

OKALOOSA ISLAND
FIRE DISTRICT
FIREFIGHTERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2012
(Revised May 28, 2013)

CONTRIBUTIONS APPLICABLE TO THE DISTRICT'S
PLAN/FISCAL YEAR ENDED SEPTEMBER 30, 2014

May 28, 2013

Board of Trustees
Okaloosa Island Fire District
Firefighters' Retirement Trust Fund
105 Santa Rosa Blvd.
Ft. Walton Beach, FL 32548

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Okaloosa Island Fire District Firefighters' 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 175, 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, Salem Trust, 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.

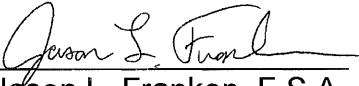
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the 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 Okaloosa Island Fire District, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Okaloosa Island Fire District Firefighters' 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: 
Jason L. Franken, F.S.A.
Enrolled Actuary #11-6888

JLF/lke

Enclosures

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INTRODUCTORY DISCUSSION

The revised annual actuarial valuation of the Okaloosa Island Fire District Firefighters' Retirement Trust Fund, performed as of October 1, 2012, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2014.

The contribution requirements, compared with those developed in the October 1, 2011 actuarial valuation (as revised October 10, 2012), are as follows:

Valuation Date	10/1/2011	10/1/2012
Applicable Fiscal Year End	<u>9/30/2013</u>	<u>9/30/2014</u>
Total Required Contribution % of Total Annual Payroll	82.6%	81.1%
Member Contributions (Est.) % of Total Annual Payroll	8.0%	8.0%
Required District and State Cont.* % of Total Annual Payroll	74.6%	73.1%
State Contributions % of Total Annual Payroll	51,623 4.7%	51,623 4.7%
Balance from District % of Total Annual Payroll	69.9%	68.4%


*** As requested by the Division of Retirement, the required contribution from the combination of District and State sources for the year ending September 30, 2014, is **73.1%** of the actual payroll realized in that year. As a budgeting tool, the District may contribute **68.4%** of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Additionally, please note the District has a contribution shortfall of \$34,252 in addition to the requirements stated above for the fiscal year ending September 30, 2013.**


During the past 12 months, the actuarial experience was less favorable than expected, on the basis of the Plan's actuarial assumptions. The principal components of unfavorable experience included a 7.4% investment return (Actuarial Asset basis) that was less than the 7.75% assumption, average increases in Pensionable Earnings that were above the assumed rate by more than 1%, and no employee turnover. Despite this net unfavorable experience, an actuarial gain was recorded when performing the reconciliation of the Unfunded Actuarial Accrued Liability to account for a correction of an annual retirement benefit.

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: 
Jason L. Franken, FSA, MAAA

By: 
Drew D. Ballard, B.S.

Plan Changes Since Prior Valuation

There have been no changes in Plan provisions 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

	10/1/2012 <u>9/30/2014</u>	10/1/2011 <u>9/30/2013</u>
A. Participant Data		
Number Included		
Actives	18	18
Service Retirees	10	10
Beneficiaries	0	0
Terminated Vested	0	0
Disability Retirees	1	1
Total	<u>29</u>	<u>29</u>
Total Annual Payroll	\$1,094,407	\$1,012,090
Payroll Under Assumed Ret. Age	1,094,407	1,012,090
Annual Rate of Payments to:		
Service Retirees	564,469	583,515
Beneficiaries	0	0
Terminated Vested	0	0
Disability Retirees	12,939	12,939
B. Assets		
Actuarial Value	4,597,893	4,108,396
Market Value	4,913,694	4,032,959
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	6,868,392	5,998,879
Disability Benefits	121,311	110,914
Death Benefits	49,013	45,453
Vested Benefits	973,166	857,099
Refund of Contributions	89,794	98,520
Service Retirees	7,657,342	7,810,871
Beneficiaries	0	0
Terminated Vested	0	0
Disability Retirees	144,483	146,339
Excess State Monies Reserve	0	0
Total	<u>15,903,501</u>	<u>15,068,075</u>

