

CITY OF PALM BAY
POLICE OFFICERS AND
FIREFIGHTERS PENSION FUND
(General Employees)

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2010

CONTRIBUTIONS APPLICABLE TO THE
FISCAL YEAR ENDED SEPTEMBER 30, 2012

April 4, 2011

Board of Trustees
City of Palm Bay Police & Fire Pension Fund
Conlan Professional Center
1501 Robert J. Conlan Blvd. NE Suite 260
Palm Bay, FL 32905-3567

Re: City of Palm Bay
Police Officers and Firefighters Pension Fund

Dear Board of Trustees:

We are pleased to present our report of the annual actuarial valuation of the City of Palm Bay Police Officers and Firefighters Pension 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, 175 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 yourself 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.

Board of Trustees
April 4, 2011
Page Two

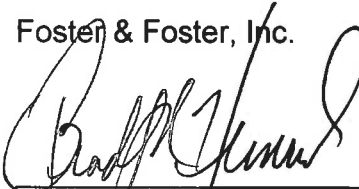
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Palm Bay, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Palm Bay Police Officers and Firefighters Pension 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:



Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #08-6901

BRH/lsw

Enclosures

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SECTION I
INTRODUCTION

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Palm Bay Police Officers and Firefighters Pension Fund (General Employees), performed as of October 1, 2010, has been completed, and the results are presented in this Report. The contribution amounts set forth herein are applicable to the fiscal year ended September 30, 2012.

The contribution requirements developed in this valuation, compared with amounts developed in the October 1, 2009, actuarial valuation report, are as follows:

Valuation Date	10/1/2010	10/1/2009
Applicable Fiscal Year End	<u>9/30/2012</u>	<u>9/30/2011</u>
Total Required Contribution	\$0	\$0
% of Projected Annual Payroll	0.0%	0.0%

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By: _____

Bradley R. Heinrichs, FSA

Plan Changes Since Prior Valuation

There have been no plan changes since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

There has been one change to the funding method since the prior valuation.

At the May 2010 Board of Trustees meeting, the decision was made to fresh start the Actuarial Value of Assets with the October 1, 2010 valuation. The new asset method will recognize investment gains or losses at a rate of 25% per year.

Comparative Summary of Principal Valuation Results

	<u>New Method</u> <u>10/1/2010</u>	<u>Old Method</u> <u>10/1/2010</u>	<u>Old Method</u> <u>10/1/2009</u>
A. Participant Data			
Number Included			
Actives	0	0	0
Service Retirees	4	4	5
Beneficiaries	1	1	1
Terminated Vested	0	0	0
Disability Retirees	0	0	0
DROP Retirees	0	0	0
Total	<u>5</u>	<u>5</u>	<u>6</u>
Total Annual Payroll	\$0	\$0	\$0
Payroll Under Assumed Ret. Age	0	0	0
Annual Rate of Payments to:			
Service Retirees	8,306	8,306	11,714
Beneficiaries	2,532	2,532	2,532
Terminated Vested	0	0	0
Disability Retirees	0	0	0
DROP Retirees	0	0	0
B. Assets			
Actuarial Value	155,095	146,849	154,117
Market Value	155,095	155,095	152,065
C. Liabilities			
Present Value of Benefits			
Active Members			
Retirement Benefits	0	0	0
Disability Benefits	0	0	0
Death Benefits	0	0	0
Vested Benefits	0	0	0
Refund of Contributions	0	0	0
Service Retirees	31,519	31,519	50,735
Beneficiaries	18,315	18,315	18,891
Terminated Vested	0	0	0
Disability Retirees	0	0	0
DROP Retirees	0	0	0
Total	<u>49,834</u>	<u>49,834</u>	<u>69,626</u>

