

CITY OF NAPLES
POLICE OFFICERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2013

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

December 2, 2013

Board of Trustees
City of Naples Police Officers' Retirement Trust Fund
c/o City of Naples Finance Department
735 8th Street, South
Naples, FL 34102

Re: City of Naples
Police Officers' Retirement Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Naples 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 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

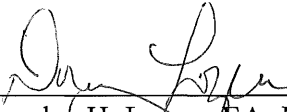
actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

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 Police Officers' Retirement Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: 

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

DHL/lke

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	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. Detailed Actuarial (Gain)/Loss Analysis	14
	c. Actuarial Assumptions and Methods	15
	d. Valuation Notes	18
	e. Partial History of Premium Tax Refunds	19
	f. Excess State Monies Reserve	20
III	Trust Fund	21
IV	Member Statistics	
	a. Statistical Data	27
	b. Age and Service Distribution	28
	c. Member Reconciliation	29
V	Summary of Plan Provisions	30
VI	Governmental Accounting Standards Board Statement No. 25 and No. 27 Information	33

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Naples Police Officers' Retirement Trust Fund, performed as of October 1, 2013, has been completed, and the results are presented in this Report. The contribution amounts set forth herein are applicable to the 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	50.98%	55.66%
Less Member Contributions (Est.)		
% of Total Annual Payroll	4.74%	4.74%
City and State Required Contribution		
% of Total Annual Payroll	46.24%	50.92%
Less State Contribution (est.) ¹	512,284	512,284
% of Total Annual Payroll	10.12%	10.12%
Less City Incentive Contribution	40,356	40,356
% of Total Annual Payroll	0.80%	0.80%
Balance from City ¹		
% of Total Annual Payroll	35.32%	40.00%

¹ The City may use up to \$737,941.37 in State Contributions for determining its minimum funding requirements. For budgeting purposes, the required Sponsor Contribution (City and State) is 50.92% of Pensionable Earnings for the fiscal year ending September 30, 2015. The precise City requirement for the year is this amount, less actual State Contributions (up to the maximum \$737,941.37). Additionally, the City has access to a \$41,468.21 prepaid contribution;

this is available for the fiscal year ending September 30, 2014.

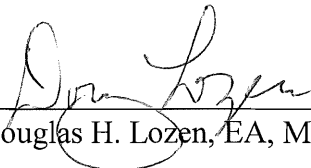
Experience since the prior valuation has been more favorable than expected on the basis of the Plan's actuarial assumptions. The primary sources of favorable experience included a 9.5% investment return (Actuarial Asset Basis), exceeding the 7.5% assumption, and average increases in pensionable compensation that were less than the assumption by more than 3%. These gains were partially offset by lower than expected employee turnover.


In spite of the net actuarial gain, the funding requirements have increased as a result of a reduction in the payroll growth assumption utilized for amortization of the Unfunded Actuarial Accrued Liability (UAAL). This reduction results in a greater allocation to the principal portion of the UAAL payment.

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

There have been no changes in methods or assumptions since the prior valuation.

However, in order to comply with Part VII, Florida Statutes, the payroll growth assumption utilized for purposes of amortizing the Unfunded Actuarial Accrued Liability has decreased from 4.7% to 2.7% per year.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2013</u>	<u>10/1/2012</u>
A. Participant Data		
Number Included		
Actives	67	68
Service Retirees	54	53
Beneficiaries	6	6
Terminated Vested	12	10
Disability Retirees	2	2
DROP Retirees	4	3
Total	<u>145</u>	<u>142</u>
Total Annual Payroll	5,062,658	5,035,014
Annual Rate of Payments to:		
Service Retirees	2,281,565	2,264,746
Beneficiaries	145,422	145,422
Terminated Vested	159,236	123,236
Disability Retirees	92,613	92,613
DROP Retirees	330,358	241,961
B. Assets		
Actuarial Value ¹	35,016,680	32,249,422
Market Value ¹	37,977,023	33,753,118
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	22,838,897	22,245,709
Disability Benefits	1,125,960	1,139,897
Death Benefits	149,178	155,952
Vested Benefits	1,332,270	1,400,694
Refund of Contributions	34,663	50,654
Service Retirees	28,486,571	28,514,808
Beneficiaries	1,493,379	1,514,871
Terminated Vested	1,352,376	1,035,648
Disability Retirees	1,170,244	1,177,332
DROP Retirees ¹	4,963,736	3,526,937
Excess State Monies Reserve	0	0
Total	<u>62,947,274</u>	<u>60,762,502</u>

