

CITY OF HOLLY HILL
POLICE OFFICERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2010

CONTRIBUTIONS APPLICABLE TO THE PLAN/
FISCAL YEAR ENDED SEPTEMBER 30, 2012

February 8, 2011

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
February 8, 2011
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\lsw

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, 2010, 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, 2012.

The contribution requirements, compared with those developed in the October 1, 2009 actuarial valuation (as revised April 29, 2010), are as follows:

Valuation Date	10/1/09	10/1/10
Applicable Plan/Fiscal Year End	<u>9/30/11</u>	<u>9/30/12</u>
Total Required Contribution % of Total Annual Payroll	55.0%	64.9%
Member Contributions (Est.) % of Total Annual Payroll	5.0%	5.0%
Required City and State Cont. % of Total Annual Payroll	50.0%	59.9%
Applicable State Contribution * % of Total Annual Payroll	69,797 6.9%	69,797 6.9%
Balance from City* % of Total Annual Payroll	43.1%	53.0%

* The City may use up to \$224,193 in State Monies, if received, in determining their bottom line requirement. For budgeting purposes, the required Sponsor Contribution (City and State) is 59.9% of Pensionable Earnings for the fiscal year ending September 30, 2012. The precise City requirement for the year is this amount, less actual State Contributions (up to the maximum \$224,193).

During the past 12 months, actuarial experience has been less favorable than expected, on the basis of the actuarial assumptions. The primary components of unfavorable experience included a 3.4% investment return (Actuarial Asset basis) that was less than the 7.5% assumption and lower than expected turnover. These losses were partially offset by average increases in Pensionable Earnings that fell short of the assumed rate by almost 7%.

For informational purposes, the City's funding requirement, when expressed as a percentage of payroll, including an estimate of the annual pay for DROP participants, is approximately 39% for the fiscal year ending September 30, 2012. Similarly, the City's funding requirement for the 2011 fiscal year is approximately 32% when an estimate for the DROP payroll is included. It is important to note that these funding rates are for illustration purposes only. The City should budget based on the percentages shown on page 1.

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, EA, MAAA

Plan Changes Since Prior Valuation

There have been no changes in 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

A. Participant Data	<u>10/1/2010</u>	<u>10/1/2009</u>
Number Included		
Actives	23	24
Service Retirees	9	9
Beneficiaries	2	2
Terminated Vested	1	2
Disability Retirees	2	2
DROP Members	5	3
Total	<u>42</u>	<u>42</u>
Total Annual Payroll	\$1,018,222	\$1,154,107
Payroll Under Assumed Ret. Age	1,018,222	1,154,107
Annual Rate of Payments to:		
Service Retirees	266,191	265,233
Beneficiaries	53,391	53,391
Terminated Vested	0	19,848
Disability Retirees	20,698	20,698
DROP Members	274,571	163,487
B. Assets		
Actuarial Value	6,291,928	6,333,782
Limited Value	6,291,928	6,333,782
Market Value	6,064,826	5,789,780
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	3,225,530	4,393,733
Disability Benefits	49,104	47,534
Death Benefits	29,363	28,278
Vested Benefits	971,076	1,004,684
Refund of Contributions	25,067	31,263
Service Retirees	2,997,851	3,030,018
Beneficiaries	411,056	423,746
Terminated Vested	2,077	192,086
Disability Retirees	172,673	177,634
DROP Members *	3,828,448	2,177,669
Excess State Monies Reserve	0	0
Total	<u>11,712,245</u>	<u>11,506,645</u>

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

C. Liabilities - (Continued)	<u>10/1/2010</u>	<u>10/1/2009</u>
Present Value of Future Salaries	7,168,595	7,151,193
PV of Future Member Cont's	358,430	357,560
EAN Normal Cost (Retirement)	171,710	169,261
EAN Normal Cost (Disability)	3,312	3,177
EAN Normal Cost (Death)	1,913	1,788
EAN Normal Cost (Vesting)	59,780	65,281
EAN Normal Cost (Refunds)	2,415	3,152
Total Normal Cost (Entry Age Method)	<u>239,130</u>	<u>242,659</u>
Present Value of Future Normal Costs (Entry Age)	1,334,164	1,350,857
Accrued Liability (Retirement)	2,021,531	3,247,205
Accrued Liability (Disability)	42,710	38,690
Accrued Liability (Death)	25,669	23,300
Accrued Liability (Vesting)	855,662	822,951
Accrued Liability (Refunds)	20,404	22,488
Accrued Liability (Inactives)	7,412,105	6,001,153
Excess State Monies Reserve	0	0
Total Actuarial Accrued Liability	<u>10,378,081</u>	<u>10,155,787</u>
Unfunded Actuarial Accrued Liability (UAAL)	4,086,153	3,822,006
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	7,412,105	6,001,153
Actives	671,882	1,646,321
Member Contributions	<u>400,119</u>	<u>542,080</u>
Total	8,484,106	8,189,554
Non-vested Accrued Benefits	<u>173,784</u>	<u>175,900</u>
Total Present Value Accrued Benefits	8,657,890	8,365,454
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	110,121	
Benefits Paid	(429,006)	
Interest	611,321	
Other	<u>0</u>	
Total:	292,436	