Comparative Summary of Principal Valuation Results

	<u>New Method</u> <u>10/1/2010</u>	<u>Old Method</u> <u>10/1/2010</u>	<u>Old Method</u> <u>10/1/2009</u>
C. Liabilities - (Continued)			
Present Value of Future Salaries	0	0	0
Present Value of Future Member Contributions	0	0	0
Aggregate Normal Cost	0	0	0
Present Value of Future Normal Costs (Entry Age Normal)	N/A	N/A	N/A
Actuarial Accrued Liability	155,095	146,849	154,117
Unfunded Actuarial Accrued Liability (UAAL)	0	0	0
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives	49,834	49,834	69,626
Actives	0	0	0
Member Contributions	0	0	0
	<hr/>	<hr/>	<hr/>
Total	49,834	49,834	69,626
Non-vested Accrued Benefits	0	0	0
	<hr/>	<hr/>	<hr/>
Total Present Value Accrued Benefits	49,834	49,834	69,626
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	0	0	
New Accrued Benefits	0	(12,636)	
Benefits Paid	0	(12,542)	
Interest	0	5,385	
Other	0	0	
	<hr/>	<hr/>	
Total:	0	(19,792)	

Comparative Summary of Principal Valuation Results

Valuation Date Applicable to Fiscal Year Ending	New Method 10/1/2010 <u>9/30/2012</u>	Old Method 10/1/2010 <u>9/30/2012</u>	Old Method 10/1/2009 <u>9/30/2011</u>
E. Pension Cost			
Normal Cost (with interest)	\$0	\$0	\$0
% of Projected Annual Payroll*	0.0	0.0	0.0
Administrative Expense (with interest)	0	0	0
% of Projected Annual Payroll*	0.0	0.0	0.0
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 0 years (as of 10/1/10)	0	0	0
% of Projected Annual Payroll*	0.0	0.0	0.0
Total Required Contribution	0	0	0
% of Projected Annual Payroll*	0.0	0.0	0.0
Expected Member Contributions	0	0	0
% of Total Annual Payroll*	0.0	0.0	0.0
Required City and State Contributions	0	0	0
% of Total Annual Payroll*	0.0	0.0	0.0

Comparative Summary of Principal Valuation Results (Police)

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

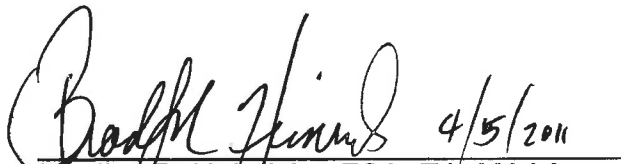
<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
N/A - Aggregate Actuarial Cost Method	

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2010	4.5%	8.5%
Year Ended	9/30/2009	3.8%	8.5%
Year Ended	9/30/2008	6.3%	8.5%

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.

 4/5/2011
Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #08-6901

A copy of this Report is to be furnished to the Division of Retirement within 60 days of receipt from the actuary at the following address:

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

SECTION II
TRUST FUND

City of Palm Bay Police and Firefighters' Pension Fund
General Employees

BALANCE SHEET
September 30, 2010

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Prepaid Expenses	4.68
Deposits	7.21
Cash, Checking and Savings	3,843.00
Total Cash and Equivalents	3,854.89
Receivable:	
Accrued Income	5.77
Total Receivable	5.77
Investments:	
Pooled/Common/Commingled Funds:	
Fixed Income	63,083.00
Equity	92,069.00
Total Investments	155,152.00
TOTAL ASSETS	159,012.66
 <u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Payable:	
Unpaid Investment Expenses	109.89
Unpaid Administrative Expenses	8.47
To Firefighters' Trust Fund	3,799.58
Total Liabilities	3,917.94
Net Assets:	
Active and Retired Members' Equity	155,094.72
Total Net Assets	155,094.72
TOTAL LIABILITIES AND NET ASSETS	159,012.66

City of Palm Bay Police and Firefighters' Pension Fund
General Employees

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2010
Market Value Basis

INCOME		
Contributions:		
Member	0.00	
City	0.00	
Total Contributions		0.00
Earnings from Investments		
Interest & Dividends	392.00	
Net Realized Gain (Loss)	0.00	
Unrealized Gain (Loss)	16,849.77	
Total Earnings and Investment Gains		17,241.77
EXPENSES		
Administrative Expenses:		
Investment Related*	320.02	
Other	1,351.00	
Total Expenses		1,671.02
Distributions to Members:		
Benefit Payments	12,541.50	
Total Distributions		12,541.50
Change in Net Assets for the Year		3,029.25
Net Assets Beginning of the Year		152,065.47
Net Assets End of the Year		155,094.72

