

CITY OF TALLAHASSEE
RETIREMENT SYSTEM REPORT
For Fiscal Year Ending September 30, 2011



ADMINISTRATION

BOARD OF TRUSTEES

John Marks	Mayor
Gil Ziffer	Mayor Pro-Tem
Andrew Gillum	Commissioner
Mark Mustian	Commissioner
Nancy Miller	Commissioner
Joani Chase	Police /Fire Representative

INVESTMENT ADVISORY COMMITTEE

Carl Munson	Member
William McCloud	Member
Kim Davis	Member

SINKING FUND COMMISSION

Includes the five members of the City Commission and the Investment Advisory Committee

GENERAL EMPLOYEES' PENSION ADVISORY BOARD

Jeff Granger	Chair
David Waddell	Vice-Chair
Shenika McNear	Member
Ed Young	Member
Nita Kirkpatrick	Member
Bill Leseman	Member

FIREFIGHTERS' PENSION ADVISORY BOARD

Granville Knowles	Chair
Mike Bellamy	Member
Jarvis Bedford	Member

POLICE OFFICERS' PENSION ADVISORY BOARD

Tracy Clark	Chair
John Beeman	Member
Gerry Barrett	Member

TREASURER-CLERK'S OFFICE

Jim Cooke

City Treasurer-Clerk

RETIREMENT ADMINISTRATION DIVISION

Darrell Thompson, Jr.

Retirement Administrator

Jean Love

Administrative Supervisor

Kim Kilgore

Administrative Supervisor

Tawanna Morris

Retirement Benefits Analyst

Michelle Karnes

Retirement Benefits Analyst

Kimberley Gilmore

Retirement Benefits Analyst

Angel Charlton

Administrative Specialist I

CONSULTING AND ACTUARIAL FIRM

Buck Consultants, Inc.

PERFORMANCE MONITOR

Segal Advisors

THIRD PARTY ADMINISTRATORS

Defined Contribution Plan 401(k) - MAP Prudential

Deferred Compensation Plan 457 - RSVP Prudential

Deferred Compensation Plan 457 – ICMA International City Management
(old accounts): Association - Retirement Corporation

**CITY OF TALLAHASSEE
RETIREMENT SYSTEM REPORT
For Fiscal Year Ending September 30, 2011**

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DEFINED BENEFIT PLAN STATISTICS

<i>FY 2011</i>	General	Police	Fire	Total
New Participants	115	14	18	147
Participant Terminations	65	9	4	78
Deceased Active Participants	1	0	0	1
Retired Participants	95	14	7	116
Disability Retirees	2	1	0	3
Deceased Retirees	23	2	8	33
Vested Participants	7	4	1	12
DROP Participants	32	10	21	63

<i>Overall Trends</i>	FY07	FY08	FY09	FY10	FY11
Active Employees:					
General Employees	2,199	2,164	2,027	1,998	1,997
Police Officers	357	356	332	318	314
Firefighters	237	235	232	235	228
Total	2,793	2,755	2,591	2,551	2,539
Retirees & Beneficiaries:					
General Employees	874	900	983	1,038	1,115
Police Officers	121	131	138	145	153
Firefighters	126	127	131	142	146
Total	1,121	1,158	1,252	1,325	1,414
Average Age @ Hire					
General Employees	-	-	-	34	39
Police Officers	-	-	-	27	28
Firefighters	-	-	-	28	27
Average Age @ Retirement:					
General Employees	56	57	57	56	57
Police Officers	53	53	52	53	52
Firefighters	53	53	52	53	53
Average Years of Service:					
General Employees	24	24	24	24	24
Police Officers	26	26	26	27	26
Firefighters	28	28	28	30	28
Average Monthly Payment:					
General Employees	\$2,184	\$2,302	\$2,201	\$2,205	\$2,464
Police Officers	\$3,516	\$3,706	\$3,879	\$3,871	\$4,082
Firefighters	\$3,286	\$3,425	\$3,538	\$3,623	\$3,828
Vested Retirees:					
General Employees	203	213	226	225	210
Police Officers	33	33	34	33	36
Firefighters	4	6	7	5	6
Total	240	252	267	263	252

