

CITY OF HOLLY HILL
POLICE OFFICERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2009

CONTRIBUTIONS APPLICABLE TO THE PLAN/
FISCAL YEAR ENDED SEPTEMBER 30, 2011

Foster&Foster^{INC.}

Actuarial Consultants for Retirement Programs

April 29, 2010

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
April 29, 2010
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 #08-6595

PTD\mjg

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	1
	b. Changes Since Prior Report	3
	c. Requirements of Chapter 112, Part VII, Florida Statutes	4
II	Valuation Information	
	a. Reconciliation of Unfunded Actuarial Accrued Liability	9
	b. Actuarial Assumptions and Funding Methods	10
	c. Valuation Notes	11
	d. Partial History of Premium Tax Refunds	12
	e. Excess State Monies Reserve	13
III	Trust Fund	14
IV	Member Statistics	
	a. Eligibility for Retirement	19
	b. Statistical Data	20
	c. Age and Service Distribution	21
	d. Member Reconciliation	22
V	Summary of Plan Provisions	23
VI	Governmental Accounting Standards Board Statements No. 25 and No. 27 Disclosure Information	26

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, 2009, 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, 2011.

The contribution requirements, compared with those developed in the September 25, 2009 Actuarial Impact Statement, determined as of October 1, 2008, are as follows:

Valuation Date Applicable Plan/Fiscal Year End	10/1/08 <u>9/30/10</u>	10/1/09 <u>9/30/11</u>
Total Required Contribution % of Total Annual Payroll	49.4%	55.0%
Member Contributions (Est.) % of Total Annual Payroll	5.0%	5.0%
Required City and State Cont. % of Total Annual Payroll	44.4%	50.0%
Applicable State Contribution * % of Total Annual Payroll	75,467 6.5%	75,467 6.5%
Balance from City* % of Total Annual Payroll	37.9%	43.5% ✓

* The City may use up to \$250,592 in State Monies, if received, in determining their bottom line requirement. For budgeting purposes, the required Sponsor Contribution (City and State) is 50.0% of non-DROP Pensionable Earnings for the fiscal year ending September 30, 2011. The precise City requirement for the year is this amount, less actual State Contributions (dollar amount up to the maximum \$250,592).

During the past 12 months, actuarial experience has been less favorable than expected. The primary components of unfavorable experience included a 2.9% investment return (Actuarial Asset basis) that was less than the 7.5% assumption, average increases in pensionable earnings that doubled the assumed rate, lower than expected turnover, and administrative expenses that more than doubled since the previous valuation. These losses were partially offset by a decrease in the average entry age.

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, MAAA

By: 

Patrick T. Donlan, MAAA

Plan Changes Since Prior Valuation

There have been no changes in benefits since the prior valuation. This valuation, however, assumes that the provision outlined in our September 25, 2009, Actuarial Impact Statement (provide that the automatic COLA's for future retirees begin 5 years following retirement) will be adopted by City Ordinance very shortly.

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

A. Participant Data	<u>10/1/2009</u>	<u>10/1/2008</u>
Number Included		
Actives	24	25
Service Retirees	9	8
Beneficiaries	2	2
Terminated Vested	2	1
Disability Retirees	2	2
DROP Members	3	3
Total	<u>42</u>	<u>41</u>
Total Annual Payroll	\$1,154,107	\$1,141,987
Payroll Under Assumed Ret. Age	1,154,107	1,141,987
Annual Rate of Payments to:		
Service Retirees	265,233	264,293
Beneficiaries	53,391	53,391
Terminated Vested	19,848	0
Disability Retirees	20,698	20,698
DROP Members	163,487	160,282
B. Assets		
Actuarial Value	6,333,782	6,275,725
Limited Value	6,333,782	6,275,725
Market Value	5,789,780	5,425,686
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	4,393,733	4,285,074
Disability Benefits	47,534	44,895
Death Benefits	28,278	26,632
Vested Benefits	1,004,684	876,099
Refund of Contributions	31,263	31,771
Service Retirees	3,030,018	3,060,451
Beneficiaries	423,746	436,220
Terminated Vested	192,086	2,077
Disability Retirees	177,634	182,478
DROP Members *	2,177,669	2,176,237
Excess State Monies Reserve	0	0
Total	<u>11,506,645</u>	<u>11,121,935</u>

* Liabilities shown represent present value of future payments. Assets in item B., above, do not include accumulated DROP account balances.