	<u>10/1/2013</u>	<u>10/1/2012</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	33,649,618	34,463,444
Present Value of Future Member Cont.	1,595,918	1,676,117
Normal Cost (Entry Age Normal)		
Retirement Benefits	746,653	748,553
Disability Benefits	145,799	146,683
Death Benefits	8,365	8,898
Vested Benefits	160,412	184,806
Refund of Contributions	7,721	14,494
Total Normal Cost	<u>1,068,950</u>	<u>1,103,434</u>
Present Value of Future Normal Costs	6,021,537	6,362,645
Actuarial Accrued Liability		
Retirement Benefits	18,483,861	17,675,582
Disability Benefits	327,699	294,730
Death Benefits	102,212	106,275
Vested Benefits	539,576	546,170
Refund of Contributions	6,083	7,504
Inactives plus State Reserve ¹	37,466,306	35,769,596
Total Actuarial Accrued Liability	<u>56,925,737</u>	<u>54,399,857</u>
Unfunded Actuarial Accrued Liability (UAAL)	21,909,057	22,150,435
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	37,466,306	35,769,596
Actives	16,728,377	16,427,753
Member Contributions	2,431,127	2,229,851
Total	<u>56,625,810</u>	<u>54,427,200</u>
Non-vested Accrued Benefits	<u>769,804</u>	<u>1,004,824</u>
Total Present Value Accrued Benefits	57,395,614	55,432,024
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	468,965	
Benefits Paid	(2,566,532)	
Interest	4,061,157	
Other	0	
Total:	<u>1,963,590</u>	

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

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll ²	21.91	22.74
Administrative Expense (with interest) % of Total Annual Payroll ²	1.39	1.60
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years as of 10/1/13 (with interest) % of Total Annual Payroll ²	32.36	26.64
Total Required Contribution % of Total Annual Payroll ²	55.66	50.98
Expected Member Contributions % of Total Annual Payroll ²	4.74	4.74
Expected City & State Contrib. % of Total Annual Payroll ²	50.92	46.24

F. Past Contributions

Plan Year Ending:	<u>9/30/2013</u>
Total Required Contribution	2,347,814
City and State Requirement	2,110,459
Actual Contributions Made:	
Members	237,355
City	1,557,819
City Incentive	40,356
State	512,284
Total	<u>2,347,814</u>

G. Actuarial Gain (Loss) 732,733

¹ Asset values and DROP liabilities include accumulated DROP Balances as of 9/30/2012 and 9/30/2013.

² Contributions developed as of 10/1/13 are expressed as a percentage of total annual projected payroll at 10/1/13 of \$5,062,658.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2013	\$21,909,057
2014	21,854,963
2015	21,750,987
2025	16,643,800
2035	3,538,629
2043	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2013	2.8%	6.5%
Year Ended	9/30/2012	-1.0%	6.5%
Year Ended	9/30/2011	-0.4%	6.5%

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

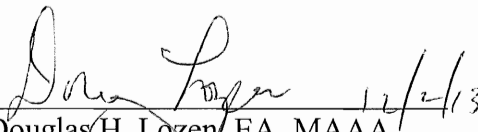
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2013	9.5%	7.5%
Year Ended	9/30/2012	3.3%	7.5%
Year Ended	9/30/2011	1.0%	7.5%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2013	\$5,062,658
	10/1/2003	3,876,041
(b) Total Increase		30.6%
(c) Number of Years		10.00
(d) Average Annual Rate		2.7%

