

CITY OF HOLLY HILL, FLORIDA

MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND



FINANCIAL STATEMENTS
AND
OTHER FINANCIAL INFORMATION

YEARS ENDED SEPTEMBER 30, 2006 AND 2005

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FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

September 30, 2006 and 2005

CITY OF HOLLY HILL, FLORIDA

MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

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INDEPENDENT AUDITORS' REPORTS

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BRENT MILLIKAN & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
City of Holly Hill, Florida
Municipal Firefighters' Pension Trust Fund

We have audited the accompanying statements of plan net assets of the City of Holly Hill, Florida Municipal Firefighters' Pension Trust Fund as of September 30, 2006 and 2005 and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the City of Holly Hill, Florida Municipal Firefighters' Pension Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the accompanying financial statements present only the City of Holly Hill, Florida Municipal Firefighters' Pension Trust Fund and do not purport to, and do not, present fairly the financial position of the City of Holly Hill, Florida, as of September 30, 2006 and 2005, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of City of Holly Hill, Florida Municipal Firefighters' Pension Trust Fund as of September 30, 2006 and 2005, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 15, 2007 on our consideration of City of Holly Hill, Florida Municipal Firefighters' Pension Trust Fund's internal control over financial reporting and our tests of the compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Board of Trustees
City of Holly Hill, Florida
Municipal Firefighters' Pension Trust Fund
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The City of Holly Hill, Florida Municipal Firefighters' Pension Trust Fund has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The accompanying schedules of funding progress and contributions from employer and other contributing entities on page 9 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Brent Milliken & Co., P.A.

March 15, 2007

BRENT MILLIKAN & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Trustees
City of Holly Hill, Florida
Municipal Firefighters' Pension Trust Fund

We have audited the statement of plan net assets of the City of Holly Hill, Florida Municipal Firefighters' Pension Trust Fund and the related statement of changes in plan net assets as of and for the plan year ended September 30, 2006, and have issued our report thereon dated March 15, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Holly Hill, Florida Municipal Firefighters' Pension Trust Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Holly Hill, Florida Municipal Firefighters' Pension Trust Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Trustees
City of Holly Hill, Florida
Municipal Firefighters' Pension Trust Fund
Page 2 of 2

This report is intended solely for the information and use of the Board of Trustees, management, and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Brent Milliken & Co., P.C.

March 15, 2007

FINANCIAL STATEMENTS

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STATEMENTS OF PLAN NET ASSETS**Statement 1**

September 30, 2006 and 2005

CITY OF HOLLY HILL, FLORIDA

MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

	September 30,	
	2006	2005
Assets:		
Cash and cash equivalents.....	\$ 136,011	\$ 111,481
Receivables:		
Employer contributions receivable.....	-	-
Employee contributions receivable.....	2,876	2,624
State contributions receivable.....	9,945	10,280
Other receivables.....	81	-
Interest and dividends receivable.....	7,971	8,946
	<u>20,873</u>	<u>21,850</u>
Investments, at fair value:		
U.S. Government and Agencies:		
Federal National Mortgage Association (FNMA) and Home		
Loan Mortgage Corporation (FHLMC) obligations.....	266,166	312,233
U.S. treasury notes.....	130,434	391,270
U.S. Government mortgage backed securities.....	34,300	44,626
Domestic corporate bonds.....	158,840	215,247
Domestic corporate equities.....	1,759,612	1,233,192
	<u>2,349,352</u>	<u>2,196,568</u>
Total assets.....	2,506,236	2,329,899
Liabilities:		
Accounts payable.....	<u>4,081</u>	<u>3,207</u>
Net Assets:		
Net assets reserved for employees' pension benefits.....	<u>\$ 2,502,155</u>	<u>\$ 2,326,692</u>

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS
For the Fiscal Years Ended September 30, 2006 and 2005
CITY OF HOLLY HILL, FLORIDA
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

Statement 2

	September 30,	
	2006	2005
Additions:		
Contributions from:		
Employer	\$ 99,546	\$ 122,751
State	53,677	48,422
Plan members	<u>75,941</u>	<u>68,586</u>
Total contributions.....	<u>229,164</u>	<u>239,759</u>
Investment income:		
Net realized and unrealized appreciation (depreciation) in fair value of investments	64,947	112,328
Interest and dividend earnings	<u>81,874</u>	<u>84,636</u>
	146,821	196,964
Less: investment management fees	<u>(18,977)</u>	<u>(22,437)</u>
Total investment income	<u>127,844</u>	<u>174,527</u>
Total additions	<u>357,008</u>	<u>414,286</u>
Deductions:		
Benefit payments	130,848	137,323
Refunds/withdrawals	28,490	16,086
Administrative expenses	<u>22,207</u>	<u>33,734</u>
Total deductions.....	<u>181,545</u>	<u>187,143</u>
Net increase	175,463	227,143
Net assets held in trust for pension benefits:		
Beginning of year	<u>2,326,692</u>	<u>2,099,549</u>
End of year	<u>\$ 2,502,155</u>	<u>\$ 2,326,692</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

September 30, 2006 and 2005

CITY OF HOLLY HILL, FLORIDA

MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Holly Hill, Florida, Municipal Firefighters' Pension Trust Fund (the "Fire Plan") have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the standard setting body for governmental accounting and financial reporting.