C. Liabilities - (Continued)	10/1/2009	10/1/2008
Present Value of Future Salaries	7,151,193	6,539,233
PV of Future Member Cont's	357,560	326,962
EAN Normal Cost (Retirement)	169,261	188,578
EAN Normal Cost (Disability)	3,177	3,131
EAN Normal Cost (Death)	1,788	1,714
EAN Normal Cost (Vesting)	65,281	59,044
EAN Normal Cost (Refunds)	3,152	3,539
Total Normal Cost (Entry Age Method)	<u>242,659</u>	<u>256,005</u>
Present Value of Future Normal Costs (Entry Age)	1,350,857	1,306,849
Accrued Liability (Retirement)	3,247,205	3,217,806
Accrued Liability (Disability)	38,690	33,770
Accrued Liability (Death)	23,300	20,544
Accrued Liability (Vesting)	822,951	666,306
Accrued Liability (Refunds)	22,488	19,197
Accrued Liability (Inactives)	6,001,153	5,857,464
Excess State Monies Reserve	0	0
Total Actuarial Accrued Liability	<u>10,155,787</u>	<u>9,815,087</u>
Unfunded Actuarial Accrued Liability (UAAL)	3,822,006	3,539,362
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	6,001,153	5,857,464
Actives	1,646,321	1,588,705
Member Contributions	<u>542,080</u>	<u>605,534</u>
Total	8,189,554	8,051,702
Non-vested Accrued Benefits	<u>175,900</u>	<u>103,954</u>
Total Present Value Accrued Benefits	8,365,454	8,155,656
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	(33,302)	
Benefits Paid	(355,252)	
Interest	598,352	
Other	0	
Total:	<u>209,798</u>	

Valuation Date Applicable to Fiscal Year Ending	10/1/2009 <u>9/30/2011</u>	10/1/2008 <u>9/30/2010</u>
----------------------------------------------------	-------------------------------	-------------------------------

E. Pension Cost

Normal Cost (with interest) % of Total Projected Payroll	21.8	23.3
Administrative Expenses (with int.) % of Total Projected Payroll	3.6	1.7
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years (as of 10/1/09) % of Total Projected Payroll	29.6	24.5
Total Required Contribution % of Total Projected Payroll	55.0	49.4
Expected Member Contributions % of Total Projected Payroll	5.0	5.0
Expected City for Member Contr. % of Total Projected Payroll	0.0	0.0
Expected City & State Contrib. % of Total Projected Payroll	50.0	44.4

F. Past Contributions

Plan Years Ending:

9/30/2009

Total Required Contribution
City and State Requirement

469,904
412,016

Actual Contributions Made:

Members
City
State
Total

59,606
261,197
150,819

471,622

G. Net Actuarial Gain (Loss)

(206,450)

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2009	3,822,006
2010	3,755,066
2011	3,672,992
2016	3,229,855
2021	2,380,101
2031	540,110
2038	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2009	12.0%	6.0%
Year Ended	9/30/2008	3.9%	6.0%
Year Ended	9/30/2007	9.4%	6.0%

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


		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2009	2.9%	7.5%
Year Ended	9/30/2008	2.9%	7.5%
Year Ended	9/30/2007	8.6%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2009	\$1,154,107
	10/1/1999	870,214
(b) Total Increase		32.6%
(c) Number of Years		10.00
(d) Average Annual Rate		2.86%

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.

