

CITY OF HOLLY HILL  
POLICE OFFICERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2006  
(Revised October 15, 2007)

CONTRIBUTIONS APPLICABLE TO THE PLAN/  
FISCAL YEAR ENDED SEPTEMBER 30, 2008

October 15, 2007

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

Re: Holly Hill Police Officers' Retirement Trust Fund

Dear Joe:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Holly Hill Police Officers' 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 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 the City of Holly Hill 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.


Joe Borelli  
October 15, 2007  
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 Holly Hill, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Holly Hill Police Officers' 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:   
Patrick T. Donlan  
Enrolled Actuary #05-6595

PTD\nc

Enclosures

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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, 2006, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended September 30, 2008.

The contribution requirements, compared with those developed in the October 1, 2005 valuation report, are as follows:

Valuation Date	10/1/05	10/1/06
Applicable Plan/Fiscal Year End	<u>9/30/07</u>	<u>9/30/08</u>
Total Required Contribution	\$404,603	\$451,612
% of Total Annual Payroll	35.9%	36.0%
Member Contributions (Est.)	56,401	62,703
Applicable State Contribution *	74,699	74,699
Balance from City	273,503	314,210
% of Total Annual Payroll	24.2%	25.1%

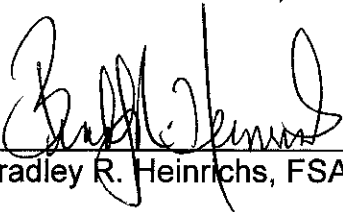
\* State Contribution shown is the amount received by the City during the fiscal year ended September 30, 2006.

During the past 12 months actuarial experience has been slightly unfavorable. The primary component of unfavorable experience was average increases in pensionable earnings that exceeded the assumed rate. This loss was partially offset by the effects of larger than expected employee turnover and a 9.2% investment return (Actuarial Asset basis) that exceeded the 8.0% assumption. There was also a reduction in the level of administrative expenses.

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 changes in plan benefits since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

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



## Comparative Summary of Principal Valuation Results

	<u>10/1/2006</u>	<u>10/1/2005</u>
<b>A. Participant Data</b>		
Number Included		
Actives	28	26
Service Retirees	8	8
Beneficiaries	1	2
Terminated Vested	0	0
Disability Retirees	2	2
Total	<u>39</u>	<u>38</u>
Total Annual Payroll	\$1,192,362	\$1,075,136
Payroll Under Assumed Ret. Age	1,192,362	1,075,136
Annual Rate of Payments to:		
Service Retirees	260,607	260,607
Beneficiaries	14,283	33,810
Terminated Vested	0	0
Disability Retirees	20,698	20,698
<b>B. Assets</b>		
Actuarial Value	5,831,687	5,355,209
Market Value	5,443,125	5,121,470
<b>C. Liabilities</b>		
Present Value of Benefits		
Active Members		
Retirement Benefits	6,491,191	5,611,171
Disability Benefits	105,597	95,975
Death Benefits	71,926	63,889
Vested Benefits	298,658	234,341
Refund of Contributions	29,117	94,917
Service Retirees	2,652,691	2,693,120
Beneficiaries	149,967	170,897
Terminated Vested	0	0
Disability Retirees	178,970	183,288
Excess State Monies Reserve	0	0
Total	<u>9,978,116</u>	<u>9,147,599</u>

	<u>10/1/2006</u>	<u>10/1/2005</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	8,681,555	8,369,675
Present Value of Future Member Contributions	434,078	418,484
Normal Cost (Entry Age)	312,742	267,218
Present Value of Future Normal Costs (Entry Age)	2,297,641	2,073,249
Actuarial Accrued Liability	7,680,476	7,074,349
Unfunded Actuarial Accrued Liability (UAAL)	1,848,789	1,719,140
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	2,981,629	3,047,305
Actives	2,178,208	1,769,430
Member Contributions	860,226	830,343
Total	6,020,063	5,647,078
Non-vested Accrued Benefits	15,073	24,114
Total Present Value Accrued Benefits	6,035,136	5,671,192
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	260,466	
Benefits Paid	(336,747)	
Interest	440,225	
Other	0	
Total:	363,944	

Valuation Date	10/1/2006	10/1/2005
Applicable to Fiscal Year Ending	<u>9/30/2008</u>	<u>9/30/2007</u>

#### E. Pension Cost

Normal Cost (with interest)	\$336,375	\$286,948
% of Total Projected Payroll*	26.8	25.4
Administrative Expenses (with int.)	9,357	22,121
% of Total Projected Payroll*	0.8	2.0
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/06)	102,839	96,497
% of Total Projected Payroll*	8.2	8.6
Total Required Contribution	451,612	404,603
% of Total Projected Payroll*	36.0	35.9
Expected Member Contributions	62,703	56,401
% of Total Projected Payroll*	5.0	5.0
Expected City for Member Contr.	0	0
% of Total Projected Payroll*	0.0	0.0
Expected City & State Contrib.	388,909	348,202
% of Total Projected Payroll*	31.0	30.9