Reporting Entity

The accompanying financial statements present only the Fire Plan and are not intended to represent the financial position or results of operations of the City of Holly Hill, Florida taken as a whole.

The Fire Plan is a pension trust fund (fiduciary fund type) of the City of Holly Hill, Florida, which accounts for the single employer defined benefit plan for all City firefighters. The provisions of the Fire Plan provide for retirement, disability, and survivor benefits. The accounts of the Fire Plan are organized as a pension trust fund, which is considered a separate accounting entity. A pension trust fund is used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The fiscal operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets reserved for employee's pension benefits and additions to and deductions from net assets reserved for employees' pension benefits. Resources are allocated to, and accounted for, based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The accrual basis of accounting is utilized in presenting the Fire Plan's plan net assets and changes in net plan assets. Revenue is recognized when earned and expenditures are recognized when they are incurred. Plan receivables are short term and consist of contributions due from the City, State and/or from plan members. Plan liabilities would generally include benefits due to plan members and beneficiaries and accrued investment and administrative expenses and are recognized when due and payable in accordance with the terms of the Plan. The difference between total plan assets and total plan liabilities at the reporting date are captioned net assets held in trust for pension benefits reserved for employees' pension benefits and represent the net assets held in trust for pension benefits.

Cash and Short-Term Investments

The Fire Plan's cash and cash equivalents are considered to be cash on hand, money market funds, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are reported at fair value and are managed by the Fire Plan's Board of Trustees and a third party money manager. Investments that do not have an established market are reported at estimated fair value. Performance reporting, administrative expenses, and the City's asset valuation are based on the custodians' determination of value.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

September 30, 2006 and 2005

CITY OF HOLLY HILL, FLORIDA

MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

Contributions

Contributions of funds are received from the City of Holly Hill, Florida at actuarially determined rates in accordance with Chapter 112, F.S., the State of Florida, pursuant to the provisions of Chapter 175, F.S., which allocates premium taxes written on property in the City, and active plan participants.

The City has traditionally contributed amounts equaling or exceeding the annual required contribution (ARC) and thus has never had, or needed to report, a net pension benefit obligation (NPO).

Investment Income

Realized and unrealized gains/losses are aggregated and recognized under the caption Net Realized and Unrealized Appreciation (Depreciation) in Fair Value of Investments.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, benefit obligations and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform with the current period's presentation.

NOTE 2 – DESCRIPTION OF PLAN

The City of Holly Hill, Florida provides a single-employer defined benefit pension plan for all firefighters, which assets are included in the Municipal Firefighters' Pension Trust Fund (the "Fire Plan"). The funding methods and the determination of benefits payable are provided in the various acts of the Florida Legislature, which created the fund, including subsequent amendments thereto. More information relating to the funding methods, determination of benefits, and permissible investments for the Fire Plan can be found in Chapters 175, Florida Statutes. These statutes provide, in general, that funds are to be accumulated from employee contributions, City contributions, State appropriations and income from investments from accumulated funds.

The act also provides that should the accumulated funds at any time be insufficient to meet and pay the benefits due, the City shall supplement the funds by an appropriation from current funds or from any revenues which may be lawfully used for said purposes in an amount sufficient to make up the deficiency. The investments of the Fire Plan are administered, managed, and operated by a five-member Board of Trustees using the services of the City staff, local financial institutions, and third-party fund custodians.

All full-time, uniformed firefighters are eligible (and required as a condition of employment) to participate in the Fire Plan upon employment with the City. Employees vest with full benefits after 10 years of service. Members are eligible for normal retirement after attaining age 50 with 10 years of credited service. Members are eligible for early retirement after attaining age 48 with 10 years of service. An independent actuary appointed by the Board of Trustees actuarially determines benefits to be paid to retirees.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

September 30, 2006 and 2005

CITY OF HOLLY HILL, FLORIDA

MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

Current membership in the pension plans is composed of the following:

	October 1,	
	2005	2004
Participant data as of October 1, 2005, the date of the most recent actuarial valuation:		
Service retirees currently receiving benefits	5	5
Beneficiaries currently receiving death benefits	1	1
Vested terminated employees.....	1	1
Active employees:		
Fully vested	0	0
Nonvested.....	16	14
Total participants.....	<u>23</u>	<u>21</u>

Although there is no intent to do so, if the Fire Plan is terminated for any reason, the Board of Trustees shall apportion and distribute the Fire Plan's assets in accordance with the requirements set forth in Chapter 175 of the Florida Statutes.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

At September 30, 2006, the Fire Plan had the following investments and maturities.