 4/29/10

Patrick T. Donlan, EA, MAAA
Enrolled Actuary #08-6595

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. Keith Brinkman
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, 2008	3,539,362
(2) City and State Normal Cost Applicable for the year *	217,205
(3) Interest on (1) and (2)	281,743
(4) Sponsor Contributions to the System during the year ending September 30, 2009	412,016
(5) Interest on (4)	10,738
(6) Expected UAAL as of October 1, 2009 (1)+(2)+(3)-(4)-(5)	3,615,556
(7) Actual UAAL as of October 1, 2009	3,822,006
(8) Actuarial Gain/(Loss) as of October 1, 2009	(206,450)

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2009 Amount</u>	<u>Amortization Amount</u>
Method Change	10/1/2002	19	537,115	40,847
Loss Portion **	10/1/2002	19	537,115	40,847
Actuarial Gain	10/1/2003	19	(396,046)	(30,119)
Actuarial Loss	10/1/2004	19	1,363,835	103,719
Actuarial Gain	10/1/2005	19	(79,917)	(6,078)
Actuarial Loss	10/1/2006	19	58,490	4,448
Benefit Change	10/1/2006	27	35,986	2,231
Assumption Change	10/1/2007	28	854,487	51,999
Actuarial Loss	10/1/2007	19	5,278	401
Actuarial Loss	10/1/2008	9	694,027	91,404
Method Change	10/1/2008	19	242,031	18,406
Benefit Change	10/1/2008	29	(236,848)	(14,163)
Actuarial Loss	10/1/2009	10	<u>206,450</u>	<u>24,978</u>
			3,822,006	328,923

* Includes \$18,300 for administrative expenses.

** Estimated portion of original Base attributable to prior accumulated actuarial losses.

ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

<u>Assumptions</u>	
<u>Mortality Rate</u>	RP 2000 Combined Healthy. Disabled lives are set forward 5 years.
<u>Interest Rate</u>	7.5% per year compounded annually, net of investment related expenses.
<u>Retirement Age</u>	Earlier of age 55 and 6 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 6 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 (1305).
<u>Salary Increases</u>	6.0% per year until the assumed retirement age; see table below. Projected salary at retirement is increased 40% to account for non-regular compensation.
<u>Payroll Increase</u>	Up to 5.0% per year (2.86% for 10/1/09 Val).
<u>Cost of Living Adjustments</u>	2.0% per year for all retirees (including disability retirees & beneficiaries of retirees).
<u>Administrative Expenses</u>	\$39,900 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	17.2%	0.03%	17.4%
30	15.0	0.04	31.2
40	8.2	0.07	55.8
50	1.7	0.18	100.0

Funding Method

Entry Age Normal Actuarial Cost Method

VALUATION NOTES

Total Annual Payroll is the annual rate of pay for the 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.

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.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) 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 Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1988	39,450.32	____%
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%
2007	74,699.30	0.0%
2008	0.00	-100.0%
2009	150,819.27	#DIV/0!

EXCESS STATE MONIES RESERVE

	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State 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	0.00
2007	74,699.30	242,560.81	0.00
2008	0.00	242,560.81	0.00
2009	150,819.27	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

BALANCE SHEET
September 30, 2009

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	253,222.92	253,222.92
Pending Trades Receivable	38,086.21	38,086.21
Pending Trades Payable	(7,296.52)	(7,296.52)
Cash	121.02	121.02
Total Cash and Equivalents	284,133.63	284,133.63
Receivable:		
Additional City Contributions	1,717.79	1,717.79
Accrued Income	22,750.97	22,750.97
Total Receivable	24,468.76	24,468.76
Investments:		
U S Govt & Agencies	729,031.33	768,429.36
Corporate Bonds	954,869.56	993,994.69
Domestic Equity	3,044,321.12	3,502,238.15
International Equity	522,084.92	575,730.65
Total Investments	5,250,306.93	5,840,392.85
TOTAL ASSETS	5,558,909.32	6,148,995.24
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payable:		
Accounts Payable	14,588.25	14,588.25
Total Liabilities	14,588.25	14,588.25
Net Assets:		
Active and Retired Members' Equity	5,199,694.54	5,789,780.46
DROP Plan Benefits	344,626.53	344,626.53
Total Net Assets	5,544,321.07	6,134,406.99
TOTAL LIABILITIES AND NET ASSETS	5,558,909.32	6,148,995.24