MAP 401(k) DEFINED CONTRIBUTION PLAN STATISTICS

	FY07	FY08	FY09	FY10	FY11
Active Participants:					
General Employees	2,292	2,285	2,122	2,173	2,108
Police Officers	230	215	201	203	182
Firefighters	152	149	140	142	127
Vested Participants	921	953	1,038	1,115	1,202
Total	3,595	3,602	3,501	3,633	3,619
Average Biweekly Contributions (%):					
General Employees Matched	4.62	4.63	4.60	4.27	4.29
General Employees Unmatched	4.88	4.39	5.42	5.62	5.32
Police Officers	5.79	5.86	5.64	5.70	5.42
Firefighters	5.45	5.29	5.73	5.51	5.21
Retirees Receiving Monthly 401(k):					
General Employees	359	391	426	470	574
Police Officers	13	14	14	15	16
Firefighters	15	14	15	21	20
Total	387	419	455	506	610
Average Monthly Payment:					
General Employees	\$597	\$620	\$637	\$641	\$657
Police Officers	\$363	\$376	\$212	\$384	\$344
Firefighters	\$230	\$240	\$218	\$226	\$236

RSVP 457 DEFERRED COMPENSATION PLAN STATISTICS

	FY07	FY08	FY09	FY10	FY11
Active Participants:	1,360	1,207	1,329	1,393	1,320
Average Biweekly Contributions (%):					
General Employees	5.63	4.92	6.14	5.90	5.74
Police Officers	6.95	6.72	6.89	6.96	6.58
Firefighters	5.71	5.69	5.92	5.30	5.42

OTHER PLAN STATISTICS

	FY07	FY08	FY09	FY10	FY11
Pre-Retirement Counseling Sessions:					
General	424	313	467	383	331
Police Officers	32	88	42	43	63
Firefighters	55	34	55	37	54
Total	511	435	564	463	448
Temporary Employees:					
Active	327	417	402	377	489
Terminated	458	373	296	388	422
Transferred to Permanent Position	36	35	28	46	42

SUMMARY OF ACTIVITY
For Fiscal Year Ending September 30, 2011

- Annual Pension Statements, Summary Plan Descriptions and Summary Plan Modifications were distributed to participants this year. This is an ongoing effort to transition to an electronic version of Annual Pension Statements that can be accessed through the City's HRMS Self-Service module. As well as providing convenient access to pension information, the electronic pension statements greatly reduce costs by eliminating printing and mailing statements.
- Annual cost of living increases were implemented for eligible retirees and beneficiaries. In addition, 6% interest was credited to all active and vested participants' pension accounts. We also eliminated the cost of printing and mailing individual COLA notices; a message advising of the adjustment is now printed on the earnings statement in which the COLA is effective.
- We had 134 requests for buyback calculations in FY 2011, with 1,528 requests since inception. Of those calculated in FY 2011, 56 purchased one or more types of service, totaling just over \$1,494,588. Since inception, over \$9,955,500 has been paid to purchase additional service.
- The City Auditor's Office is conducting its annual audit of pension disbursements for the period July 1, 2009 through June 30, 2011. The auditors selected samples and applied criteria designed to address their independent objectives. The retirement staff is working with the auditors to educate, train and assist during this audit, which has not yet been completed.
- Our website on the City's Talgov.com has been a hit. This past year we have updated calculators and expanded our forms and information page. This comprehensive website includes information for both active employees and retirees. Now, with the click of a mouse, our participants have immediate access to their pension plan guides, the latest pension news and updates, and electronic forms that can either be submitted to our office electronically or printed off and mailed, and calculators that provide the current status and balance of their retirement accounts. The website also provides staff of the retirement office convenient access to the resources they need to complete vital tasks all in one location.
- There were 33 New Employee Orientation sessions conducted during FY 2011 with 151 new or rehired employees in attendance. In addition, pension information was presented during each of the quarterly New Employee Orientation review sessions that were conducted by Human Resources.

SUMMARY OF ACTIVITY - CONTINUED

- During the FY11 Health Insurance Open Enrollment, educational materials were processed and mailed out to the over 950 retirees who participate in the City's Health Insurance Plan. Medicare continues to present additional challenges with additional processing requirements.

Defined Contribution, Deferred Compensation and Supplemental Share Plans

- Terry Coon, the City's in house Prudential representative, continues to make himself available to all of our participants. His services as a Retirement Education Specialist are available to both retirees and active employees. This fiscal year, he met with approximately 702 participants either individually or in groups. As in past years, Mr. Coon has established himself as an invaluable resource for the City of Tallahassee.
- Prudential's "Goal Maker" service continues to be a popular investment tool for employees. This service helps participants select a retirement plan investment strategy specific to their risk tolerance, retirement time horizon and financial goals. As an optional feature, it can also manage the balancing and re-allocation of investment funds as an employee moves closer to retirement.