STATEMENT BY ENROLLED ACTUARY

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


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

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2012	\$22,150,435
(2)	City and State Normal Cost Applicable for the Year	857,222
(3)	Expected Administrative Expenses for the Year	77,797
(4)	Interest on (1), (2), and (3)	1,728,492
(5)	Sponsor Contributions to the System during the year ending September 30, 2013	2,110,459
(6)	Interest on (5)	61,697
(7)	Expected Unfunded Accrued Liability as of October 1, 2013 (1)+(2)+(3)+(4)-(5)-(6)	22,641,790
(8)	New UAAL due to Experience (Gain)/Loss	(732,733)
(9)	UAAL as of October 1, 2013	\$21,909,057

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2013 Amount</u>	<u>Amortization Amount</u>
	10/1/1997	14	1,269,985	120,027
	10/1/1999	16	1,937,483	166,847
	10/1/2000	17	(887,020)	(73,345)
	10/1/2002	19	3,633,242	279,624
	10/1/2003	20	2,002,437	149,289
Actuarial Loss	10/1/2004	21	2,263,264	163,836
Amendment	10/1/2004	21	(7,903)	(572)
Actuarial Gain	10/1/2005	22	(267,029)	(18,808)
Assum. Change	10/1/2005	22	1,053,853	74,229
Actuarial Gain	10/1/2006	23	(414,664)	(28,473)
Assum. Change	10/1/2006	23	1,107,064	76,016
Actuarial Loss	10/1/2007	24	1,545,549	103,636
Assum./Method Change	10/1/2007	24	112,384	7,536
Amendment	10/1/2007	24	751,520	50,393
Actuarial Loss	10/1/2008	25	3,275,460	214,822
Actuarial Loss	10/1/2009	26	2,450,033	157,391
Assumption Changes	10/1/2009	26	1,791,547	115,090
Actuarial Loss	10/1/2010	27	2,741,060	172,704
Actuarial Loss	10/1/2011	28	3,176,370	196,524
Benefit Changes	10/1/2011	28	(6,160,914)	(381,180)
Actuarial Loss	10/1/2012	29	1,268,069	77,128
Actuarial Gain	10/1/2013	30	(732,733)	(43,858)
			<u>21,909,057</u>	<u>1,578,856</u>

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2012	22,150,435
(2)	Expected UAAL as of October 1, 2013	22,641,790
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(610,781)
	Administrative Expenses	(9,869)
	Retirement	24,195
	Employee Turnover	91,226
	Active Mortality	194
	Disability	(38,460)
	Inactive Mortality	84,961
	Salary Increases	(230,007)
	New Entrants	0
	DROP Earnings	(21,413)
	Change in Projection Date for Mortality Improvement	55,077
	Other (e.g. Funding Lag, Data Corrections)	<u>(77,856)</u>
	Increase in UAAL due to (Gain)/Loss	(732,733)
(4)	Actual UAAL as of October 1, 2013	21,909,057

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	RP-2000 Table projected to Valuation Date using Schedule AA – Disabled lives are set forward 5 years.
<u>Termination Rates</u>	See table on next page following.
<u>Disability Rates</u>	See table on next page.
<u>Normal Retirement Age</u>	<p><u>Hired prior to 4/1/2012</u>: Earlier of 1) age 50 or 2) the completion of 25 years of credited service. The retirement rate for Members who have reached 25 years of service is 100%. See table on next page for additional rates.</p> <p><u>Hired after 3/31/2012</u>: Earlier of 1) age 60 with completion of 8 years of credited service, or 2) the completion of 30 years of credited service. The retirement rate for Members who have reached 30 years of service is 100%. See table on next page for additional rates.</p>
<u>Early Retirement Age</u>	<p><u>Hired prior to 4/1/2012</u>: Earlier of 1) age 45 or 2) the completion of 20 years of credited service. Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.</p> <p><u>Hired after 3/31/2012</u>: Attainment of age 45 and the completion of 20 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>	7.50% per year, compounded annually, net of investment related expenses.
<u>Salary Increases</u>	See table on next page.
<u>Administrative Expenses</u>	\$67,928.
<u>Post Retirement COLA</u>	3% per year at ages 55 through 62 for Service Retirees and surviving Beneficiaries. No COLA for Disability Retirees, Vested Terminated Members, or Members hired after 3/31/2012.