	Investment Maturities (Years)				
	Fair Value	Less than 1	From 1-5	From 6-10	Over 10
U.S. Government and Agencies:					
Federal National Mortgage Association and Federal Home Loan Mortgage Corporation Obligations	\$ 266,166	-	116,761	-	149,405
U.S. Treasury notes	130,434	-	111,047	-	19,387
U.S. Government mortgage backed securities.....	34,300	-	-	14,146	20,154
Domestic corporate bonds.....	158,840	-	78,406	34,564	45,870
Domestic corporate equities.....	<u>1,759,612</u>	<u>1,759,612</u>	-	-	-
Totals	<u>\$ 2,349,352</u>	<u>1,759,612</u>	<u>306,214</u>	<u>48,710</u>	<u>234,816</u>

Credit Risk. The Fire Plan's investment policies are governed by state statutes (Chapter 175, F.S.) and by an investment policy adopted by its Board of Trustees. The basic allowable investment instruments include obligations of, or obligations the principal and interest of which are guaranteed by, the U.S. Government; time deposits or savings accounts of a national bank, a state bank insured by the Federal Deposit Insurance Corporation, or a savings, building and loan association insured the Federal Savings and Loan Insurance Corporation; money market accounts that invest in U.S. Government obligations; bonds issued by the State of Israel; and bonds, stocks or other evidence of indebtedness issued or guaranteed by a corporation organized under the laws of the U.S., any state or organized territory of the U.S., or the District of Columbia.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

September 30, 2006 and 2005

CITY OF HOLLY HILL, FLORIDA

MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

Interest Rate Risk. The Fire Plan monitors the effective duration of its fixed income portfolio as part of its program to manage interest rate risk. In recent years, the Fire Plan has invested approximately 75% of its net assets in domestic corporate equities, which fair value varies in conjunction with changes in the NYSE and NASDAQ stock index prices. Investments in U.S. Treasuries typically include discounted, fixed-price notes and bonds that mature within five years. The fair values of these short-term investments are less sensitive to interest rate increases since they are held to maturity. Investments in U.S. agencies typically include long-term, fixed-rate collateralized mortgage obligations with maturities of greater than ten years. Their fair values are particularly sensitive to prepayments by mortgagees, which may result from a decline in interest rates, and inversely sensitive to changes in interest rates. Investments in fixed rate domestic corporate bonds, which represent approximately 7% of the Fire Plan's investments, are generally made to guaranty the production of cash flows necessary to fund the plan's required payments and operating expenses. These fixed rate investments earn slightly higher rates of return, which are necessary to support the plan's blended interest rate assumptions. Their fair values are inversely sensitive to changes in interest rates.

Custodial Credit Risk-Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Fire Plan's deposits may not be returned to it. Pursuant to the applicable provisions of Chapter 280, Florida Statutes, *The Florida Security for Public Deposits Act* ("the Act"), the State of Florida, Department of Financial Services, Division of Treasury, Bureau of Collateral Management have established specific requirements relative to the security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements in this chapter to be designated by the State Chief Financial Officer as eligible to receive deposits from municipal depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State Chief Financial Officer to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United States government and any state thereof and are held in the name of the State Chief Financial Officer's office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by a Qualified Public Depository Oversight Board with members appointed by the State Chief Financial Officer.

At September 30, 2006 the carrying amount of the Fire Plan's deposits was \$0.

Custodial Credit Risk—Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Fire Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2006, the Fire Plan has a custodial credit risk exposure of \$2,485,363 for investments which are uninsured, unregistered and held by the Fire Plan's brokerage firms, who are also the counterparty for these particular securities.

NOTE 3 - CONTRIBUTIONS

The City of Holly Hill, Florida provides contributions to the Fire Plan under the authority of Chapter 175, Florida Statutes and pursuant to City ordinances. Employees covered under the plan are required to make contributions of 10% of their compensation. City contributions to the Fire Plan (currently 17.9%) are made as needed to fund any actuarial deficiency. If an employee leaves covered employment or dies before 10 years of credited service, accumulated employee contributions, plus interest, are refunded to the employee or a

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

September 30, 2006 and 2005

CITY OF HOLLY HILL, FLORIDA

MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

designated beneficiary. The ordinances also require the City to make an annual contribution to the Fire Plan at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. The City is obligated by law to make all required contributions to the Fire Plan.