401(k) - Matched Annuity Pension (MAP)

- The MAP 401(k) Loan Program continues to be popular with employees and retirees. There were 352 new loans in FY 2011, bringing the total to over 4,246 since inception.

457 - Deferred Compensation Plan (RSVP)

- The RSVP loan program also continues to be a popular program. There were 103 new loans in FY 2011, bringing the total to 422 since its inception in FY05.
- In March 2011, we processed refunds for approximately 416 terminated temporary employees. The Temporary Employees Deferred Compensation Plan (Temp-DC Plan) was established in 1994 as an alternative retirement plan for temporary employees. This plan continues to save the City over \$300,000 annually.

SUMMARY OF ACTIVITY - CONTINUED

Fire and Police Supplemental Share Plans

- We completed the annual distribution of the 175/185 shares to all eligible Police Officers and Firefighters. These supplemental share plans were established to receive money from the State of Florida and distribute it to all Police Officers and Firefighters with at least five years of service with the City. Set up as 401(a) share plans that are administered by Prudential, the number of shares each participant receives is determined by their years of service. The 2011 amount received for Firefighters was \$934,493.70. The 2011 amount received for Police Officers was \$1,026,735.92. Share amounts are contingent upon the amount received from the state each year and the total number of shares that are distributed each October 1st.

Other Activities

- The 21st Annual Retiree Appreciation dinner was held at the North Florida Fairgrounds. Over 300 retirees and their spouses attended, and enjoyed a delicious barbeque dinner. We were once again honored to have the Police and Fire Color Guard kick off the event, and of course, everyone brought their favorite desserts to share. There was a great selection of door prizes that were generously donated by the City of Tallahassee Retirement Office, Stormwater, and Parks and Recreation, Prudential, Capital Health Plan, Prudential, Blue Cross and Blue Shield, and Harvest Printing. Many of the Pension Advisory Board Members, Appointed Officials, and Elected Officials attended this year's dinner and served the retirees a great meal.

<p>DEFINED BENEFIT PLAN STATEMENT OF CHANGES IN NET ASSETS For Fiscal Year Ending September 30, 2011</p>

BEGINNING NET ASSETS - OCTOBER 1, 2010 (Re-stated)	<u>\$ 1,003,738,681</u>
Increases in Net Assets:	
Net Appreciation In Fair Value of Investments	2,187,562
Interest and Dividends	12,037,335
Securities Lending Income	97,698
Commission Recapture Income	-0-
Less Investment Expense	(5,081,857)
City Contributions	17,657,393
Employee Contributions	9,419,539
State Contributions	118,750
TOTAL INCREASE IN NET ASSETS	<u>36,436,420</u>
Decreases in Net Assets:	
Benefit Payments	(52,351,105)
Refund of Employee Contributions and Interest	(512,796)
Administrative Expenses	(829,609)
TOTAL DECREASE IN NET ASSETS	<u>(53,693,510)</u>
NET CHANGE IN NET ASSETS	<u>(17,257,090)</u>
ENDING NET ASSETS - SEPTEMBER 30, 2011	<u>\$ 986,481,591</u>

DEFINED BENEFIT PLAN BALANCE SHEET For Fiscal Year Ending September 30, 2011

ASSETS:

Equity in Pooled Investment Account	\$ 3,028,322
Investments	986,404,657
Accrued Interest Receivable	1,600,498
Accounts Receivable	0
Securities Lending Collateral	46,822,000
Open Sales	<u>65,553,382</u>

TOTAL ASSETS	<u>\$1,103,408,859</u>
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LIABILITIES AND NET ASSETS:

Obligation Under Securities Lending	\$ 46,822,000
Open Purchases	<u>70,105,268</u>

TOTAL LIABILITIES	\$116,927,268
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Net Assets – Reserved for Employee Retirement Plans	<u>\$986,481,591</u>
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TOTAL LIABILITIES AND NET ASSETS:	<u>\$1,103,408,859</u>
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DEFINED BENEFIT PLAN ASSET SUMMARY For Fiscal Year Ending September 30, 2011

