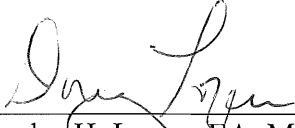
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2013	9.3%	7.5%
Year Ended	9/30/2012	1.6%	7.5%
Year Ended	9/30/2011	-0.6%	7.5%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2013	\$15,986,671
	10/1/2003	11,296,813
(b) Total Increase		41.5%
(c) Number of Years		10
(d) Average Annual Rate		3.5%

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.

 11/25/13

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2012	\$17,731,297
(2)	Sponsor Normal Cost developed as of October 1, 2012	680,702
(3)	Expected Administrative Expenses during fiscal 2013	131,781
(4)	Interest on (1), (2) and (3)	1,385,842
(5)	Sponsor Contributions to the System during the year ending September 30, 2013	1,883,262
(6)	Interest on (5)	70,622
(7)	Expected Unfunded Accrued Liability as of October 1, 2013 (1)+(2)+(3)+(4)-(5)-(6)	17,975,738
(8)	Change to UAAL due to Experience Loss/(Gain)	(332,460)
(9)	Unfunded Accrued Liability as of October 1, 2013	\$17,643,278

	Date Established	Years Remaining	10/1/2013 Amount	Amortization Amount
Experience Loss	10/1/2002	19	1,942,591	140,771
Experience Loss	10/1/2003	20	711,812	49,825
Experience Loss	10/1/2004	21	3,214,222	217,846
Amendment	10/1/2004	21	27,223	1,845
Experience Gain	10/1/2005	22	(2,092,894)	(137,640)
Experience Gain	10/1/2006	23	(202,482)	(12,947)
Amendment	10/1/2006	23	68,519	4,381
Experience Loss	10/1/2007	24	802,210	49,958
Method/Assump Change	10/1/2007	24	4,741,814	295,296
Experience Loss	10/1/2008	25	5,847,723	355,262
Assump Changes	10/1/2009	26	(32,905)	(1,953)
Experience Loss	10/1/2009	26	7,263,597	431,129
Experience Loss	10/1/2010	27	642,543	37,312
Benefit Change	10/1/2010	27	(9,161,196)	(531,980)
Experience Loss	10/1/2011	28	2,790,493	158,730
Benefit Change	10/1/2011	28	359,350	20,441
Experience Loss	10/1/2012	29	1,053,118	58,748
Experience Gain	10/1/2013	30	(332,460)	(18,208)
			17,643,278	1,118,816

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2012	17,731,297
(2)	Expected UAAL as of October 1, 2013	17,975,738
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(716,881)
	Administrative Expenses	(5,302)
	Retirement/DROP	50,969
	Employee Turnover	33,240
	Active Mortality	44,399
	Disability	16,144
	Inactive Mortality	(208,410)
	Salary Increases	(333,729)
	New Entrants	2,768
	DROP Earnings	0
	Change in Projection Date for Mortality Improvement	96,849
	Other (e.g. Funding Lag, Data Corrections)	<u>687,493</u>
	Increase in UAAL due to (Gain)/Loss	(332,460)
(4)	Actual UAAL as of October 1, 2013	17,643,278

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rates RP-2000 Sex-Distinct Healthy Mortality Table, projected to Valuation Date using Scale AA. Disabled lives are set forward 5 years.

<u>Sample</u>	<u>Male</u>	<u>Female</u>
50	0.17%	0.13%
55	0.28%	0.24%
60	0.55%	0.47%
65	1.06%	0.91%
70	1.82%	1.57%
75	3.15%	2.53%
80	5.65%	4.19%

Interest Rate 7.50% per year, compounded annually, net of investment related expenses.

Termination Rates

<u>Sample Ages</u>	<u>Years of Service</u>	<u>% of Active Members Separating Within Next Year</u>
ALL	0	20.0%
	1	18.0%
	2	16.0%
	3	10.0%
	4	6.0%
20	5+	16.2%
25		13.2%
30		10.8%
35		9.4%
40		7.8%
45		5.8%
50		3.2%
55+		0.8%

Actuarial Asset Method All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Administrative Expenses \$126,479.

Funding Method Entry Age Actuarial Cost Method.

