CITY OF HOLLY HILL
POLICE OFFICERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2000

CONTRIBUTIONS APPLICABLE TO THE CITY'S
FISCAL YEAR ENDED SEPTEMBER 30, 2001

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SECTION I

INTRODUCTION

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Holly Hill Police Officers' Retirement Trust Fund, performed as of October 1, 2000, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the City's fiscal year ended September 30, 2001.

The contribution requirements, compared with those set forth in the September 27, 2000, Actuarial Impact Statement (developed as of October 1, 1999), are as follows:

	10/1/99	10/1/00
Total Required Contribution	$194,540	$148,674
% of Total Annual Payroll	22.4%	20.0%
Member Contributions (Est.)	97,464	83,430
Member Contributions by City (Est.)	69,617	59,593
Applicable State Contribution	45,177	45,177
Balance from City	0	0
% of Total Annual Payroll	0.0%	0.0%

As can be seen, the Total Required Contribution has decreased both as a dollar amount and when expressed as a percentage of Total Annual Payroll. These decreases are the result of net favorable actuarial experience during the past 12 months. The primary components of favorable experience included an investment return of 14.1% which exceeded the 8.0% assumption and average salary increases that were less than the assumed rate.

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: Ward V. Foster, Jr.

Ward V. Foster, Jr., ASA, MAAA

Comparative Summary of Principal Valuation Results

	10/1/00	10/1/99
A. Participant Data		
Number Included		
Actives	23	26
Service Retirees	8	6
Beneficiaries	0	0
Terminated Vested	0	0
Disability Retirees	3	3
Total	34	35
Total Annual Payroll	$744,912	$870,214
Payroll Under Assumed Ret. Age	744,912	870,214
Annual Rate of Payments to:		
Service Retirees	226,690	151,445
Beneficiaries	0	0
Terminated Vested	0	0
Disability Retirees	40,224	40,224
B. Assets		
Actuarial Value	5,500,526	4,911,757
Market Value	5,500,526	4,911,757
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	3,409,126	3,985,622
Disability Benefits	45,877	53,237
Death Benefits	40,317	43,830
Vested Benefits	248,119	313,820
Refund of Contributions	87,500	106,669
Service Retirees	2,465,710	1,614,190
Beneficiaries	0	0
Terminated Vested	0	0
Disability Retirees	409,079	415,081
Total	6,705,728	6,532,449

	10/1/00	10/1/99
C. Liabilities - (Continued)		
Liabilities Due and Unpaid	$0	$0
Present Value of Future Salaries (Attained Age)	6,001,829	6,907,110
Present Value of Future Salaries (Entry Age)	9,801,681	11,601,051
Present Value of Future Member Contributions	672,205	773,596
Present Value of Future Normal Costs (Entry Age)	1,318,692	1,503,057
Actuarial Accrued Liability	6,064,771	5,496,630
Unfunded Actuarial Accrued Liability (UAAL)	564,245	584,873
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	2,874,789	2,029,272
Actives	851,798	1,114,416
Member Contributions	422,094	424,608
Total	4,148,681	3,568,296
Non-vested Accrued Benefits	54,618	70,230
Total Present Value Accrued Benefits	4,203,299	3,638,527
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	575,064	
Benefits Paid	(289,782)	
Interest	279,491	
Other	0	
Total:	564,772	

	10/1/00	10/1/99
E. Pension Cost		
Normal Cost (with interest)	$99,790	$154,129
% of Total Annual Payroll*	13.4	17.7
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years (as of 10/1/00) 2029	48,884	40,411
% of Total Annual Payroll*	6.6	4.6
Total Required Contribution	148,674	194,540
% of Total Annual Payroll*	20.0	22.4
Expected Member Contributions	83,430	97,464
% of Total Annual Payroll*	11.2	11.2
Expected City for Member Contr.	59,593	69,617
% of Total Annual Payroll*	8.0	8.0
Expected City & State Contrib.	5,651	27,459
% of Total Annual Payroll*	0.8	3.2

F. Past Contributions

Plan Years Ending:	9/30/00
Total Required Contribution	$ 193,630
City and State Requirement	26,549
Actual Contributions Made:	
Members	165,310
City	0
State	45,177
Total	210,487