<u>DEFINED BENEFIT:</u>	<u>10/1/2010</u>	<u>9/30/2011</u>
Book Value	\$ 905,320,993	\$ 938,361,751
Market Value	\$ 1,009,792,318	\$ 983,644,469

TOTAL FUND RETURN - FY 2011 0.12%

<u>INDIVIDUAL MANAGERS:</u>	<u>Annual Return</u>
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EQUITY

Davis Select Advisors	-0.89 %
Goldman Sachs	-2.25 %
NCM Capital Management	-6.84 %
Cadence Capital Management	4.23 %
SSGA S&P 500 Index	1.18 %
TimeSquare Capital Management	-3.79 %
WEDGE Capital Management	-3.45 %
Systematic Financial Management	-5.29 %

FIXED INCOME

Pyramis	5.93 %
Metropolitan West Asset Management	1.83 %

REAL ESTATE

Heitman Value Partners	18.66 %
JP Morgan REIT	-0.52 %
JP Morgan SPF	18.07 %
AEW Partners V	16.71 %
Allegis	18.72 %
TA Realty Fund IX	12.59 %

INTERNATIONAL

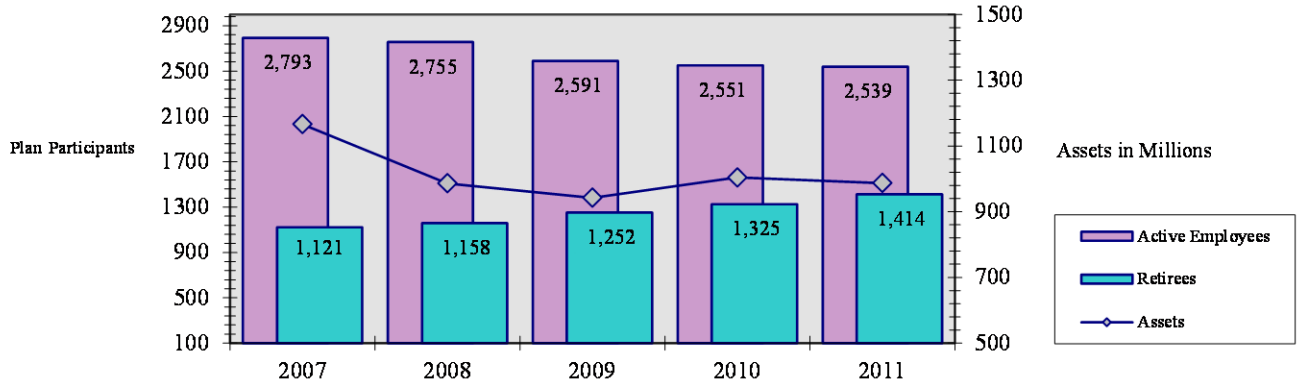
Artisan Partners	-7.90 %
Alliance Bernstein	-14.86 %

CASH

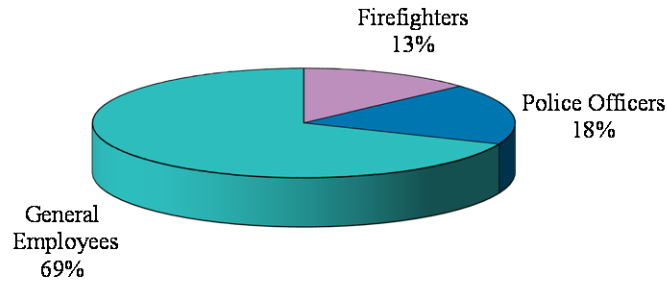
Master Acct	.15 %
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DEFINED BENEFIT PLAN ASSET SUMMARY CHARTS

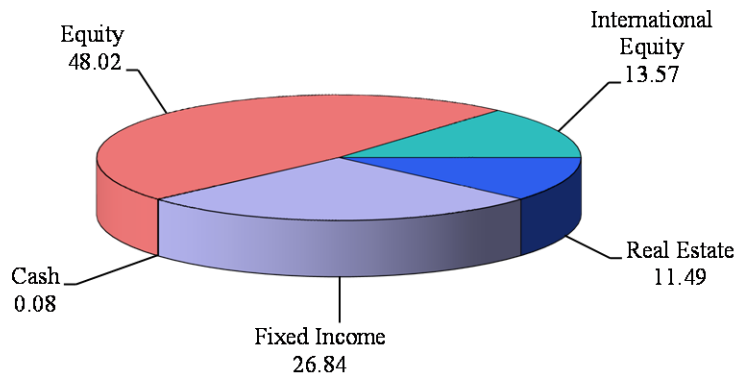
Asset and Participant Growth



Assets by Class of Employee



Distribution of Assets by Investment Type



**DEFINED CONTRIBUTION PLAN
401(k) MATCHED ANNUITY PENSION (MAP)
STATEMENT OF CHANGES IN NET ASSETS
For Fiscal Year Ending September 30, 2011**

