

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

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2011

CONTRIBUTIONS APPLICABLE TO THE
FISCAL YEAR ENDED SEPTEMBER 30, 2013



May 31, 2012

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 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 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.

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 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.

A handwritten signature in black ink, appearing to read "Bradley R. Heinrichs". The signature is written in a cursive style with a large initial "B".

By:

Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #11-6901

BRH/mjg

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Palm Bay Police and Firefighters' Pension Fund (General Employees), performed as of October 1, 2011, 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, 2013.

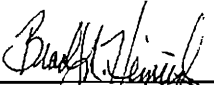
The contribution requirements developed in this valuation, compared with amounts developed in the October 1, 2010, actuarial valuation report, are as follows:

Valuation Date	10/1/2011	10/1/2010
Applicable Fiscal Year End	<u>9/30/2013</u>	<u>9/30/2012</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, ASA

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 assumptions since the prior valuation.

To better reflect anticipated experience, the investment return assumption has been amended in conjunction with this report from 8.5% to 8.0% per year, net of investment related expenses. The impact of this change can be seen in the "Comparative Summary of Principal Valuation Results" that follows.

Comparative Summary of Principal Valuation Results

	<u>New Assum</u> <u>10/1/2011</u>	<u>Old Assum</u> <u>10/1/2011</u>	<u>Old Assum</u> <u>10/1/2010</u>
A. Participant Data			
Number Included			
Actives	0	0	0
Service Retirees	4	4	4
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>5</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	8,306
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	154,346	152,219	155,095
Market Value	144,663	144,663	155,095
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	30,468	30,032	31,519
Beneficiaries	18,208	17,738	18,315
Terminated Vested	0	0	0
Disability Retirees	0	0	0
DROP Retirees	0	0	0
Total	<u>48,676</u>	<u>47,770</u>	<u>49,834</u>

Comparative Summary of Principal Valuation Results

	<u>New Assum 10/1/2011</u>	<u>Old Assum 10/1/2011</u>	<u>Old Assum 10/1/2010</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	154,346	152,219	155,095
Unfunded Actuarial Accrued Liability (UAAL)	0	0	0
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives	48,676	47,770	49,834
Actives	0	0	0
Member Contributions	0	0	0
	<hr/>	<hr/>	<hr/>
Total	48,676	47,770	49,834
Non-vested Accrued Benefits	0	0	0
	<hr/>	<hr/>	<hr/>
Total Present Value Accrued Benefits	48,676	47,770	49,834
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	906	0	
New Accrued Benefits	0	5,274	
Benefits Paid	0	(11,102)	
Interest	0	3,764	
Other	0	0	
	<hr/>	<hr/>	
Total:	906	(2,064)	

Comparative Summary of Principal Valuation Results

Valuation Date Applicable to Fiscal Year Ending	New Assum 10/1/2011 <u>9/30/2013</u>	Old Assum 10/1/2011 <u>9/30/2013</u>	Old Assum 10/1/2010 <u>9/30/2012</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 10/1/11)	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

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.



Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #11-6901

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

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

BALANCE SHEET
September 30, 2011

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Prepaid Expenses	18.59
Deposits	7.21
Cash	2,326.00
Total Cash and Equivalents	2,351.80
Receivable:	
Misc Receivable	3.92
Accrued Income	70.00
Total Receivable	73.92
Investments:	
Mutual Funds:	
Fixed Income	61,277.00
Equity	85,913.00
Total Investments	147,190.00
TOTAL ASSETS	149,615.72
 <u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Payable:	
Unpaid Investment Expenses	115.23
Unpaid Administrative Expenses	6.74
To Police Officers' Trust Fund	4,830.43
Total Liabilities	4,952.40
Net Assets:	
Active and Retired Members' Equity	144,663.32
Total Net Assets	144,663.32
TOTAL LIABILITIES AND NET ASSETS	149,615.72

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

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2011
Market Value Basis

REVENUES		
Total Contributions		0.00
Earnings from Investments		
Interest & Dividends	1,248.23	
Miscellaneous Income	3.35	
Net Realized and Unrealized Gain (Loss)	1,315.20	
Total Earnings and Investment Gains		2,566.78
EXPENDITURES		
Expenses:		
Investment Related*	268.00	
Administrative	1,628.56	
Total Expenses		1,896.56
Distributions to Members:		
Benefit Payments	11,101.62	
Total Distributions		11,101.62
Change in Net Assets for the Year		(10,431.40)
Net Assets Beginning of the Year		155,094.72
Net Assets End of the Year		144,663.32

*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, 2011

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a four year period. In the first year, 25% of the gain or loss is recognized. In the second year 50%, in the third year 75%, and in the fourth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return.