C. Liabilities - (Continued)	10/1/2012 <u>9/30/2014</u>	10/1/2011 <u>9/30/2013</u>
Present Value of Future Salaries	11,199,404	10,596,436
Present Value of Future Member Contributions	895,952	847,715
EAN Normal Cost (Retirement)	251,255	218,920
EAN Normal Cost (Disability)	4,666	4,266
EAN Normal Cost (Death)	1,781	1,593
EAN Normal Cost (Vesting)	41,535	37,734
EAN Normal Cost (Refunds)	4,862	5,510
Total Normal Cost (Entry Age Method)	<u>304,099</u>	<u>268,023</u>
Present Value of Future Normal Costs (Entry Age)	2,893,418	2,606,328
Accrued Liability (Retirement)	4,569,886	3,947,461
Accrued Liability (Disability)	71,489	64,565
Accrued Liability (Death)	30,487	28,525
Accrued Liability (Vesting)	503,564	429,880
Accrued Liability (Refunds)	32,832	34,106
Accrued Liability (Inactives)	7,801,825	7,957,210
Excess State Monies Reserve	0	0
Total Actuarial Accrued Liability	<u>13,010,083</u>	<u>12,461,747</u>
Unfunded Actuarial Accrued Liability (UAAL)	8,412,190	8,353,351
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	7,801,825	7,957,210
Actives	2,151,753	1,798,708
Member Contributions	526,302	440,264
	<u>10,479,880</u>	<u>10,196,182</u>
Non-vested Accrued Benefits	<u>202,329</u>	<u>129,535</u>
Total Present Value Accrued Benefits	10,682,209	10,325,717
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	175,816	
Benefits Paid	(596,454)	
Interest	777,130	
Other	0	
Total:	<u>356,492</u>	

Valuation Date Applicable to Fiscal Year Ending	10/1/2012 <u>9/30/2014</u>	10/1/2011 <u>9/30/2013</u>
E. Pension Cost		
Normal Cost (with interest) % of Total Annual Payroll*	28.9	27.5
Administrative Expenses (with int.) % of Total Annual Payroll*	2.1	2.5
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years as of 10/1/12 (with interest) % of Total Annual Payroll*	50.1	52.6
Total Required Contribution % of Total Annual Payroll*	81.1	82.6
Expected Member Contributions % of Total Annual Payroll*	8.0	8.0
Expected District & State Contrib. % of Total Annual Payroll*	73.1	74.6
F. Past Contributions		
Plan Years Ending:	<u>9/30/2012</u>	
Total Required Contribution	\$ 799,445	
District and State Requirement	713,252	
Actual Contributions Made:		
Members	86,194	
District	661,628	
State	51,623	
Total	<u>799,445</u>	
<hr/>		
G. Net Actuarial Gain (Loss)	74,201	

* Contributions developed as of 10/1/12 are expressed as a percentage of total annual payroll at 10/1/12 of \$1,094,407.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2012	\$8,412,190
2013	8,494,862
2014	8,564,018
2019	8,640,098
2024	8,037,702
2034	3,407,734
2042	0

I. (i) 3 Year Comparison of Actual and Assumed Increases in Pensionable Earnings as of:

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2012	8.1%	7.0%
Year Ended	9/30/2011	5.2%	7.0%
Year Ended	9/30/2010	8.3%	6.5%

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

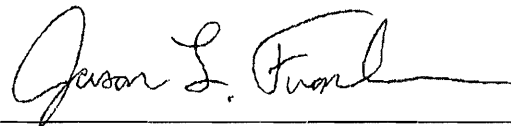
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2012	7.4%	7.75%
Year Ended	9/30/2011	0.4%	7.75%
Year Ended	9/30/2010	2.8%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2012	\$1,094,407
	10/1/2002	593,416
(b) Total Increase		84.4%
(c) Number of Years		10.00
(d) Average Annual Rate		6.3%

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.



Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #11-6888

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

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

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	<p>RP-2000 Mortality Table (Combined Healthy) with no projection. Disabled lives are set forward five years.</p> <p>Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.</p>
<u>Interest Rate</u>	7.75% per year compounded annually, net of investment related expenses.
<u>Retirement Age</u>	Age 55 and 10 years of Credited Service, or age 52 and 25 years of Credited Service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
<u>Early Retirement</u>	Commencing with the earliest Early Retirement Age (50), Members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.
<u>Disability Rate</u>	See table on following page (1201). It is assumed that 75% of disablements and active Member deaths are service related.
<u>Termination Rate</u>	See table on following page (1304A).
<u>Salary Increases</u>	7.0% per year until the assumed retirement age; see table on following page.
<u>Administrative Expenses</u>	\$22,075 annually.
<u>Payroll Increase</u>	3.5% per year.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method.
<u>Actuarial Asset Method</u>	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as a % of Salary at Age 57</u>
.			
20	0.03%	9.3%	8.2%
30	0.04%	7.9%	16.1%
40	0.07%	4.3%	31.7%
50	0.18%	1.1%	62.3%

VALUATION NOTES

Total Annual Payroll is the annual rate of pay for the fiscal year preceding 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.

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.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age .

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

- (c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.
- (d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Reconciliation of Unfunded Actuarial Accrued Liabilities

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2011	\$8,353,351
(2)	District and State Normal Cost Applicable for the year *	211,743
(3)	Interest on (1) and (2)	663,795
(4)	Sponsor Contributions to the System during the year ending September 30, 2012	713,251
(5)	Interest on (4)	29,247
(6)	Expected Unfunded Accrued Liability as of October 1, 2012	8,486,391
(7)	Change to UAAL due to Actuarial (Gain)/Loss	(74,201)
(8)	Unfunded Accrued Liability as of October 1, 2012	8,412,190

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2012 Amount</u>	<u>Amortization Amount</u>
Benefit Improv.	10/1/1999	17	175,639	13,982
Benefit Improv.	10/1/2001	19	291,940	21,544
Benefit Improv.	10/1/2002	20	866,646	61,832
Method Change	10/1/2006	24	877,796	55,904
Actuarial Loss	10/1/2006	24	853,192	54,337
Actuarial Loss	10/1/2007	25	281,310	17,492
Actuarial Loss	10/1/2008	26	577,611	35,117
Assum Change	10/1/2008	26	202,229	12,295
Method Change	10/1/2008	26	(99,419)	(6,044)
Benefit Improv.	10/1/2008	26	1,989,542	120,959
Actuarial Loss	10/1/2009	27	953,340	56,749
Benefit Improv.	10/1/2009	27	277,783	16,535
Actuarial Loss	10/1/2010	28	333,086	19,437
Assum Changes	10/1/2010	28	454,948	26,548
Actuarial Loss	10/1/2011	29	450,748	25,815
Actuarial Gain	10/1/2012	30	(74,201)	(4,175)
			<u>\$8,412,190</u>	<u>\$528,327</u>

* Includes \$24,687 for administrative expenses.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	4,098.53	_____ %
1999	20,782.77	407.1%
2000	8,815.32	-57.6%
2001	11,419.94	29.5%
2002	14,476.74	26.8%
2003	18,698.15	29.2%
2004	16,018.82	-14.3%
2005	19,156.56	19.6%
2006	28,570.91	49.1%
2007	43,058.82	50.7%
2008	54,556.78	26.7%
2009	38,584.60	-29.3%
2010	53,131.49	37.7%
2011	52,025.28	-2.1%
2012	51,623.31	-0.8%

EXCESS STATE MONIES RESERVE

	Regular Distribution			Special Distribution		
	<u>Actual State Contribution</u>	<u>"Frozen" Amount</u>	<u>Excess State Monies Reserve</u>	<u>Actual State Contribution</u>	<u>"Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	\$4,098.53	\$4,098.53	0.00	N/A	N/A	N/A
1999	20,782.77	4,098.53	16,684.24	0.00	0.00	0.00
2000	8,815.32	20,431.53	0.00	0.00	0.00	0.00
2001	11,419.94	20,431.53	0.00	0.00	0.00	0.00
2002	14,476.74	20,431.53	0.00	0.00	0.00	0.00
2003	18,698.15	20,431.53	0.00	0.00	0.00	0.00
2004	16,018.82	20,431.53	0.00	0.00	0.00	0.00
2005	19,156.56	20,431.53	0.00	0.00	0.00	0.00
2006	28,570.91	20,431.53	8,139.38	0.00	0.00	0.00
2007	43,058.82	113,574.53	0.00	0.00	0.00	0.00
2008	50,306.76	109,324.51	0.00	4,250.02	4,250.02	0.00
2009	26,273.65	275,197.58	0.00	12,310.95	12,310.95	0.00
2010	53,131.49	287,508.53	0.00	0.00	0.00	0.00
2011	52,025.28	287,508.53	0.00	0.00	0.00	0.00
2012	51,623.31	287,508.53	<u>0.00</u>	0.00	0.00	<u>0.00</u>
			24,823.62			0.00
	Accumulated Regular Excess		24,823.62			
	Accumulated Special Excess		<u>0.00</u>			
	Total Excess State Monies		24,823.62			
	Less Amounts Used to Help Fund 3.0% B.R. & Supplement:		(24,823.62)			
	Equals Current Reserve:		0.00			