BEGINNING NET ASSETS - OCTOBER 1, 2010	<u>\$ 293,878,813</u>
Increases in Net Assets:	
Net Appreciation In Fair Value of Investments	3,405,612
City Contributions	7,909,886
Employee Contributions	6,913,199
Loan Repayments (Principal and Interest)	2,980,439
TOTAL INCREASE IN NET ASSETS	<u>21,209,136</u>
Decreases in Net Assets:	
Refund of Employee Contributions and Interest	(9,062,508)
Loan Initiations, Fees and Forfeitures	(3,403,088)
Miscellaneous Transactions	1,679
TOTAL DECREASE IN NET ASSETS	<u>(12,463,917)</u>
NET CHANGE IN NET ASSETS	<u>8,745,219</u>
ENDING NET ASSETS - SEPTEMBER 30, 2011	<u>\$ 302,624,032</u>

**DEFINED CONTRIBUTION PLAN
401(k) MATCHED ANNUITY PENSION (MAP)
ASSET SUMMARY
For Fiscal Year Ending September 30, 2011**

<u>DEFINED CONTRIBUTION:</u>	<u>10/1/2010</u>	<u>9/30/2011</u>
Investments	\$293,878,814	\$302,624,032

<u>INDIVIDUAL MANAGERS:</u>	<u>Annual Return</u>
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EQUITY

Prudential International Value Fund	-10.94%
Vanguard Institutional Index Fund	1.12%
Davis NY Venture Fund	-4.93%
Dreyfus Third Century Fund, Inc	1.80%
Prudential Jennison Growth Fund	4.46%
Allianz NFJ Small Cap Value Fund	1.13%
Pioneer Oak Ridge Small Cap Growth Fund	5.23%
Oppenheimer Developing Markets	-13.78%
Goldman Sachs Mid Cap Value Fund	-4.92%
Goldman Sachs Growth Opprotunities Fund A	-8.41%