Plan Year Ending	Gain/Loss	<u>Gains/Losses Not Yet Recognized</u>			
		Amounts Not Yet Recognized by Valuation Year			
		2011	2012	2013	2014
9/30/2008	0	0	0	0	0
9/30/2009	0	0	0	0	0
9/30/2010	0	0	0	0	0
9/30/2011	(12,910)	(9,683)	(6,455)	(3,228)	0
Total		(9,683)	(6,455)	(3,228)	0

Development of Investment Gain/Loss

Market Value of Assets including DROP Plan, 9/30/2010	155,095
Contributions Less Benefit Payments & Admin Expenses	(12,730)
Expected Investment Earnings*	12,642
Actual Net Investment Earnings	(268)
2011 Actuarial Investment Gain/(Loss)	(12,910)

*Expected Investment Earnings = $0.085 * (155,095 + .5 * -12,730)$

Development of Actuarial Value of Assets

Market Value of Assets, including DROP Plan, 9/30/2011	144,663
(Gains)/Losses Not Yet Recognized	9,683
Actuarial Value of Assets, including DROP Plan, 9/30/2011	154,346

(A) 9/30/2010 Actuarial Assets, including Prepaid Contributions and DROP: 155,095

(I) Net Investment Income:	
1. Interest and Dividends	1,252
2. Realized Gains (Losses)	0
3. Change in Actuarial Value	10,998
4. Investment Expenses	(268)
Total	11,982

(B) 9/30/2011 Actuarial Assets, including Prepaid Contributions and DROP: 154,346

Actuarial Assets Rate of Return = $2I/(A+B-I)$: 8.06%
Market Value of Assets Rate of Return: 1.55%

10/01/11 Limited Actuarial Assets, net of DROP Plan: 154,346
(Lesser of Actuarial Assets or 120% of Market Value)

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

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2011
Actuarial Asset Basis

REVENUES		
Total Contributions		0.00
Earnings from Investments		
Interest & Dividends	1,248.23	
Miscellaneous Income	3.35	
Change in Actuarial Value	10,998.20	
Total Earnings and Investment Gains		12,249.78
EXPENDITURES		
Expenses:		
Investment Related*	268.00	
Administrative	1,628.56	
Total Expenses		1,896.56
Distributions to Members:		
Benefit Payments	11,101.62	
Total Distributions		11,101.62
Change in Net Assets for the Year		(748.40)
Net Assets Beginning of the Year		155,094.72
Net Assets End of the Year**		154,346.32

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

**Net Assets may be limited for actuarial consideration

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/10	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	4	1	0	0	0	5
b. In	0	0	0	0	0	0
c. Out	0	0	0	0	0	0
d. Number current valuation	4	1	0	0	0	5

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: 8.0% (previously 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 four-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.

SENATE BILL 1128 COMPLIANCE

Senate Bill 1128 amended Section 112.63 of the Florida Statutes to require that each plan report the plan's accrued vested, nonvested, and total benefits, as adopted by the Financial Accounting Standards Board, using the Florida Retirement System's assumed rate of return, which is currently 7.75%. The bill states that this is to promote comparability of actuarial data between local law plans.

While these calculations are required for compliance purposes, it is the view of Foster & Foster that utilizing this information to compare local law plans is extremely dangerous. There are many other assumptions inherent in the actuarial valuation, and they may differ widely from one plan to another. Additionally, benefit levels, funding policies, asset allocation, and the age of the plan itself all must be considered when comparing defined benefit plans.

Present Value of Accrued Benefits at 7.75% Interest

Vested Accrued Benefits	
Inactives	\$49,143
Actives	0
Member Contributions	<u>0</u>
Total	49,143
Non-Vested Accrued Benefits	<u>0</u>
Total Present Value of Accrued Benefits	\$49,143