Okaloosa Island Fire District
Firefighters' Retirement Trust Fund

BALANCE SHEET
September 30, 2012

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	91,758.99	91,758.99
Total Cash and Equivalents	91,758.99	91,758.99
Receivable:		
Member Contributions in Transit	3.20	3.20
Additional District Contributions	34,252.02	34,252.02
State Contributions	51,623.31	51,623.31
Accrued Income	20,926.82	20,926.82
Total Receivable	106,805.35	106,805.35
Investments:		
U S Govt/Govt Sponsored/Agency	515,989.20	554,716.03
Corporate Bonds/CMOs/REMICs	818,893.70	853,813.70
Corporate Stocks/REITs	1,620,014.73	2,078,406.74
Foreign/ADR Securities	742,384.83	830,850.68
Mutual Funds:		
Fixed Income	390,995.70	397,342.40
Total Investments	4,088,278.16	4,715,129.55
TOTAL ASSETS	4,286,842.50	4,913,693.89
<u>LIABILITIES AND NET ASSETS</u>		
Total Liabilities	0.00	0.00
Net Assets	4,286,842.50	4,913,693.89
TOTAL LIABILITIES AND NET ASSETS	4,286,842.50	4,913,693.89

Okaloosa Island Fire District
Firefighters' Retirement Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2012
Market Value Basis

REVENUES

Contributions:		
Member	86,193.54	
District	661,628.23	
State	51,623.31	
 Total Contributions		 799,445.08
Earnings from Investments		
Interest & Dividends	139,418.88	
Net Realized Gain (Loss)	30,429.60	
Unrealized Gain (Loss)	569,825.64	
 Total Earnings and Investment Gains		 739,674.12
	EXPENDITURES	
Expenses:		
Investment Related*	39,855.54	
Administrative	22,074.62	
 Total Expenses		 61,930.16
Distributions to Members:		
Benefit Payments	596,453.76	
Termination Payments	0.00	
 Total Distributions		 596,453.76
 Change in Net Assets for the Year		 880,735.28
 Net Assets Beginning of the Year		 4,032,958.61
 Net Assets End of the Year		 4,913,693.89

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

Okaloosa Island Fire District
Firefighters' Retirement Trust Fund

ACTUARIAL ASSET VALUATION
September 30, 2012

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*
9/30/09	4.43%
9/30/10	9.25%
9/30/11	-0.27%
9/30/12	16.71%

Annualized Rate of Return
for prior four (4) years: 7.35%

(A) 10/01/11 Actuarial Assets:	\$4,108,396.26
(I) Net Investment Income:	
1. Interest and Dividends	139,418.88
2. Realized Gains (Losses)	30,429.60
3. Change in Actuarial Value	178,586.66
4. Investment Related Expenses	(39,855.54)
Total	308,579.60
(B) 10/01/12 Actuarial Assets:	\$4,597,892.56

Actuarial Asset Rate of Return = $2I/(A+B-I)$: 7.35%

10/01/12 Limited Actuarial Assets: \$4,597,892.56

*Market Value Basis, net of investment related expenses.