#### F. Past Contributions

Plan Years Ending:	<u>9/30/2006</u>
Total Required Contribution	318,632
City and State Requirement	268,913
Actual Contributions Made:	
Members	57,987
City	197,266
State	74,699
Total	<u>329,952</u>

G. Net Actuarial Gain (Loss)	(19,686)
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\* Contributions developed as of 10/1/06 are expressed as a percentage of projected annual payroll at 04/1/08 of \$1,254,050

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2006	1,848,789
2007	1,893,428
2008	1,938,107
2013	2,157,469
2018	2,353,420
2028	1,349,368
2036	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2006	7.2%	6.0%
Year Ended	9/30/2005	4.7%	6.0%
Year Ended	9/30/2004	13.2%	6.0%

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


		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2006	9.2%	8.0%
Year Ended	9/30/2005	5.5%	8.0%
Year Ended	9/30/2004	-0.5%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2006	\$1,192,362
	10/1/1996	851,576
(b) Total Increase		40.0%
(c) Number of Years		10.00
(d) Average Annual Rate		3.42%

### 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.

 10/15/07  
\_\_\_\_\_  
Patrick T. Donlan, EA, MAAA  
Enrolled Actuary #05-6595

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  
VALUATION INFORMATION

### Reconciliation of Unfunded Actuarial Accrued Liabilities

(1) Unfunded Actuarial Accrued Liability as of October 1, 2005	1,719,140
(2) City and State Normal Cost Applicable for the year *	234,061
(3) Interest on (1) and (2)	156,256
(4) Sponsor Contributions to the System during the year ending September 30, 2006	271,965
(5) Interest on (4)	8,389
(6) Expected UAAL as of October 1, 2006 (1)+(2)+(3)-(4)-(5)	1,829,103
(7) Actual UAAL as of October 1, 2004	1,848,789
(8) Actuarial Gain (Loss): (6) - (7)	(19,686)

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2006 Amount</u>	<u>Amortization Amount</u>
"A"	10/1/2002	26	1,026,035	64,377
"B"	10/1/2003	12	(416,984)	(43,611)
"C"	10/1/2004	28	1,295,807	78,191
"D"	10/1/2005	29	(75,755)	(4,491)
"E"	10/1/2006	30	<u>19,686</u>	<u>1,148</u>
			1,848,789	95,614

\*Includes \$20,600 for administrative expenses.

## ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

<u>Assumptions</u>	
<u>Mortality Rate</u>	1983 GAM Table - Sex Distinct.
<u>Interest Rate</u>	8% per year compounded annually, net of investment related expenses.
<u>Retirement Age</u>	Earlier of age 55 and 10 years of service, or the completion of 20 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
<u>Early Retirement</u>	Commencing with eligibility for Early Retirement Age (age 50 with 10 years of Service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
<u>Disability Rate</u>	See table below (1201).
<u>Termination Rate</u>	See table below (1302).
<u>Salary Increases</u>	6.0% per year until the assumed retirement age; see table below. Projected salary at retirement is increased 20% to account for non-regular compensation.
<u>Payroll Increase</u>	Up to 5.0% per year (3.42% for 10/1/06 Val).
<u>Cost of Living Adjustments</u>	2.0% per year for all retirees (including disability retirees & beneficiaries of retirees).
<u>Administrative Expenses</u>	\$8,700 annually.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 50</u>
20	6.0%	0.03%	17.4%
30	5.0	0.04	31.2
40	2.6	0.07	55.8
50	0.8	0.18	100.0

### Funding Method

Entry Age Normal 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 Actuarial Accrued Liability (UAAL) 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. Under the Entry Age Normal Actuarial Cost Method, there is also a new UAAL created each year equal to the actuarial gain or loss for that year.

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 Actuarial Cost 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.

## PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1985	26,920.47	_____ %
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%
2001	45,612.78	1.0%
2002	51,038.21	11.9%
2003	60,740.83	19.0%
2004	71,624.61	17.9%
2005	74,699.30	4.3%
2006	74,699.30	0.0%

## EXCESS STATE MONIES RESERVE

	<u>Actual</u> <u>StateContribution</u>	<u>Applicable</u> <u>"Frozen" Amount</u>	<u>Excess State</u> <u>Monies Reserve</u>
1998	\$51,838.81	\$51,838.81	\$0.00
1999	48,759.83	51,838.81	0.00
2000	45,177.19	107,245.81	0.00
2001	45,612.78	108,155.81	0.00
2002	51,038.21	108,155.81	0.00
2003	60,740.83	108,155.81	0.00
2004	71,624.61	108,155.81	0.00
2005	74,699.30	108,155.81	0.00
2006	74,699.30	242,560.81	<u>0.00</u>
Total State Monies Reserve			\$0.00