Payroll Growth

2.7% per year for amortization of the Unfunded Actuarial Accrued Liability. The assumption was 4.7% for the 10/1/2012 valuation.

Funding Method

Entry Age Normal Actuarial Cost Method

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.

Disability Rates

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%

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

% Increase in Salary

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

Retirement Rates

Number of Years After First Eligibility For Normal Retirement	Probability of Normal Retirement
0	30%
1	30%
2	30%
3	30%
4	30%
5	100%

Mortality Rates

Age	Male	Female
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%

Termination Rates

Sample Ages	Years of Service	% of Active Members Separating Within Next Year
ALL	0	20.0%
	1	16.0%
	2	14.0%
	3	12.0%
	4	10.0%
20	5+	10.0%
25		10.0%
30		8.8%
35		6.8%
40		4.8%
45+		3.2%

VALUATION NOTES

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

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

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1991	363,039.62	_____%
1992	367,066.69	1.1%
1993	348,798.49	-5.0%
1994	370,674.47	6.3%
1995	399,899.77	7.9%
1996	438,677.91	9.7%
1997	486,936.40	11.0%
1998	500,979.37	2.9%
1999	521,102.07	4.0%
2000	544,431.81	4.5%
2001	578,886.07	6.3%
2002	679,725.72	17.4%
2003	780,142.25	14.8%
2004	784,881.50	0.6%
2005	726,369.64	-7.5%
2006	773,953.70	6.6%
2007	740,322.92	-4.3%
2008	726,369.64	-1.9%
2009	625,279.98	-13.9%
2010	546,848.13	-12.5%
2011	553,719.90	1.3%
2012	519,408.75	-6.2%
2013	512,283.63	-12.5%

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	500,979.37	500,979.37	0.00
1999	521,102.07	500,979.37	20,122.70
2000	544,431.81	500,979.37	43,452.44
2001	578,886.07	500,979.37	77,906.70
2002	679,725.72	500,979.37	178,746.35
2003	780,142.25	662,446.37	117,695.88
2004	784,882.00	662,446.37	122,435.63
2005	726,369.64	662,446.37	63,923.27
2006	773,953.70	662,446.37	111,507.33
2007	740,322.92	662,446.37	77,876.55
2008	726,369.64	737,941.37	0.00
2009	625,279.98	737,941.37	0.00
2010	546,848.13	737,941.37	0.00
2011	553,719.90	737,941.37	0.00
2012	519,408.75	737,941.37	0.00
2013	512,283.63	737,941.37	0.00
		Total:	813,666.85
		Less Reserve used for Ordinance 03-10084	(320,228.19)
		Less Reserve used for Ordinance 08-12124	(493,438.66)
		Total:	0.00

