

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

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2007

CONTRIBUTIONS APPLICABLE TO THE
FISCAL YEAR ENDED SEPTEMBER 30, 2009



PALM BAY POLICE & FIREFIGHTERS' PENSION FUND

Email: pbpf@msn.com
www.pbpf.org

July 11, 2008

Mr. Lee Feldman, ICMA-CM
City of Palm Bay
120 Malabar Road, SE
Palm Bay, FL 32907

RE: October 1, 2007 Actuarial Valuation Reports

Dear Mr. Feldman:

Enclosed are three copies each of the 10/01/2007 Actuarial Valuation Reports for Police Officers, Firefighters & General Employees (Closed Fund). As outlined in the reports as provided by the Board's Actuary, Foster & Foster, Inc., the City's contribution for budgeting purposes is:

As listed on Page 1, the required City Contribution as a percent of next year's payroll for Police Officers beginning October 1, 2008 through September 30, 2009 is 3.3%. The required dollar amount is \$270,704.00. The required Police Officer Member Contribution rate is 8.76% of earnings.

As listed on Page 1, the required City Contribution as a percent of next year's payroll for Firefighters beginning October 1, 2008 through September 30, 2009 is 10.9%. The required dollar amount is \$776,259.00. The requested Firefighter Member Contribution rate is 8.76% of earnings.

Should you require any additional information, please call me.

Sincerely,

Richard B. Adams, CPPT
Chairman

Enclosures: 3

Cc: Board of Trustees
Mr. Charles Slavin, Division of Retirement Actuary-1
Ms. Patricia Shoemaker, Division of Retirement-1
Mr. Robert Combs, Jr., President, FOP-1

Mr. Stephen H. Cypen, Board Atty-1
Ms. Elisabeth Capota, CPA-1
Mr. Brad Heinrichs, Board Actuary
Mr. David Ginsburg, President, IAFF-1

July 7, 2008

Board of Trustees
City of Palm Bay Police & Fire Pension Fund
Conlan Professional Center
1501 Ropbert 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.

Ms. Kathy Adams
July 7, 2008
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/kst

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, 2007, 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, 2009.

The contribution requirements developed in this valuation, compared with amounts developed in the October 1, 2006, actuarial valuation report, are as follows:

Valuation Date	10/1/2007	10/1/2006
Applicable Fiscal Year End	<u>9/30/2009</u>	<u>9/30/2008</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

By: 

Patrick T. Donlan, MAAA

Plan Changes Since Prior Valuation

There have been no plan changes since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

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

Comparative Summary of Principal Valuation Results

	<u>10/1/2007</u>	<u>10/1/2006</u>
A. Participant Data		
Number Included		
Actives	0	0
Service Retirees	7	7
Beneficiaries	0	1
Terminated Vested	0	0
Disability Retirees	0	0
DROP Retirees	0	0
	<hr/>	<hr/>
Total	7	8
Total Annual Payroll	\$0	\$0
Payroll Under Assumed Ret. Age	0	0
Annual Rate of Payments to:		
Service Retirees	16,490	16,490
Beneficiaries	0	641
Terminated Vested	0	0
Disability Retirees	0	0
DROP Retirees	0	0
B. Assets		
Actuarial Value	172,949	171,551
Market Value	211,374	201,300
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	0	0
Disability Benefits	0	0
Death Benefits	0	0
Vested Benefits	0	0
Refund of Contributions	0	0
Service Retirees	87,195	90,650
Beneficiaries	0	3,181
Terminated Vested	0	0
Disability Retirees	0	0
DROP Retirees	0	0
Excess State Monies Reserve	0	0
	<hr/>	<hr/>
Total	87,195	93,831

Comparative Summary of Principal Valuation Results

	<u>10/1/2007</u>	<u>10/1/2006</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	0	0
Present Value of Future Member Contributions	0	0
Aggregate Normal Cost	0	0
Present Value of Future Normal Costs (Entry Age Normal)	N/A	N/A
Actuarial Accrued Liability	172,949	171,551
Unfunded Actuarial Accrued Liability (UAAL)	0	0
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	87,195	93,831
Actives	0	0
Member Contributions	0	0
	<hr/>	<hr/>
Total	87,195	93,831
Non-vested Accrued Benefits	0	0
	<hr/>	<hr/>
Total Present Value Accrued Benefits	87,195	93,831
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	2,746	
Benefits Paid	(16,650)	
Interest	7,268	
Other	0	
	<hr/>	
Total:	(6,636)	

Comparative Summary of Principal Valuation Results

Valuation Date Applicable to Fiscal Year Ending	10/1/2007 <u>9/30/2009</u>	10/1/2006 <u>9/30/2008</u>
E. Pension Cost		
Normal Cost (with interest)	\$0	\$0
% of Projected Annual Payroll*	0.0	0.0
Administrative Expense (with interest)	0	0
% of Projected Annual Payroll*	0.0	0.0
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 0 years (as of 10/1/07)	0	0
% of Projected Annual Payroll*	0.0	0.0
Total Required Contribution	0	0
% of Projected Annual Payroll*	0.0	0.0
Expected Member Contributions	0	0
% of Total Annual Payroll*	0.0	0.0
Required City and State Contributions	0	0
% of Total Annual Payroll*	0.0	0.0