Okaloosa Island Fire District
Firefighters' Retirement Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2012
Actuarial Asset Basis

REVENUES

Contributions:		
Member	86,193.54	
District	661,628.23	
State	51,623.31	
Total Contributions		799,445.08
Earnings from Investments		
Interest & Dividends	139,418.88	
Net Realized Gain (Loss)	30,429.60	
Change in Actuarial Value	178,586.66	
Total Earnings and Investment Gains		348,435.14
	EXPENDITURES	
Expenses:		
Investment Related*	39,855.54	
Administrative	22,074.62	
Total Expenses		61,930.16
Distributions to Members:		
Benefit Payments	596,453.76	
Termination Payments	0.00	
Total Distributions		596,453.76
Change in Net Assets for the Year		489,496.30
Net Assets Beginning of the Year		4,108,396.26
Net Assets End of the Year**		4,597,892.56

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

**Net Assets may be limited for actuarial consideration

Okaloosa Island Fire District
Firefighters' Retirement Trust Fund

Reconciliation of District's Shortfall Contribution for the
Fiscal Year Ended (FYE) September 30, 2012

(1) District and State Required Contribution Rate (from the revised October 1, 2010 Actuarial Valuation Report)	66.2%
(2) Pensionable Payroll Derived from Member Contributions	\$1,077,419.25
(3) Required District and State Contribution (Item 1 times Item 2)	713,251.54
(4) Less Allowable State Contribution	<u>(51,623.31)</u>
(5) Equals Required District Contribution	661,628.23
(6) Less Prepaid District Contribution Balance as of October 1, 2011	(127,376.21)
(7) Less Actual District Contributions	<u>(500,000.00)</u>
(8) Equals District's Shortfall Contribution as of September 30, 2012	\$34,252.02

ELIGIBILITY FOR RETIREMENT

Members are eligible for Normal Retirement based upon the following criteria:

- 1) Attained Age 55 with 10 Years of Credited Service
- or 2) Attained Age 52 with 25 Years of Credited Service

Members are eligible for Early Retirement based upon the following criteria:

- 1) Attained Age 50 with 10 Years of Credited Service

As of the date of this valuation, the following list of Members are eligible for:

<u>Normal Retirement</u>	<u>Early Retirement</u>
None	None

STATISTICAL DATA

(Averages are salary weighted)

<u>Active Members</u>	<u>10/1/2009</u>	<u>10/1/2010</u>	<u>10/1/2011</u>	<u>10/1/2012</u>
Number	18	19	18	18
Average Current Age	36.2	36.3	35.7	36.6
Average Age at Employment	25.0	25.2	25.9	25.9
Average Past Service	11.2	11.2	9.8	10.7
Average Annual Salary	\$53,158	\$56,426	\$56,227	\$60,800

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	0	0	0	3	0	1	0	0	0	0	0	4
30 - 34	0	0	1	2	0	5	0	0	0	0	0	8
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0
40 - 44	0	0	0	0	0	1	1	0	0	0	0	2
45 - 49	0	0	0	0	0	0	0	2	1	0	0	3
50 - 54	0	0	0	0	0	0	0	0	1	0	0	1
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
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	0	0	1	5	0	7	1	2	2	0	0	18

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/11	18
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 Retired	0
g. Voluntary withdrawal	0
h. Continuing participants	18
i. New entrants	0
j. Total active life participants in valuation	18

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

	<u>Service Retirees, Vested Receiving Benefits</u>	<u>DROP Retirees</u>	<u>Receiving Death Benefits</u>	<u>Receiving Disability Benefits</u>	<u>Vested Deferred</u>	<u>Total</u>
a. Number prior valuation	10	0	0	1	0	11
b. In	0	0	0	0	0	0
c. Out	0	0	0	0	0	0
d. Number current valuation	10	0	0	1	0	11

FIREFIGHTERS' RETIREMENT TRUST FUND
(Through Resolution No. 01-10)

<u>Eligibility</u>	Full-time employees who are classified as full-time certified firefighters shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the District as a Firefighter.
<u>Salary</u>	W-2 compensation (excluding lump sum payments of unused sick and vacation pay) plus tax exempt, tax sheltered, and tax deferred items of income.
<u>Average Final Compensation</u>	Average Salary for the best 3 years during the 5 years immediately preceding retirement or termination.
<u>Member Contributions</u>	8.0% of Salary.
<u>District and State Contributions</u>	Remaining amount required in order to pay current costs and amortize any unfunded past service cost as provided in Part VII of Chapter 112, F.S.
 <u>Normal Retirement</u>	
Date	Earlier of: 1) Age 55 and 10 years of Credited Service, or 2) Age 52 and 25 years of Credited Service.
Benefit	3.5% of Average Final Compensation <u>times</u> Credited Service.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<hr/>	
<u>Early Retirement</u>	
Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% for each year prior to Normal Retirement.