BALANCE SHEET
September 30, 2013

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Checking Account	5,756.16	5,756.16
Money Market	3,432,698.00	3,432,698.00
Cash	89.84	89.84
 Total Cash and Equivalents	 3,438,544.00	 3,438,544.00
Receivable:		
Member Contributions in Transit	15,714.42	15,714.42
City Contributions in Transit	103,398.53	103,398.53
 Total Receivable	 119,112.95	 119,112.95
Investments:		
Fixed Income	7,922,533.38	8,049,564.76
Stocks	20,287,082.03	24,708,987.41
Pooled/Common/Commingled Funds:		
Real Estate	1,550,000.00	1,702,282.40
 Total Investments	 29,759,615.41	 34,460,834.57
 TOTAL ASSETS	 33,317,272.36	 38,018,491.52
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Prepaid City Contribution	41,468.21	41,468.21
 Total Liabilities	 41,468.21	 41,468.21
 Net Assets, including DROP Account Balances	 33,275,804.15	 37,977,023.31
 TOTAL LIABILITIES AND NET ASSETS	 33,317,272.36	 38,018,491.52

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

September 30, 2013

Market Value Basis

REVENUES

Contributions:		
Member	237,354.93	
City	1,557,819.15	
City Incentive	40,356.00	
State	512,283.63	
Total Contributions		2,347,813.71
Metlife Benefit & ADM Fee Reimbursements		5,556.00
Earnings from Investments		
Interest & Dividends	837,556.32	
Net Realized Gain (Loss)	2,059,403.28	
Unrealized Gain (Loss)	1,802,884.25	
Total Earnings and Investment Gains		4,699,843.85
EXPENDITURES		
Expenses:		
Investment Related ¹	194,848.69	
Administrative	67,928.18	
Total Expenses		262,776.87
Distributions to Members:		
Benefit Payments	2,566,531.77	
Lump Sum DROP Balances	0.00	
Termination Payments	0.00	
Total Distributions		2,566,531.77
Change in Net Assets for the Year		4,223,904.92
Net Assets Beginning of the Year		33,753,118.39
Net Assets End of the Year		37,977,023.31

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
09/30/2009	(1,127,199)	0	0	0	0	0
09/30/2010	316,219	63,244	0	0	0	0
09/30/2011	(2,200,443)	(880,177)	(440,089)	0	0	0
09/30/2012	3,653,643	2,192,186	1,461,457	730,729	0	0
09/30/2013	1,981,363	1,585,090	1,188,818	792,545	396,272	0
Total		2,960,343	2,210,186	1,523,274	396,272	0

Development of Investment Gain/Loss

Market Value of Assets, including Prepaid Contributions, 09/30/2012	33,788,968
Contributions Less Benefit Payments & Admin Expenses	(281,090)
Expected Investment Earnings*	2,523,632
Actual Net Investment Earnings	4,504,995
2013 Actuarial Investment Gain/(Loss)	1,981,363

*Expected Investment Earnings = $0.075 * [33,788,968 + 0.5 * (281,090)]$

Development of Actuarial Value of Assets

Market Value of Assets, 09/30/2013	37,977,023
(Gains)/Losses Not Yet Recognized	(2,960,343)
Actuarial Value of Assets, 09/30/2013	35,016,680
Development of Actuarial Value of Assets	
(A) 09/30/2012 Actuarial Assets, including Prepaid Contributions:	32,285,272
(I) Net Investment Income:	
1. Interest and Dividends	837,556
2. Realized Gains (Losses)	2,059,403
3. Change in Actuarial Value	351,793
4. Investment Expenses	(194,849)
Total	3,053,904
(B) 09/30/2013 Actuarial Assets, including Prepaid Contributions:	35,058,149
Actuarial Assets Rate of Return = $2I/(A+B-I)$:	9.5%
Market Value of Assets Rate of Return:	13.4%
10/01/2013 Limited Actuarial Assets:	35,016,680

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

REVENUES

Contributions:		
Member	237,354.93	
City	1,557,819.15	
City Incentive	40,356.00	
State	512,283.63	
Total Contributions		2,347,813.71
Metlife Benefit & ADM Fee Reimbursements		5,556.00
Earnings from Investments		
Interest & Dividends	837,556.32	
Net Realized Gain (Loss)	2,059,403.28	
Change in Actuarial Value	351,793.25	
Total Earnings and Investment Gains		3,248,752.85
	EXPENDITURES	
Expenses:		
Investment Related ¹	194,848.69	
Administrative	67,928.18	
Total Expenses		262,776.87
Distributions to Members:		
Benefit Payments	2,566,531.77	
Lump Sum DROP Balances	0.00	
Termination Payments	0.00	
Total Distributions		2,566,531.77
Change in Net Assets for the Year		2,767,257.92
Net Assets Beginning of the Year		32,249,422.39
Net Assets End of the Year ²		35,016,680.31