Comparative Summary of Principal Valuation Results (Police)

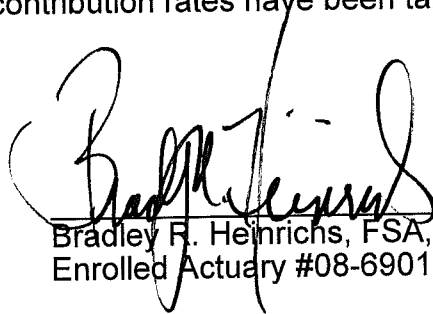
H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

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

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2007	4.5%	8.5%
Year Ended	9/30/2006	3.8%	8.5%
Year Ended	9/30/2005	2.9%	8.5%

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.

 7/7/08
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:

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

Mr. Charles Slavin, Actuary
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, 2007

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Deposits	7.21
Prepaid Expenses	15.82
Cash, Checking & Savings	1,488.12
Total Cash and Equivalents	1,511.15
Receivable:	
Accounts Receivable	0.97
Accrued Income	11.00
Total Receivable	11.97
Investments:	
Pooled/Common/Commingled Funds:	
Equity	140,730.00
Bond	73,393.00
Total Investments	214,123.00
TOTAL ASSETS	215,646.12
<u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Payable:	
To Firefighters' Trust Fund	3,985.81
Accounts Payable	286.36
Total Liabilities	4,272.17
Net Assets:	
Active and Retired Members' Equity	211,373.95
Total Net Assets	211,373.95
TOTAL LIABILITIES AND NET ASSETS	215,646.12

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

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CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2007
Market Value Basis

INCOME		
Contributions:		
Member	0.00	
City	0.00	
Total Contributions		0.00
Earnings from Investments		
Interest & Dividends	1,542.80	
Net Realized Gain (Loss)	0.00	
Unrealized Gain (Loss)	26,515.45	
Total Earnings and Investment Gains		28,058.25
EXPENSES		
Administrative Expenses:		
Investment Related*	722.70	
Other	611.39	
Total Expenses		1,334.09
Distributions to Members:		
Benefit Payments	16,650.21	
Total Distributions		16,650.21
Change in Net Assets for the Year		10,073.95
Net Assets Beginning of the Year		201,300.00
Net Assets End of the Year		211,373.95

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

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

ACTUARIAL ASSET VALUATION
September 30, 2007

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
9/30/2003	18,558	3,712	18,558	0
9/30/2004	16,912	3,382	13,530	3,382
9/30/2005	13,041	2,608	7,825	5,216
9/30/2006	14,309	2,862	5,724	8,585
9/30/2007	<u>26,515</u>	<u>5,303</u>	<u>5,303</u>	<u>21,212</u>
Total	\$ 89,335	\$ 17,867	\$ 50,940	\$ 38,395

Development of Actuarial Value of Assets

Market Value of Assets (MVA), 9/30/2007	211,374
Capital Appreciation Not Yet Recognized	(38,395)
Preliminary Actuarial Value of Assets, 9/30/2007	<u>172,979</u>
Range from 80% to 120% of MVA:	\$ 169,099 to \$ 253,649
Final Actuarial Value of Assets, 9/30/2007	172,979
(A) 9/30/2006 Actuarial Assets:	171,551
(I) Net Investment Income:	
1. Interest and Dividends	1,543
2. Realized Gains (Losses)	0
3. Change in Actuarial Value	17,869
4. Investment Expenses	723
Total (1.+ 2.+ 3.- 4.)	<u>18,689</u>
(B) 9/30/2007 Actuarial Assets:	172,979
Actuarial Asset Rate of Return = $2I/(A+B-I)$:	11.5%

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

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2007
Actuarial Asset Basis

INCOME		
Contributions:		
Member	0.00	
City	0.00	
Total Contributions		0.00
Earnings from Investments		
Interest & Dividends	1,542.80	
Net Realized Gain (Loss)	0.00	
Change in Actuarial Value	17,869.00	
Total Earnings and Investment Gains		19,411.80
EXPENSES		
Administrative Expenses:		
Investment Related*	722.70	
Other	611.39	
Total Administrative Expenses		1,334.09
Distributions to Members:		
Benefit Payments	16,650.21	
Total Distributions		16,650.21
Change in Net Assets for the Year		1,427.50
Net Assets Beginning of the Year		171,551.00
Net Assets End of the Year**		172,978.50

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

**Net Assets may be limited for actuarial consideration

SECTION III
MEMBER STATISTICS

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/06	0
b. Terminations	0
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
c. Deaths	0
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	7	1	0	0	0	8
b. In	0	0	0	0	0	0
c. Out	0	1	0	0	0	1
d. Number current valuation	7	0	0	0	0	7

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.