SECTION III

TRUST FUND

City of Holly Hill  
Police Officers' Retirement Trust Fund

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BALANCE SHEET  
September 30, 2006

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	258,749.92	258,749.92
Pending Trades Payable	(74,494.56)	(74,494.56)
Cash	122,342.49	122,342.49
Total Cash and Equivalents	306,597.85	306,597.85
Receivable:		
Member Contributions	2,000.05	2,000.05
City Contributions	69,596.00	69,596.00
Accrued Income	26,560.12	26,560.12
Total Receivable	98,156.17	98,156.17
Investments:		
U.S. Treasury & Federal Agency Securities	1,050,072.12	1,045,329.78
Corporate Bonds	877,289.31	872,266.52
Domestic Equities	2,510,214.84	2,823,819.51
International Equities	261,446.84	305,210.27
Total Investments	4,699,023.11	5,046,626.08
TOTAL ASSETS	5,103,777.13	5,451,380.10
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payable:		
Unpaid Investment Expenses	8,255.43	8,255.43
Total Liabilities	8,255.43	8,255.43
Net Assets:		
Active and Retired Members' Equity	5,095,521.70	5,443,124.67
DROP Plan Benefits	0.00	0.00
Total Net Assets	5,095,521.70	5,443,124.67
TOTAL LIABILITIES AND NET ASSETS	5,103,777.13	5,451,380.10

City of Holly Hill  
Police Officers' Retirement Trust Fund

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CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
September 30, 2006  
Market Value Basis

INCOME

Contributions:

Member	57,987.13
City	197,265.69
State	74,699.30

Total Contributions 329,952.12

Earnings from Investments

Interest & Dividends	149,752.00
Net Realized Gain (Loss)	234,701.00
Unrealized Gain (Loss)	3,644.37

Total Earnings and Investment Gains 388,097.37

EXPENSES

Administrative Expenses:

Investment Related*	51,026.00
Other	8,622.25

Total Expenses 59,648.25

Distributions to Members:

Benefit Payments	304,467.65
Lump Sum DROP Balances	0.00
Return of Contributions	32,279.04

Total Distributions 336,746.69

DROP Account Net Change 0.00

Change in Net Assets for the Year 321,654.55

Net Assets Beginning of the Year 5,121,470.12

Net Assets End of the Year 5,443,124.67

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

City of Holly Hill  
Police Officers' Retirement Trust Fund

ACTUARIAL ASSET VALUATION  
September 30, 2006

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, but are limited to 120% of Market Value, if less.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*
9/30/03	13.58%
9/30/04	8.41%
9/30/05	8.33%
9/30/06	6.59%

Annualized Rate of Return  
for prior four (4) years: 9.20%

(A) 10/01/05 Actuarial Assets: \$5,355,209.18

(I) Net Investment Income:

1. Interest and Dividends	149,752.00
2. Realized Gains (Losses)	234,701.00
3. Change in Actuarial Value	158,467.46
4. Investment Related Expenses	(51,026.00)
Total	491,894.46

(B) 10/01/06 Actuarial Assets: \$5,831,686.82

Actuarial Asset Rate of Return =  $2I/(A+B-I)$ : 9.20%

10/01/06 Limited Actuarial Assets: \$5,831,686.82  
(Lesser of Actuarial Assets or 120% of Market Value)

\*Market Value Basis, net of investment related expenses

City of Holly Hill  
Police Officers' Retirement Trust Fund

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CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
September 30, 2006  
Actuarial Asset Basis

INCOME

Contributions:

Member	57,987.13
City	197,265.69
State	74,699.30

Total Contributions	329,952.12
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Earnings from Investments

Interest & Dividends	149,752.00
Net Realized Gain (Loss)	234,701.00
Change in Actuarial Value	158,467.46

Total Earnings and Investment Gains	542,920.46
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EXPENSES

Administrative Expenses:

Investment Related*	51,026.00
Other	8,622.25

Total Administrative Expenses	59,648.25
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Distributions to Members:

Benefit Payments	304,467.65
Lump Sum DROP Balances	0.00
Return of Contributions	32,279.04

Total Distributions	336,746.69
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DROP Account Net Change	0.00
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Change in Net Assets for the Year	476,477.64
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Net Assets Beginning of the Year	5,355,209.18
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Net Assets End of the Year**	5,831,686.82
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\*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

\*\*Net Assets may be limited for actuarial consideration



SECTION IV  
MEMBER STATISTICS

## ELIGIBILITY FOR RETIREMENT

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

- 1) Attained Age 55 with 6 Years of Credited Service
- or 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 6 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>
Barker, M. D. Borelli, J. Dees, M. W. Milstead, R. W. Patton, J. A.	None