MANAGED

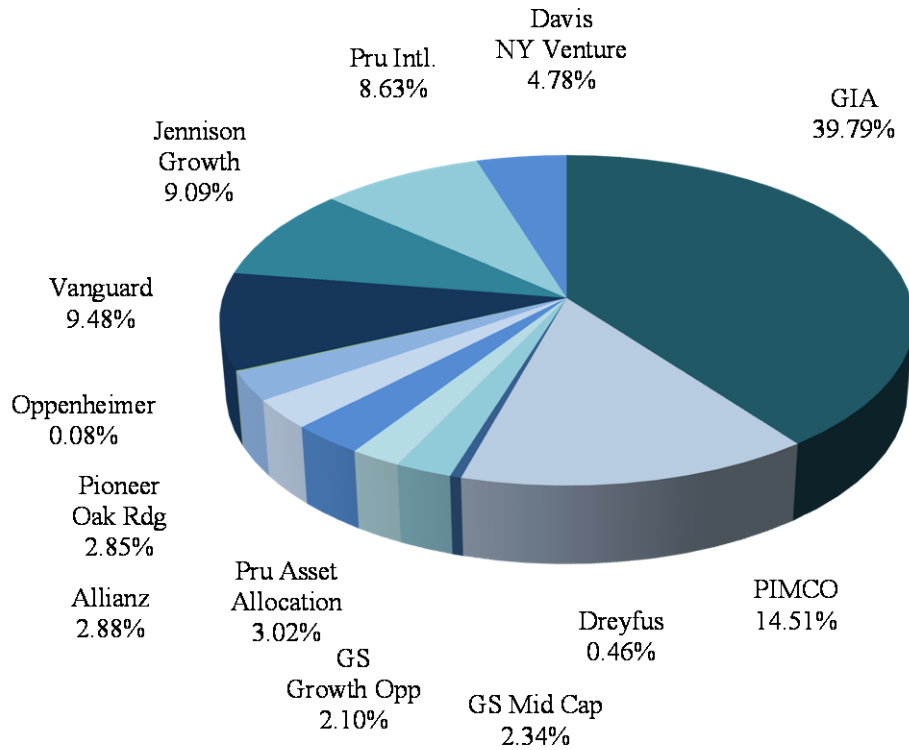
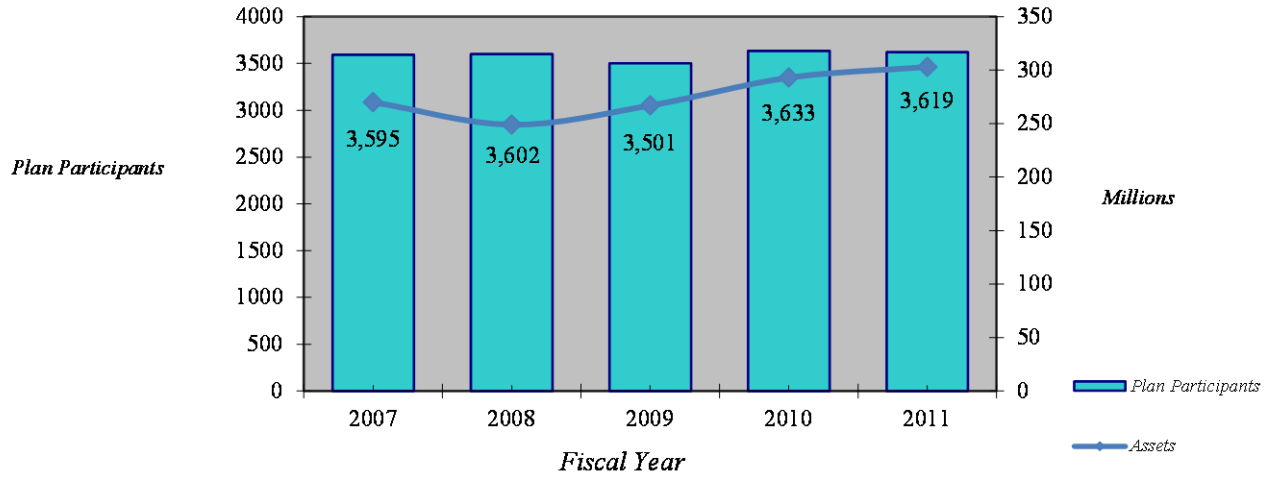
Prudential Asset Allocation Fund	2.19%
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FIXED INCOME

PIMCO Total Return Fund	0.71%
Tallahassee Guaranteed Income Account	3.73%

**DEFINED CONTRIBUTION PLAN
401(k) MATCHED ANNUITY PENSION (MAP)
ASSET SUMMARY CHARTS**

401(k) Asset and Participant Growth



DEFERRED COMPENSATION PLAN (457) STATEMENT OF CHANGES IN NET ASSETS For Fiscal Year Ending September 30, 2011
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RSVP

BEGINNING NET ASSETS - OCTOBER 1, 2010	<u>\$ 29,240,147</u>
Increases in Net Assets:	
Interest and Dividends	189,817
Contributions	4,119,245
Loan Repayments (Principal and Interest)	429,986
TOTAL INCREASE IN NET ASSETS	4,739,048
Decreases in Net Assets:	
Disbursements	(1,804,695)
Loan Initiations and Fees	(669,431)
Miscellaneous Transactions	(970)
TOTAL DECREASE IN NET ASSETS	(2,475,096)
NET CHANGE IN NET ASSETS	2,263,952
ENDING NET ASSETS - SEPTEMBER 30, 2011	\$ 31,504,100

ICMA

BEGINNING NET ASSETS - OCTOBER 1, 2010	<u>\$ 4,132,022</u>
Increases in Net Assets:	
Interest and Dividends	48,216
TOTAL INCREASE IN NET ASSETS	48,216
Decreases in Net Assets:	
Disbursements	(733,840)
TOTAL DECREASE IN NET ASSETS	(733,840)
NET CHANGE IN NET ASSETS	(685,624)
ENDING NET ASSETS - SEPTEMBER 30, 2011	\$ 3,446,398

**DEFERRED COMPENSATION PLAN (457)
ASSET SUMMARY CHARTS**

457 Assets Invested with Prudential