G. Net Actuarial Gain (Loss) N/A

* Contributions developed as of 10/1/00 are expressed as a percentage of projected annual payroll at 10/1/00 of $744,912

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

Year	Projected Unfunded Accrued Liability
2000	$564,245
2001	558,621
2002	552,474
2007	512,302
2012	451,119
2022	221,615
2029	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		Actual	Assumed
Year Ended	9/30/00	3.3%	7.5%
Year Ended	9/30/99	3.6%	7.5%
Year Ended	9/30/98	2.7%	7.5%

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

		Actual	Assumed
Year Ended	9/30/00	14.1%	8.0%
Year Ended	9/30/99	11.3%	8.0%
Year Ended	9/30/98	2.2%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/00	$744,912
	10/1/92	736,410
(b) Total Increase		1.2%
(c) Number of Years		8.00
(d) Average Annual Rate		0.1%

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.

Ward V. Foster, Jr. 4/26/01
Ward V. Foster, Jr., ASA, EA, MAAA
Enrolled Actuary #99-2808

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
Cedars Executive Center, Bldg. C
2639 North Monroe Street
Tallahassee, FL 32303

SECTION II

VALUATION INFORMATION

Reconciliation of Unfunded Actuarial Accrued Liabilities

(1)	Unfunded Actuarial Accrued Liability as of October 1, 1999	$584,873
(2)	City and State Normal Cost Applicable for the year *	(19,756)
(3)	Interest on (1) and (2)	45,209
(4)	Sponsor Contributions to the System during the year ending September 30, 2000	45,177
(5)	Interest on (4)	904
(6)	Unfunded Accrued Liability as of October 1, 2000 (1)+(2)+(3)-(4)-(5)	$564,245

	Date Established	Years Remaining	10/1/00 Amount	Amortization Amount
"A"	10/1/93	23	$109,333	$9,652
"B"	10/1/96	26	$33,303	$2,818
"C"	10/1/99	29	$421,609	$34,534
			$564,245	$47,004

*Includes $17,700 for administrative expenses.

ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

Assumptions

Mortality Rate	1983 GAM Table - Sex Distinct.
Termination Rates	See Tables below. (W-1302)
Disability Rates	See Tables below. (D-1201)
Retirement Age	Earlier of Age 55 and the completion of 10 years of service or the completion of 20 years of service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement	Commencing with eligibility for Early Retirement (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Interest Rate	8% per year, compounded annually, net of investment related expenses.
Salary Increases	7 1/2% per year up to the assumed retirement age; see Table below. Projected salary at retirement is increased 20% to account for non-regular payments.
Administration Expenses	$16,400 annually.
Payroll Growth	3.0% per year (0.1% for 10/1/00 valuation based on actual experience).

Age	% Terminating During the Year	% Becoming Disabled During the Year	Current Salary as a % of Salary at Age 50
20	6.0%	0.03%	12.3%
30	5.0	0.04	25.3
40	2.6	0.07	52.1
50	0.8	0.18	100.0

Funding Method

Frozen Entry Age Actuarial Cost Method.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the year following 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.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Accrued Liability is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service.

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.

Frozen Entry Age Method is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Actuarial Accrued (Past Service) Liability. See the "Reconciliation of Unfunded Actuarial Accrued Liability" for details regarding the current status of the liability.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

Received During Fiscal Year	Amount	Increase from Previous Year
1983	19,800.87	____%
1984	24,982.17	26.2%
1985	26,920.47	7.8%
1986	32,117.88	19.3%
1987	39,150.60	21.9%
1988	39,450.32	0.8%
1989	39,967.33	1.3%
1990	41,108.50	2.9%
1991	42,016.95	2.2%
1992	40,235.97	-4.2%
1993	42,044.77	4.5%
1994	43,894.29	4.4%
1995	48,205.39	9.8%
1996	47,682.87	-1.1%
1997	51,189.90	7.4%
1998	51,838.81	1.3%
1999	48,759.83	-5.9%
2000	45,177.19	-7.3%