Disability Rates

<u>Sample Ages</u>	<u>% Becoming Disabled During the Year</u>
20	0.05%
25	0.05%
30	0.06%
35	0.09%
40	0.12%
45	0.28%
50	0.43%

Salary Increases

<u>Years of Service</u>	<u>Increase</u>
1 to 2	10.0%
3	9.5%
4	8.5%
5	8.0%
6	7.5%
7 to 8	7.0%
9	6.0%
10 to 19	5.5%
20+	4.5%

Normal Retirement Rates

<u>Number of Years After First Eligibility For Normal Retirement</u>	<u>Probability of Retirement</u>
0	25%
1	25%
2	50%
3	50%
4	60%
5	80%
6	100%

For Members hired after September 30, 2011, 100% retirement is assumed at the earlier of 1) Age 65 with 8 years of Credited Service, and 2) the completion of 33 years of Credited Service, regardless of Age.

Early Retirement Rates

Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Payroll Growth

3.5% per year for amortization of the Unfunded Actuarial Accrued Liability. The prior valuation utilized a 4.2% payroll growth assumption.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay as of the valuation date for 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.

BALANCE SHEET
September 30, 2013

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	41,567.20	42,551.60
Checking Account	9,720.20	9,720.20
Money Market (including DROP account)	3,577,544.00	3,577,544.00
Cash	120.43	120.43
Total Cash and Equivalents	3,628,951.83	3,629,936.23
Receivable:		
Member Contributions in Transit	27,551.90	27,551.90
City Contributions in Transit	72,471.77	72,471.77
Total Receivable	100,023.67	100,023.67
Investments:		
Fixed Income	9,985,540.79	10,137,302.59
Stocks	25,155,926.84	30,681,763.12
Pooled/Common/Commingled Funds:		
Real Estate	2,000,000.00	2,196,493.46
Total Investments	37,141,467.63	43,015,559.17
TOTAL ASSETS	40,870,443.13	46,745,519.07
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Prepaid Member Contributions	61.24	61.24
Prepaid City Contribution	72.18	72.18
Total Liabilities	133.42	133.42
Net Assets	40,870,309.71	46,745,385.65
TOTAL LIABILITIES AND NET ASSETS	40,870,443.13	46,745,519.07

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2013
Market Value Basis

REVENUES

Contributions:		
Member	726,060.84	
DROP Member (for 2012)	3,002.37	
City	1,883,262.16	
Total Contributions		2,612,325.37
Earnings from Investments		
Interest & Dividends	1,057,684.98	
Net Realized Gain (Loss)	2,622,228.09	
Unrealized Gain (Loss)	2,191,214.21	
Total Earnings and Investment Gains		5,871,127.28
	EXPENDITURES	
Expenses:		
Investment Related ¹	247,401.32	
Administrative	126,479.17	
Total Expenses		373,880.49
Distributions to Members:		
Benefit Payments	3,153,700.34	
Lump Sum DROP Balances	0.00	
Termination Payments	351,680.89	
Total Distributions		3,505,381.23
Change in Net Assets for the Year		4,604,190.93
Net Assets Beginning of the Year		42,141,194.72
Net Assets End of the Year		46,745,385.65

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

ACTUARIAL ASSET VALUATION
September 30, 2013

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. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/Loss	<u>Gains/Losses Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2013	2014	2015	2016	2017
9/30/2009	(1,823,443)	0	0	0	0	0
9/30/2010	401,923	80,385	0	0	0	0
9/30/2011	(2,982,368)	(1,192,947)	(596,474)	0	0	0
9/30/2012	4,810,181	2,886,109	1,924,072	962,036	0	0
9/30/2013	2,501,369	2,001,095	1,500,821	1,000,548	500,274	0
Total		3,774,642	2,828,419	1,962,584	500,274	0

Development of Investment Gain/Loss

Market Value of Assets (with DROP), 9/30/2012	42,141,195
Contributions Less Benefit Payments & Admin Expenses	(1,019,535)
Expected Investment Earnings*	3,122,357
Actual Net Investment Earnings	5,623,726
2013 Actuarial Investment Gain/(Loss)	<u>2,501,369</u>

*Expected Investment Earnings = $0.075 * (42,141,195 + .5 * -1,019,535)$

Development of Actuarial Value of Assets

Market Value of Assets, 9/30/2013	46,745,386
(Gains)/Losses Not Yet Recognized	<u>(3,774,642)</u>
Actuarial Value of Assets, 9/30/2013	42,970,744

(A) 9/30/2012 Actuarial Assets: 40,286,392

(I) Net Investment Income:

1. Interest and Dividends	1,057,685
2. Realized Gains (Losses)	2,622,228
3. Change in Actuarial Value	271,375
4. Investment Expenses	<u>(247,401)</u>
Total	3,703,887

(B) 9/30/2013 Actuarial Assets: 42,970,744

Actuarial Assets Rate of Return = $2I/(A+B-I)$: 9.3%
Market Value of Assets Rate of Return: 13.5%