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	121,437.08
Plus Additions	277,683.06
Investment Return Earned	3,394.69
Less Distributions	0.00
09/30/2013 Balance	402,514.83

Assumption:

New DROP participant election option assumption Normal Form

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

(1) City and State Required Contribution Rate (from the March 6, 2012, Actuarial Impact Statement)	43.17%
(2) Pensionable Payroll Derived from Member Contributions	\$4,888,716.20
(3) Required City and State Contribution (Item 1 times Item 2)	2,110,458.78
(4) Less Allowable State Contribution	(512,283.63)
(5) Less City Prepaid Contribution at 9/30/2012	(35,849.81)
(6) Less City Incentive Contribution	<u>(40,356.00)</u>
(7) Equals Required City Contribution	1,521,969.34
(8) Less Actual City Contributions	<u>(1,563,437.55)</u>
(9) Equals City's Prepaid Contribution as of September 30, 2013	\$41,468.21

STATISTICAL DATA

	<u>10/1/2010</u>	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>
Number	66	69	68	67
Average Current Age	40.1	40.6	40.2	40.3
Average Age at Employment	29.4	30.1	30.4	30.1
Average Past Service	10.6	10.5	9.8	10.2
Average Annual Salary	\$78,185	\$79,623	\$74,044	\$75,562

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	2	2	2	0	0	3	0	0	0	0	0	9
30 - 34	0	1	1	0	0	10	0	0	0	0	0	12
35 - 39	1	1	1	0	0	4	1	0	0	0	0	8
40 - 44	0	0	0	0	0	4	4	4	1	0	0	13
45 - 49	0	1	0	0	0	1	5	3	7	0	0	17
50 - 54	0	0	0	0	0	2	0	2	1	0	0	5
55 - 59	0	1	1	1	0	0	0	0	0	0	0	3
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	6	5	1	0	24	10	9	9	0	0	67

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/12	68
b. Terminations	
i. Vested (partial or full) with deferred benefits	2
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	1
f. DROP	1
g. Continuing participants	64
h. New entrants	3
i. Total active life participants in valuation	67

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	53	6	2	10	3	74
b. In	1	0	0	2	1	4
c. Out	0	0	0	0	0	0
d. Number current valuation	54	6	2	12	4	78

POLICE OFFICERS' RETIREMENT TRUST FUND
SUMMARY OF PLAN PROVISIONS

<u>Eligibility</u>	Full-time employees who are classified as full-time sworn Police Officers participate in the Plan as a condition of employment.
<u>Credited Service</u>	Total years and completed months of uninterrupted service with the City as a Police Officer.
<u>Salary</u>	Total pay, plus additional compensation received. Effective 3/31/2012, future accrued leave lump sum payouts shall not exceed the lesser of \$6,700 and the value accrued prior to 10/1/2011.
<u>Final Average Compensation</u>	Average Salary for the best three (3) years of service. Benefits accrued after 3/31/2012 shall be based on Average Salary for the best eight (8) years of service, however, in no event will the future Final Average Compensation be less than the amount determined as of 3/31/2012 under the prior 3 year average definition.
<u>Member Contributions</u>	5.0% of Salary. Members hired after 3/31/2012 contribute 3.0% 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	<u>Hired prior to 4/1/2012</u> : Earlier of age 50 or 25 years of Credited Service, regardless of age. <u>Hired after 3/31/2012</u> : Earlier of age 60 with the completion of 8 years of Credited Service, or the completion of 30 years of Credited Service, regardless of age.
Benefit	<u>Hired prior to 4/1/2012</u> : Frozen accrued benefit as of 3/31/2012, plus a future service

benefit of 3.0% of Final Average Compensation for each year of Credited Service beyond 3/31/2012

Hired after 3/31/2012: 3.0% of Final Average Compensation for all years of Credited Service.