## STATISTICAL DATA

(Averages are salary weighted)

	<u>10/1/2003</u>	<u>10/1/2004</u>	<u>10/1/2005</u>	<u>10/1/2006</u>
<u>Active Members</u>				
Number	24	22	26	28
Average Current Age	39.7	40.9	40.8	42.3
Average Age at Employment	30.3	30.6	31.5	32.4
Average Past Service	9.4	10.3	9.4	9.9
Average Annual Salary	\$37,286	\$42,640	\$41,351	\$43,601

## 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	3	0	0	0	0	0	0	0	0	0	0	3
30 - 34	3	2	0	0	1	1	0	0	0	0	0	7
35 - 39	1	0	2	1	0	2	0	0	0	0	0	6
40 - 44	0	0	1	0	0	0	2	0	0	0	0	3
45 - 49	0	0	0	0	0	1	0	1	1	0	0	3
50 - 54	0	0	0	0	0	0	0	0	1	0	0	1
55 - 59	1	1	0	0	0	0	0	1	1	1	0	5
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	8	3	3	1	1	4	2	2	3	1	0	28

## VALUATION PARTICIPANT RECONCILIATION

## 1. Active lives

a. Number in prior valuation 10/1/05	26
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	6
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. Voluntary withdrawal	0
g. Continuing participants	20
h. New entrants	8
i. Total active life participants in valuation	28

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	8	2	2	0	12
b. In	0	0	0	0	0
c. Out	0	1	0	0	1
d. Number current valuation	8	1	2	0	11

**SECTION V**  
**SUMMARY OF PLAN PROVISIONS**

SUMMARY OF CURRENT PLAN  
(Through Ordinance No. 2742)

<u>Latest Amendment Date</u>	October 11, 2005.
<u>Eligibility</u>	Full-time employees who are classified as full-time sworn police officers shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of continuous employment with the City as a Police Officer.
<u>Earnings</u>	Total W-2 Earnings plus all tax deferred or tax exempt items of income. Additional 10.6% of Earnings included for calculating AFC if employed prior to 10/1/99.
<u>Average Final Compensation (AFC)</u>	Average Earnings for the highest 5 years during the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	5.0% of Earnings.
<u>Member Contributions by City</u>	8.0% of Earnings prior to October 1, 2005; 0.0% thereafter. 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.
<u>City and State Contributions</u>	Remaining amount necessary to pay current costs and amortize past service cost if any, over 30 years.
<u>Normal Retirement</u>	
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>Cost of Living Adjustment</u>	Annual 2.0% increase for those Members who retire on or after October 1, 2006 (including disability retirees and beneficiaries, but not including those who terminate prior to reaching their Early or Normal Retirement Date and later begin drawing benefits).
<u>Vesting</u>	
Schedule	10% per year of Credited Service to 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.
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 are 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

- 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.

Deferred Retirement Option Plan

## Eligibility

Eligibility for Normal Retirement.

## Participation

Not to exceed 36 months.

## Rate of Return

Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs).

## Form of Distribution

Lump sum at termination of employment.

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)
10/01/06	5,831,687	7,680,476	1,848,789	75.93%	1,192,362	155.05%
10/01/05	5,355,209	7,073,310	1,718,101	75.71%	1,075,136	159.80%
10/01/04	5,164,093	6,201,477	1,037,384	83.27%	956,694	108.43%
10/01/03	5,267,378	5,805,326	537,948	90.73%	894,861	60.12%
10/01/02	4,997,881	5,922,253	924,372	84.39%	918,337	100.66%

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
2006	268,913	197,266	74,699	101.13%
2005	154,263	79,564	74,699	100.00%
2004	197,098	151,516	71,625	113.21%
2003	75,278	14,537	60,741	100.00%
2002	71,017	25,404	51,038	107.64%

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/06

City	26.8%
City for Members	0.0%
Plan Members	5.0%

Annual pension cost	194,214
Contributions made	197,266
Actuarial valuation date	10/01/2004
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay, Closed
Remaining amortization period	30 Years
Asset valuation method	4 Year Smooth
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increase*	6.0%
* Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

<u>Year</u> <u>Ending</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution (A)</u>	<u>Percentage</u> <u>of (A)</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
9/30/2006	194,214	102%	(29,409)
9/30/2005	79,564	100%	(25,757)
9/30/2004	125,473	121%	(26,043)

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>9/30/05</u>	<u>9/30/06</u>
Actuarially Determined		
Contribution (A)		194,214
Interest on NPO		(2,061)
Adjustment to (A)		1,461
		-----
Annual Pension Cost		193,614
Contributions Made		197,266
		-----
Increase in NPO		(3,652)
NPO Beginning of Year		(25,757)
		-----
NPO End of Year	(25,757)	(29,409)