10/01/2013 Limited Actuarial Assets: 42,970,744

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

September 30, 2013
Actuarial Asset Basis

REVENUES

Contributions:		
Member	726,060.84	
City	1,883,262.16	
Total Contributions		2,612,325.37
Earnings from Investments		
Interest & Dividends	1,057,684.98	
Net Realized Gain (Loss)	2,622,228.09	
Change in Actuarial Value	271,375.21	
Total Earnings and Investment Gains		3,951,288.28

EXPENDITURES

Expenses:		
Investment Related ¹	247,401.32	
Administrative	126,479.17	
Total Expenses		373,880.49
Distributions to Members:		
Benefit Payments	3,153,700.34	
Lump Sum DROP Balances	0.00	
Termination Payments	351,680.89	
Total Distributions		3,505,381.23
Change in Net Assets for the Year		2,684,351.93
Net Assets Beginning of the Year		40,286,391.72
Net Assets End of the Year²		42,970,743.65

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	0.00
Plus Additions	0.00
Investment Return Earned	0.00
Less Distributions	0.00
09/30/2013 Balance	0.00

RECONCILIATION OF CITY'S PREPAID CONTRIBUTION FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2013

(1) Required City Contribution Rate (from the June 13, 2012 Actuarial Impact Statement)	12.26%
(2) Pensionable Payroll derived from Member Contributions	\$15,361,029.07
(3) Required City Contribution (Item 1 times Item 2)	1,883,262.16
(4) Less Actual City Contributions	<u>(1,883,334.34)</u>
(5) Equals City's Prepaid Contribution as of September 30, 2013	\$72.18

STATISTICAL DATA

	<u>10/1/2010</u>	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>
Number	291	284	302	305
Average Current Age	48.5	48.2	47.1	47.3
Average Age at Employment	38.9	38.6	38.0	38.0
Average Past Service	9.6	9.6	9.1	9.3
Average Annual Salary	\$50,909	\$51,313	\$51,860	\$52,415

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	4	3	0	0	0	0	0	0	0	0	0	7
25 - 29	3	3	3	1	1	4	0	0	0	0	0	15
30 - 34	2	9	4	0	1	14	1	0	0	0	0	31
35 - 39	3	2	2	4	2	3	4	1	0	0	0	21
40 - 44	2	4	2	3	2	14	4	2	0	0	0	33
45 - 49	4	5	1	2	2	14	5	10	1	1	0	45
50 - 54	2	7	5	1	1	16	12	8	6	3	2	63
55 - 59	4	1	0	4	0	13	9	7	7	4	4	53
60 - 64	1	1	1	1	1	16	3	4	2	1	0	31
65+	0	0	0	0	0	0	3	1	1	0	1	6
Total	25	35	18	16	10	94	41	33	17	9	7	305

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/12	302
b. Terminations	
i. Vested (partial or full) with deferred benefits	4 *
ii. Non-vested or full lump sum distribution received	11
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	8
f. Entered DROP	0
g. Voluntary withdrawal	0
h. Continuing participants	279
i. New entrants	26
j. Total active life participants in valuation	305

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u> *	<u>DROP</u>	<u>Total</u>
a. Number prior valuation	211	15	1	22	0	249
b. In	10	1	0	4	0	15
c. Out	10	0	0	4	0	14
d. Number current valuation	211	16	1	22	0	250

* Includes non-vested members awaiting a refund of contributions.

GENERAL RETIREMENT SYSTEM
SUMMARY OF PLAN PROVISIONS
(Through Ordinance 12-13142)

<u>Eligibility</u>	Full-time General Employees hired prior to 3/1/95 enter the Plan on employment. Those hired after 2/28/95 enter following 6 months of service.
<u>Compensation</u>	Base pay, including holiday, vacation, longevity, and sick pay, but excluding overtime and all other pay.
<u>Final Average Compensation</u>	Average of Compensation paid during the eight (8) highest consecutive years of service. The average cannot be less than the three-year average determined as of September 30, 2011.
<u>Credited Service</u>	Years and completed months of service as a General Employee. Service for which the member received a refund of contributions shall not be counted.
<u>Normal Retirement</u>	
Date	<p>Earlier of 1) the attainment of age 60 and the completion of 5 years of service, or 2) the date when age plus service equals 85 (Rule of 85).</p> <p>For Members hired after September 30, 2011, the Normal Retirement Date is the earlier of 1) Age 65 with 8 years of Credited Service, or 2) the completion of 33 years of Credited Service, regardless of Age.</p>
Benefit	<p>The sum of the following:</p> <ul style="list-style-type: none"> a.) 2.5% of Final Average Compensation (using a three-year average, determined as of September 30, 2011) for each year of Credited Service as of September 30, 2011, plus b.) 1.6% of Final Average Compensation (using an eight-year average) for Credited Service after September 30, 2011.