City of Holly Hill
Police Officers' Retirement Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2009
Market Value Basis

INCOME

Contributions:		
Member	59,605.69	
City	261,196.73	
State	150,819.27	

Total Contributions		471,621.69
---------------------	--	------------

Earnings from Investments		
Interest & Dividends	139,205.50	
Net Realized Gain (Loss)	(472,823.35)	
Unrealized Gain (Loss)	873,409.48	

Total Earnings and Investment Gains		539,791.63
-------------------------------------	--	------------

EXPENSES

Administrative Expenses:		
Investment Related*	50,971.26	
Other	39,824.92	

Total Expenses		90,796.18
----------------	--	-----------

Distributions to Members:		
Benefit Payments	355,252.11	
Lump Sum DROP Balances	0.00	
Return of Contributions	0.00	

Total Distributions		355,252.11
---------------------	--	------------

DROP Account Net Change		201,270.61
-------------------------	--	------------

Change in Net Assets for the Year		364,094.42
-----------------------------------	--	------------

Net Assets Beginning of the Year		5,425,686.04
----------------------------------	--	--------------

Net Assets End of the Year		5,789,780.46
----------------------------	--	--------------

*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, 2009

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*
9/30/06	6.59%
9/30/07	10.94%
9/30/08	-12.65%
9/30/09	8.72%

Annualized Rate of Return
for prior four (4) years: 2.94%

(A) 10/01/08 Actuarial Assets:** \$6,275,724.55

(I) Net Investment Income:

1. Interest and Dividends	139,205.50
2. Realized Gains (Losses)	(472,823.35)
3. Change in Actuarial Value	567,372.39
4. Investment Related Expenses	(50,971.26)
Total	182,783.28

(B) 10/01/09 Actuarial Assets: \$6,333,781.88

Actuarial Asset Rate of Return = $2I/(A+B-I)$: 2.94%

10/01/09 Limited Actuarial Assets: \$6,333,781.88
(Lesser of Actuarial Assets or 120% of Market Value)

*Market Value Basis, net of investment related expenses

**Includes one-time adjustment resulting from Actuarial Standard of Practice No. 44.

(See 10/1/08 valuation report)

City of Holly Hill
Police Officers' Retirement Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2009
Actuarial Asset Basis

INCOME

Contributions:		
Member	59,605.69	
City	261,196.73	
State	150,819.27	
Total Contributions		471,621.69
Earnings from Investments		
Interest & Dividends	139,205.50	
Net Realized Gain (Loss)	(472,823.35)	
Change in Actuarial Value	567,372.39	
Total Earnings and Investment Gains		233,754.54
EXPENSES		
Administrative Expenses:		
Investment Related*	50,971.26	
Other	39,824.92	
Total Administrative Expenses		90,796.18
Distributions to Members:		
Benefit Payments	355,252.11	
Lump Sum DROP Balances	0.00	
Return of Contributions	0.00	
Total Distributions		355,252.11
DROP Account Net Change		201,270.61
Change in Net Assets for the Year		58,057.33
Net Assets Beginning of the Year		6,275,724.55
Net Assets End of the Year**		6,333,781.88

*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.	None

STATISTICAL DATA

(Averages are salary weighted)

	<u>10/1/2006</u>	<u>10/1/2007</u>	<u>10/1/2008</u>	<u>10/1/2009</u>
<u>Active Members</u>				
Number	28	25	25	24
Average Current Age	42.4	39.5	39.0	37.7
Average Age at Employment	32.4	30.4	31.1	29.5
Average Past Service	10.0	9.1	7.9	8.3
Average Annual Salary	\$42,584	\$44,744	\$45,679	\$48,088