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

City of Palm Bay Police and Firefighters' Pension Fund
General Employees

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2010
Actuarial Asset Basis

INCOME		
Contributions:		
Member	0.00	
City	0.00	
Total Contributions		0.00
Earnings from Investments		
Interest & Dividends	392.00	
Net Realized Gain (Loss)	0.00	
Change in Actuarial Value	6,552.00	
Total Earnings and Investment Gains		6,944.00
EXPENSES		
Administrative Expenses:		
Investment Related*	320.02	
Other	1,351.00	
Total Administrative Expenses		1,671.02
Distributions to Members:		
Benefit Payments	12,541.50	
Total Distributions		12,541.50
Change in Net Assets for the Year		(7,268.52)
Net Assets Beginning of the Year		154,117.39
Net Assets End of the Year**		146,848.87

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

**Net Assets may be limited for actuarial consideration

City of Palm Bay Police and Firefighters' Pension Fund
General Employees

ACTUARIAL ASSET VALUATION
September 30, 2010

Actuarial Assets are developed by recognizing the realized and unrealized appreciation or depreciation 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.

Capital Appreciation Not Yet Recognized

Plan Year Ended	(A) Capital Appreciation	(B) Amount of (A) Recognized Each Year	(C) Amount of (A) Recognized by Valuation Date	(D) Amount of (A) Unrecognized by Valuation date
9/30/2006	14,309	2,862	14,309	0
9/30/2007	26,515	5,303	21,212	5,303
9/30/2008	-22,084	(4,417)	(13,250)	(8,834)
9/30/2009	-2,838	(568)	(1,135)	(1,703)
9/30/2010	<u>16,850</u>	<u>3,370</u>	<u>3,370</u>	<u>13,480</u>
Total	\$ 32,752	\$ 6,550	\$ 24,506	\$ 8,246

Development of Actuarial Value of Assets

Market Value of Assets (MVA), 10/1/2010	155,095
Capital Appreciation Not Yet Recognized	(8,246)
Preliminary Actuarial Value of Assets, 10/1/2010	<u>146,849</u>
Range from 80% to 120% of MVA:	\$ 124,076 to \$ 186,114
Final Actuarial Value of Assets, 10/1/2010	146,849
(A) 9/30/2009 Actuarial Assets:	154,117
(I) Net Investment Income:	
1. Interest and Dividends	392
2. Realized Gains (Losses)	0
3. Change in Actuarial Value	6,552
4. Investment Expenses	320
Total (1.+ 2.+ 3.- 4.)	<u>6,624</u>
(B) 10/1/2010 Actuarial Assets:	146,849
Actuarial Asset Rate of Return = 2I/(A+B-I):	4.5%

SECTION III
MEMBER STATISTICS

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/09	0
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	0
g. Continuing participants	0
h. New entrants	0
i. Total active life participants in valuation	0

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	5	1	0	0	0	6
b. In	0	0	0	0	0	0
c. Out	1	0	0	0	0	1
d. Number current valuation	4	1	0	0	0	5

SECTION IV
SUMMARY OF ASSUMPTIONS
AND FUNDING METHODS

SUMMARY OF ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

This actuarial valuation report has been prepared in accordance with generally accepted actuarial principles and practices. The major assumptions and methods used in this valuation are as follows:

Economic Assumptions

Interest: 8.5% per year, net of investment related expenses.

Demographic Assumptions

Mortality:

- Service Retirement : RP2000 (Combined Healthy)
- Disability Retirement : RP2000 (Combined Healthy)
- Spouse: RP2000 (Combined Healthy)

ACTUARIAL METHODS

Funding Method: Aggregate Actuarial Cost Method.

Actuarial Value of Assets:

The market value of assets is adjusted to recognize, over a five-year period, investment earnings greater than (or less than) the assumed investment return. The Actuarial Value of Assets shall not be more than 120% nor less than 80% of the market value of assets. Details are shown in the Asset Information Section of the report.