Form of Benefit Life annuity, ceasing upon death (options available).

Early Retirement

Date The attainment of age 55 and the completion of 5 years of service.

Benefit Determined as for Normal Retirement, reduced 3% per year for each year that the Early Retirement Date precedes age 60. The reduction is prorated monthly.

For Members hired after September 30, 2011, the reduction is 5% per year, for each year that the Early Retirement Date precedes age 65. The reduction is prorated monthly.

Termination of Employment

Members hired before
October 1, 2011

Less Than 5 Years Return of member contributions with interest.

5 to 10 Years,
But Less Than Age 50 Return of member contributions with interest plus an amount equal to the accumulated contributions that would have existed had the member contributed at the rate contributed by the City.

10 or More Years or Upon
Attaining Age 50 and 5 Years Accrued monthly benefit payable at Normal or Early (reduced basis) Retirement Date, or return of member contributions with interest.

Members hired after
September 30, 2011

Less Than 8 Years Return of member contributions with interest.

8 or More Years The accrued benefit, payable at the Normal (unreduced), or Early (reduced) Retirement Date.

Pre-Retirement Death

Less Than 5 Years and 6 Months Return of member contributions with interest.

More than 5 Years and 6 Months

Return of member contributions with interest plus an amount equal to the accumulated contributions that would have existed had the member contributed at the rate contributed by the City.

Deferred Retirement Option Plan

Eligibility

Non-union members who had 30 years of service in June, 2005.

Participation

Not to exceed 84 months.

Rate of Return

Actual net rate of investment return realized by the system from the short term investment fund or money market fund in which the DROP account is invested.

Form of Distribution

Cash lump sum at termination of employment.

Contributions

Members

5.0% of Compensation. The contribution rate is 3% for Members hired after September 30, 2011.

City

Remaining amount necessary to fund the Normal Cost and amortize the Unfunded Actuarial Accrued Liability over not more than 30 years.

Board of Trustees

Two Council appointees, three City Manager appointees, one retiree of the Plan elected by the membership, and a seventh Member elected by the other 6 who is a City resident.

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	42,970,744	60,614,022	17,643,278	70.89%	15,986,671	110.36%
10/01/12	40,286,392	58,017,689	17,731,297	69.44%	15,661,751	113.21%
10/01/11	40,503,723	56,408,265	15,904,542	71.80%	15,027,747	105.83%
10/01/10	40,623,062	63,178,962	22,555,900	64.30%	15,831,192	142.48%
10/01/09	39,081,782	60,136,902	21,055,120	64.99%	16,206,593	129.92%
10/01/08	37,870,724	51,628,959	13,758,235	73.35%	15,779,980	87.19%

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

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2013	1,883,262	1,883,262	100.00%
2012	1,666,194	1,666,194	100.00%
2011	2,334,307	2,334,307	100.00%
2010	2,063,584	2,063,584	100.00%
2009	1,881,902	2,083,810	110.73%
2008	1,110,259	1,438,469	129.56%

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

Contribution rates as of 9/30/13

City 12.26%

Plan Members 5.00%

(Members hired after 9/30/11 have a 3% contribution requirement)

Actuarially Determined Contribution 1,883,262

Contributions made 1,883,262

Actuarial valuation date 10/1/2011

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%

* Includes inflation at 3.0%

Post Retirement COLA Not applicable

THREE YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2013	1,854,472	101.55%	(1,019,104)
9/30/2012	1,638,218	101.71%	(990,314)
9/30/2011	2,395,397	97.45%	(962,338)

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 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>9/30/2011</u>	<u>9/30/2012</u>	<u>9/30/2013</u>
Actuarially Determined			
Contribution (A)	2,334,307	1,666,194	1,883,262
Interest on NPO	(76,757)	(72,175)	(74,274)
Adjustment to (A)	137,847	44,199	45,484
	-----	-----	-----
Annual Pension Cost	2,395,397	1,638,218	1,854,472
Contributions Made	2,334,307	1,666,194	1,883,262
	-----	-----	-----
Increase in NPO	61,090	(27,976)	(28,790)
NPO Beginning of Year	(1,023,428)	(962,338)	(990,314)
	-----	-----	-----
NPO End of Year	(1,023,428)	(962,338)	(1,019,104)