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	4	1	0	0	0	0	0	0	0	5
30 - 34	0	1	1	1	1	1	0	0	0	0	0	5
35 - 39	1	0	1	1	1	3	0	0	0	0	0	7
40 - 44	0	0	1	0	0	2	0	1	0	0	0	4
45 - 49	0	0	0	0	0	0	1	1	0	1	0	3
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0
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	1	1	7	3	2	6	1	2	0	1	0	24

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/08	25
b. Terminations	1
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
c. Deaths	0
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	1
e. Retired	0
f. Entered DROP	23
g. Continuing participants	1
h. New entrants	24
i. Total active life participants in valuation	

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

	<u>Service Retirees, Vested Receiving Benefits</u>	<u>Receiving Death Benefits</u>	<u>Receiving Disability Benefits</u>	<u>Vested Deferred</u>	<u>DROP</u>	<u>Total</u>
a. Number prior valuation	8	2	2	1	3	16
b. In	1	0	0	1	0	2
c. Out	0	0	0	0	0	0
d. Number current valuation	9	2	2	2	3	18

SECTION V
SUMMARY OF PLAN PROVISIONS

SUMMARY OF CURRENT PLAN
(Through Ordinance No. 2820)

Latest Amendment Date

December 11, 2007.

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 of 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 10.6% of Earnings included for calculating AFC if employed prior to 10/1/99.

Average Final Compensation (AFC)

Average Earnings for the highest 5 years during the 10 years immediately preceding retirement or termination.

Member Contributions

5.0% of Earnings.

Member Contributions by City

8.0% of Earnings prior to October 1, 2005; 0.0% thereafter. Members hired on or after 10/1/99 vest in these contributions 16.66% for each complete year of Credited Service to 100% after 6 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 6 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 6 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). Deferred 5 years in the proposal.
<u>Vesting</u>	
Schedule	100% after 6 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)
10/01/09	6,333,782	10,155,787	3,822,006	62.37%	1,154,107	331.17%
10/01/08	6,685,951	9,467,373	2,781,422	70.62%	1,141,987	243.56%
10/01/07	6,342,395	8,191,184	1,848,789	77.43%	1,118,612	165.28%
10/01/06	5,831,687	7,549,788	1,718,101	77.24%	1,192,362	144.09%
10/01/05	5,355,209	6,392,593	1,037,384	83.77%	1,075,136	96.49%

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
2009	412,016	261,197	150,819	100.00%
2008	396,940	396,940	0	100.00%
2007	348,202	273,503	74,699	100.00%
2006	268,913	197,266	74,699	101.13%
2005	154,263	79,564	74,699	100.00%

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/09	
City	22.6%
City for Members	0.0%
Plan Members	5.0%
Annual pension cost	261,197
Contributions made	261,197
Actuarial valuation date	10/01/2007
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay, Closed
Remaining amortization period	28 Years (as of 10/1/09)
Asset valuation method	4 Year Smooth
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increase*	6.0%
* Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

<u>Year Ending</u>	<u>Actuarially Determined Contribution (A)</u>	<u>Percentage of (A) Contributed</u>	<u>Net Pension Obligation</u>
9/30/2009	261,197	100%	(30,812)
9/30/2008	396,940	102%	(30,427)
9/30/2007	273,503	100%	(30,047)

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>9/30/07</u>	<u>9/30/08</u>	<u>9/30/09</u>
Actuarially Determined			
Contribution (A)		396,940	261,197
Interest on NPO		(2,254)	(2,282)
Adjustment to (A)		1,874	1,897
		-----	-----
Annual Pension Cost		396,560	260,812
Contributions Made		396,940	261,197
		-----	-----
Increase in NPO		(380)	(385)
NPO Beginning of Year		(30,047)	(30,427)
		-----	-----
NPO End of Year	(30,047)	(30,427)	(30,812)