SECTION III

TRUST FUND

City of Holly Hill
Municipal Police Officers' Retirement Trust Fund

BALANCE SHEET
September 30, 2000

ASSETS	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Cash and Short Term Investments	368,020.48	368,020.48
Petty Cash	50.00	50.00
Total Cash and Equivalents	368,070.48	368,070.48
Receivables:		
Member Contributions in Transit	966.71	966.71
City Contributions in Transit	637.44	637.44
State Contributions	45,177.19	45,177.19
Accrued Income	22,696.20	22,696.20
Total Receivables	69,477.54	69,477.54
Investments:		
Federal Agency Guaranteed Securities	672,691.74	670,959.75
Corporate Bonds	1,179,805.15	1,150,647.35
Corporate Stocks	2,427,114.24	3,241,370.51
Total Investments	4,279,611.13	5,062,977.61
TOTAL ASSETS	4,717,159.15	5,500,525.63
LIABILITIES AND NET ASSETS		
Liabilities:		
Total Liabilities	0.00	0.00
Net Assets:		
Members' Equity	4,717,159.15	5,500,525.63
Total Net Assets	4,717,159.15	5,500,525.63
TOTAL LIABILITIES AND NET ASSETS	4,717,159.15	5,500,525.63

City of Holly Hill
Municipal Police Officers' Retirement Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2000
Market Value Basis

INCOME		
Contributions:		
Member	95,853.91	
City for Members	69,455.86	
State	45,177.19	
Total Contributions:		210,486.96
Earnings from Investments		
Interest & Dividends	157,722.19	
Net Realized Gain (Loss)	4,530.93	
Unrealized Gain (Loss)	572,496.07	
Total Earnings and Investment Gains		734,749.19
EXPENSES		
Administrative Expenses:		
Investment Related*	50,382.87	
Other	16,301.84	
Total Expenses		66,684.71
Distributions to Members:		
Benefit Payments	190,469.28	
Return of Contributions	99,313.16	
Total Distributions		289,782.44
Change in Net Assets for the Year		588,769.00
Net Assets Beginning of the Year		4,911,756.63
Net Assets End of the Year		5,500,525.63

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

SECTION IV

MEMBER STATISTICS

ELIGIBILTY FOR RETIREMENT

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

1) Attained Age 55 with 10 Years of Credited Service
2) 20 Years of Credited Service regardless of Age

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 Member are eligible for:

Normal Retirement	Early Retirement
None	Dees, M. W.
	Patton, J. A.

STATISTICAL DATA

(Averages are salary weighted)

Active Members	10/1/98	10/1/99	10/1/00
Number	25	26	23
Average Current Age	38.4	38.8	39.1
Average Age at Employment	29.1	29.4	30.1
Average Past Service	9.4	9.5	9.0
Average Annual Salary	$31,854	$33,470	$32,387

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	2	0	1	0	0	0	0	0	0	0	0	3
25 - 29	1	0	1	0	0	0	0	0	0	0	0	2
30 - 34	2	0	1	0	0	1	0	0	0	0	0	4
35 - 39	0	1	0	1	1	1	2	0	0	0	0	6
40 - 44	1	0	0	0	0	0	0	1	0	0	0	2
45 - 49	0	0	0	0	0	0	1	1	0	0	0	2
50 - 54	0	0	0	0	0	1	2	1	0	0	0	4
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	6	1	3	1	1	3	5	3	0	0	0	23

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a.	Number in prior valuation 10/1/99	26
b.	Terminations	
	i. Vested (partial or full) with deferred benefits	0
	ii. Non-vested or full lump sum distribution received	7
c.	Deaths	
	i. Beneficiary receiving benefits	0
	ii. No future benefits payable	0
d.	Disabled	0
e.	Retired	2
f.	Voluntary withdrawal	0
g.	Continuing participants	17
h.	New entrants	6
i.	Total active life participants in valuation	23

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

	Service Retirees, Vested Receiving Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested Deferred	Total
a. Number prior valuation	6	0	3	0	9
b. In	2	0	0	0	2
c. Out	0	0	0	0	0
d. Number current valuation	8	0	3	0	11