Supplemental Monthly Benefit

Normal and Early service retirees receive \$250 (reduced for Early) for life.

Cost-of-Living Increase

Normal or Early Retirees who retire after 3/18/2009 and their Beneficiaries or Joint Annuitants receive annual 3% benefit increases beginning the first 10/1 following 5 years of retirement and continuing for their life.

Vesting

Schedule

100% after 10 years of Credited Service.

Benefit Amount

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

Disability

Eligibility

Service Incurred

Covered from Date of Employment.

Non-Service Incurred

10 years of Credited Service.

Exclusions

Disability resulting from use of drugs, illegal participation in riots, service in military, etc.

Benefit

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (if Service Incurred).

Duration

Payable for life and ten years certain or until recovery (as determined by the Board).
Options available.

Death Benefits

Pre-Retirement

Vested

Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested

Refund of accumulated contributions without interest.

Post-Retirement

Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

Two District appointees, two Members of the Department elected by the membership, and a fifth Member elected by other 4 and appointed by the District.

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)
10/01/12	4,597,893	13,010,083	8,412,190	35.34%	1,094,407	768.65%
10/01/11	4,108,396	12,461,747	8,353,351	32.97%	1,012,090	825.36%
10/01/10	3,592,929	11,641,640	8,048,711	30.86%	1,072,093	750.75%
10/01/09	2,944,135	9,992,246	7,048,111	29.46%	1,202,184	586.28%
10/01/08	2,790,791	6,711,910	3,921,119	41.58%	871,576	449.89%
10/01/07	2,561,972	5,707,434	3,145,462	44.89%	735,534	427.64%
10/01/06	1,813,997	4,689,359	2,875,362	38.68%	663,012	433.68%

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	District Contribution	State Contribution	Percentage Contributed
2012	713,252	661,628	51,623	100.00%
2011	916,862	864,837	52,025	100.00%
2010	800,694	747,563	53,131	100.00%
2009	298,513	259,928	38,585	100.00%
2008	267,228	212,671	54,557	100.00%
2007	268,901	297,994 **	43,059	126.83%
2006	250,656	231,624	20,432 *	100.56%

* Frozen, per Chapter 175, Florida Statutes, as amended.

** Does not include the \$450,000 deposited to help fund Resolution #01-07.

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/12

District and State	66.2%	
Plan Members	8.0%	
Annual Pension Cost	711,408	*
Contributions made	713,251	*
Actuarial valuation date	10/1/2010	
Actuarial cost method	Entry Age Normal	
Amortization method	Level percentage of pay, closed	
Remaining amortization period	30 Years	
Asset valuation method	4 Year Smooth (Market)	
Actuarial assumptions:		
Investment rate of return	7.75%	
Projected salary increase*	7.0%	
* Includes inflation at	3.0%	
Post Retirement COLA	3% (Following 5 years of Retirement)	

THREE YEAR TREND INFORMATION

<u>Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/2012	711,408	100%	(88,710)
9/30/2011	868,058	100%	(86,867)
9/30/2010	752,750	99%	(90,088)

* Beginning October 1, 2012, this includes both City and State contributions.

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 recent development of the Net Pension Obligation is as follows:

	<u>9/30/09</u>	<u>9/30/10</u>	<u>9/30/11</u>	<u>9/30/12</u>
Actuarially Determined				
Contribution (A)		747,563	864,837	713,252 *
Interest on NPO		(7,622)	(7,207)	(6,732)
Adjustment to (A)		12,809	10,428	4,888
		-----	-----	-----
Annual Pension Cost		752,750	868,058	711,408
Contributions Made		747,563	864,837	713,251 *
		-----	-----	-----
Increase in NPO		5,187	3,221	(1,843)
NPO Beginning of Year		(95,276)	(90,088)	(86,867)
		-----	-----	-----
NPO End of Year	(95,276)	(90,088)	(86,867)	(88,710)

* Beginning October 1, 2012, this includes both City and State contributions.

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, non-vested, 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	\$7,801,825
Actives	2,151,753
Member Contributions	<u>526,302</u>
Total	10,479,880
Non-Vested Accrued Benefits	<u>202,329</u>
Total Present Value of Accrued Benefits	\$10,682,209