During the year ended September 30, 2006, the actuarially determined minimum deposit was \$197,369. Amounts actually contributed by the City and covered Fire Plan employees totaled \$153,223 and \$75,941, respectively, a total of \$229,164 for the fiscal year ended September 30, 2006.

NOTE 4 – CONCENTRATIONS

At September 30, 2006, the Fire Plan had one investment in Janus Advisor Risk Management Growth Fund I in the amount of \$641,261, which represents 25.6 percent of the Fire Plan's net assets. No other investments (other than those issued or guaranteed by the U.S. government) are made in any one organization that represent 5 percent or more of plan net assets.

NOTE 5 – RISKS AND UNCERTAINTIES

The Fire Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2006 and 2005
CITY OF HOLLY HILL, FLORIDA
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

Schedule 1

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Assets in Excess of) AAL (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Assets in Excess of) AAL as a Percentage of Covered Payroll ((b - a)/c)
10/01/2005	\$ 2,312,599	\$ 3,318,215	\$ 1,005,616	69.69%	\$ 734,633	136.89%
10/01/2004	\$ 2,154,101	\$ 2,954,838	\$ 800,736	72.90%	\$ 590,000	135.72%
10/01/2003	\$ 2,120,170	\$ 2,120,170	\$ -	100.00%	\$ 466,503	0.00%
10/01/2002	\$ 2,100,744	\$ 2,100,744	\$ -	100.00%	\$ 467,323	0.00%
10/01/2001	\$ 2,089,520	\$ 2,089,520	\$ -	100.00%	\$ 402,803	0.00%
10/01/2000	\$ 2,044,098	\$ 2,044,098	\$ -	100.00%	\$ 339,489	0.00%

**SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER
AND OTHER CONTRIBUTING ENTITIES**

Year Ended September 30	Annual Required Contribution	Employer Contributions	State Contributions	Percentage Contributed
2005	\$ 158,624	\$ 122,751	\$ 35,873 *	100.00%
2004	\$ 125,005	\$ 96,928	\$ 35,873 *	106.24%
2003	\$ 102,484	\$ 74,407	\$ 28,077 *	100.00%
2002	\$ 97,604	\$ 69,527	\$ 28,077 *	100.00%
2001	\$ 70,960	\$ 60,875	\$ 28,077 *	125.36%
2000	\$ 70,054	\$ 41,977	\$ 28,077 *	100.00%

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

Source: Foster & Foster, Inc., Actuaries
Valuation dated 10/01/2005

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2006 and 2005

CITY OF HOLLY HILL, FLORIDA

MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Contribution rates as of 09/30/2005:	
City	17.9%
Plan Members	10.0%
Valuation date	October 1, 2003
Actuarial cost method	Entry Age Normal (as of 10/01/05)
Amortization method	Level Percent of Pay, Closed
Remaining amortization period.....	30 Years
Asset Valuation Method	4 Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.5%, net of investment expenses
Projected salary increases ⁽¹⁾	5.0%
⁽¹⁾ includes inflation at	2.5%
Post-retirement cost of living increases (COLA) ..	0.0%

THREE YEAR TREND INFORMATION

<u>Fiscal Year Ending</u>	<u>Actuarially Determined Contribution</u>	<u>Percentage of ADC Contributed</u>	<u>Net Pension Obligation</u>
9/30/05	\$122,751	100%	\$ (59,326)
9/30/04	\$89,132	109%	\$ (60,289)
9/30/03	\$74,407	100%	\$ (54,885)

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, 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 Net Pension Obligation on October 1, 1997 was \$-0-.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - (Continued)

September 30, 2006 and 2005

CITY OF HOLLY HILL, FLORIDA

MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

The development of the Net Pension Obligation (NPO) in the Fire Plan through October 1, 2005 is as follows:

	<u>9/30/2003</u>	<u>9/30/2004</u>	<u>9/30/2005</u>
Actuarially determined contribution..... \$	74,407	89,132	122,751
Interest on NPO	(4,183)	(4,116)	(4,522)
Adjustment.....	<u>5,074</u>	<u>6,508</u>	<u>5,485</u>
Annual Pension Cost.....	75,298	91,524	123,714
Contributions made.....	<u>74,407</u>	<u>96,928</u>	<u>122,751</u>
Increase in NPO	891	(5,404)	963
NPO - beginning of year	<u>(55,776)</u>	<u>(54,885)</u>	<u>(60,289)</u>
NPO - end of year \$	<u>(54,885)</u>	<u>(60,289)</u>	<u>(59,326)</u>