Form of Benefit

Ten Year Certain and Life Annuity (options available).

Early Retirement

Date

Hired prior to 4/1/2012: Earlier of age 45 or 20 years of Credited Service, regardless of age.

Hired after 3/31/2012: Attainment of age 45 and the completion of 20 years of Credited Service.

Benefit

Accrued benefit, reduced 3% (5% for Members hired after 3/31/2012) for each year prior to Normal Retirement.

Vesting

Schedule

100% after 5 years (8 years for Members hired after 3/31/2012) of Credited Service.

Benefit Amount

Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

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

Accrued benefit 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).
<u>Death Benefits</u>	
Pre-Retirement	
Vested	Actuarially reduced accrued benefit payable to designated beneficiary for life with 10 years certain.
Non-Vested	Refund of member contributions, with 5.5% interest.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.
<u>Cost of Living Adjustment</u>	
Eligibility	Normal and Early service Retirees and Beneficiaries. COLA is not payable to Disability, Vested Terminated Retirees, or any Member hired after 3/31/2012.
Amount	3.0% increase per year following one year of payments and the retiree's 55 th birthday, ceasing on the retiree's 62 nd birthday.
<u>Board of Trustees</u>	
	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)
10/01/13	35,016,680	56,925,737	21,909,057	61.51%	5,062,658	432.76%
10/01/12	32,249,422	54,399,857	22,150,435	59.28%	5,035,014	439.93%
10/01/11	31,259,901	57,751,158	26,491,257	54.13%	5,016,274	528.11%
10/01/10	30,894,250	53,574,482	22,680,232	57.67%	5,490,110	413.11%
10/01/09	29,815,747	49,469,715	19,653,968	60.27%	5,738,240	342.51%
10/01/08	28,760,389	44,114,292	15,353,903	65.20%	5,434,133	282.55%

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

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2013	2,110,459	1,598,175	512,284	100.00%
2012	2,209,916	1,690,507	519,409	100.00%
2011	2,099,687	1,545,967	553,720	100.00%
2010	2,158,550	1,611,702	546,848	100.00%
2009	1,850,214	1,291,661	625,280	103.61%
2008	1,487,575	886,116	726,370	108.40%

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

Contribution rates as of 9/30/13	
City/State (from 3/6/2012 Actuarial Impact Statement)	43.17%
Plan Members	5.00%
(Members hired after March 31, 2012 contribute 3%)	
Actuarially Determined Contribution (City/State)	2,110,459
Contributions made (City/State)	2,110,459
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% based on service
* Includes inflation at	3.0%
Post Retirement COLA (age 55 to 62)	3.0%

THREE YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2013	2,093,120	100.83%	(613,749)
9/30/2012	2,193,068	100.77%	(596,410)
9/30/2011	2,149,906	97.66%	(579,562)

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>9/30/2011</u>	<u>9/30/2012</u>	<u>9/30/2013</u>
Actuarially Determined			
Contribution (A)	2,099,687	2,209,916	2,110,459
Interest on NPO	(47,234)	(43,467)	(44,731)
Adjustment to (A)	97,453	26,619	27,392
	-----	-----	-----
Annual Pension Cost	2,149,906	2,193,068	2,093,120
Contributions Made	2,099,687	2,209,916	2,110,459
	-----	-----	-----
Increase in NPO	50,219	(16,848)	(17,339)
NPO Beginning of Year	(629,781)	(579,562)	(596,410)
	-----	-----	-----
NPO End of Year	(629,781)	(579,562)	(613,749)