SECTION V

SUMMARY OF PLAN PROVISIONS

SUMMARY OF CURRENT PLAN

Eligibility	Full-time employees who are classified as full-time sworn police officers shall participate in the System as a condition of employment.
Credited Service	Total years and fractional parts years of continuous employment with the City as a Police Officer.
Earnings	Total W-2 Earnings plus all tax deferred or tax exempt items of income. Additional 8.0% (10.6% if employed prior to 10/1/99) of Earnings included for calculating AFC.
Average Final Compensation (AFC)	Average Earnings for the highest 5 years during the 10 years immediately preceding retirement or termination.
Member Contributions	11.2% of Earnings.
Member Contributions by City	8.0% of Earnings. Members hired on or after 10/1/99 vest in these contributions 10% for each complete year of Credited Service to 100% after 10 years of Credited Service. Members hired before 10/1/99 are 100% vested in these contributions.
City and State Contributions	Remaining amount necessary to pay current costs and amortize past service cost if any, over 30 years.
Normal Retirement	
Date	Earlier of Age 55 and 10 years of Credited Service or 20 years of Credited Service.
Benefit	3.0% of Average Final Compensation times Credited Service. Members retiring after 10/1/1999, receive $150 per month, payable for life.
Form of Benefit	Ten Year Certain and Life Annuity (options available).

<u>Early Retirement</u>

Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year.

<u>Vesting</u>

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.

<u>Disability</u>

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 (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).
Duration	Payable for life (with 120 months guaranteed) or until recovery (as determined by the Board). Options available.

<u>Death Benefits</u>

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

a. Two Commission appointees,

b. Two Members of the Department elected by the membership, and

c. Fifth Member elected by other 4 and appointed by Commission.

SECTION VI

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS NO. 25 & No. 27 INFORMATION

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)
10/01/00	5,500,526	6,064,771	564,245	90.70%	744,912	75.75%
10/01/99	4,911,757	5,060,316	148,559	97.06%	870,214	17.07%
10/01/98	4,440,281	4,654,807	214,526	95.39%	796,342	26.94%
10/01/97	4,335,919	4,696,323	360,404	92.33%	889,439	40.52%
10/01/96	3,555,970	3,874,578	318,608	91.78%	851,576	37.41%

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	City Contribution	State Contribution	Percentage Contributed
2000	26,549	0	45,177	100.00%
1999	12,003	0	48,760	100.00%
1998	0	0	51,839	100.00%
1997	0	0	51,190	100.00%
1996	32,913	12,890	47,683	184.04%
1995	78,152	34,258	48,205	105.52%

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/00	
City for Members	8.0%
Plan Members	11.2%
Annual pension cost	0
Contributions made	0
Actuarial valuation date	10/1/99
Actuarial cost method	Frozen Entry Age
Amortization method	Level Percentage of Pay, Closed
Remaining amortization period	30 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increase*	7.5%
* Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/00	0	100%	0
9/30/99	0	100%	0
9/30/98	0	100%	0

FOSTER & FOSTER, INC.
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FORT MYERS, FLORIDA 33919

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(941) 433-5500

FACSIMILE
(941) 481-0634

April 30, 2001

Mr. Joseph Borelli, Chairman
City of Holly Hill
Police Officers' Pension Board
% Holly Hill Police Department
1065 Ridgewood Avenue
Holly Hill, FL 32117

Dear Joe:

Enclosed are six (6) copies of our Report of the actuarial valuation of the Retirement Trust Fund which was performed as of October 1, 2000. The contributions developed in this valuation apply to the City's fiscal year ended September 30, 2001.

Also, enclosed for distribution to the Members of the Retirement Trust Fund are certificates that summarize the monthly accrued, vested and projected benefits based on earnings and service as of September 30, 2000. It is very important to point out that the amounts shown are only approximations based on current salaries. Actual benefits payable at retirement or on termination of employment are based on a five (5) year salary average.

If you have any questions regarding the enclosed material, please let us know.

Sincerely,

Ward

Ward V. Foster, Jr.

WVF/hja

Enclosures

cc: Brenda Gubernator (2 copies)