Valuation Date	10/1/2010	10/1/2009
Applicable to Fiscal Year Ending	<u>9/30/2012</u>	<u>9/30/2011</u>

E. Pension Cost

Normal Cost (with interest) % of Total Projected Payroll	24.4	21.8
Administrative Expenses (with int.) % of Total Projected Payroll	3.0	3.6
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 28 years (as of 10/1/10) % of Total Projected Payroll	37.5	29.6
Total Required Contribution % of Total Projected Payroll	64.9	55.0
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	59.9	50.0

F. Past Contributions

Plan Years Ending:	<u>9/30/2010</u>
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Total Required Contribution	507,695
City and State Requirement	456,309

Actual Contributions Made:

Members	51,386
City	386,511
State	69,797
Total	<u>507,694</u>

G. Net Actuarial Gain (Loss)	(207,025)
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H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2010	4,086,153
2011	3,997,366
2012	3,889,389
2017	2,903,237
2022	2,087,328
2032	350,748
2038	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2010	-0.9%	6.0%
Year Ended	9/30/2009	12.0%	6.0%
Year Ended	9/30/2008	3.9%	6.0%

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


		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2010	3.4%	7.5%
Year Ended	9/30/2009	2.9%	7.5%
Year Ended	9/30/2008	2.9%	7.5%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2010	\$1,018,222
	10/1/2000	744,912
(b) Total Increase		36.7%
(c) Number of Years		10.00
(d) Average Annual Rate		3.17%

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.

 2/9/11

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, 2009	3,822,006
(2) City and State Normal Cost Applicable for the year *	224,854
(3) Interest on (1) and (2)	303,515
(4) Sponsor Contributions to the System during the year ending September 30, 2010	456,308
(5) Interest on (4)	14,939
(6) Expected UAAL as of October 1, 2010 (1)+(2)+(3)-(4)-(5)	3,879,128
(7) Actual UAAL as of October 1, 2010	4,086,153
(8) Actuarial Gain/(Loss) as of October 1, 2010	(207,025)

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2010 Amount</u>	<u>Amortization Amount</u>
Method Change	10/1/2002	18	551,114	42,452
Loss Portion **	10/1/2002	18	551,114	42,452
Actuarial Gain	10/1/2003	18	(406,368)	(31,303)
Actuarial Loss	10/1/2004	18	1,399,380	107,794
Actuarial Gain	10/1/2005	18	(82,001)	(6,317)
Actuarial Loss	10/1/2006	18	60,015	4,623
Benefit Change	10/1/2006	26	37,486	2,299
Assumption Change	10/1/2007	27	891,179	53,540
Actuarial Loss	10/1/2007	18	5,416	417
Actuarial Loss	10/1/2008	8	669,223	96,172
Method Change	10/1/2008	18	248,339	19,130
Benefit Change	10/1/2008	28	(247,296)	(14,568)
Actuarial Loss	10/1/2009	9	201,527	26,246
Actuarial Loss	10/1/2010	10	207,025	24,737
			4,086,153	367,674

* Includes \$39,900 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 – Sex Distinct. 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 (3.17% for 10/1/10 Val).
<u>Cost of Living Adjustments</u>	2.0% per year for all retirees commencing 5 years after retirement (including disability retirees & beneficiaries of retirees).
<u>Administrative Expenses</u>	\$29,900 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>
1989	39,967.33	_____ %
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	N/A
2010	69,797.43	-53.7%

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	250,591.81	0.00
2007	74,699.30	250,591.81	0.00
2008	0.00	250,591.81	0.00
2009	150,819.27	250,591.81	0.00
2010	69,797.43	224,192.81	<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, 2010

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	416,958.96	416,958.96
Pending Trades Receivable	21,187.55	21,187.55
Pending Trades Payable	(28,663.21)	(28,663.21)
Cash	46,770.34	46,770.34
Total Cash and Equivalents	456,253.64	456,253.64
Receivable:		
Accrued Income	25,236.96	25,236.96
Total Receivable	25,236.96	25,236.96
Investments:		
U S Govt/Govt Sponsored/Agency	1,030,126.66	1,092,321.32
Corporate Bonds/CMOs/REMICs	873,637.20	950,080.35
Corporate Stocks/REITs	2,784,597.23	3,402,311.18
Foreign/ADR Securities	774,176.05	806,223.04
Total Investments	5,462,537.14	6,250,935.89
TOTAL ASSETS	5,944,027.74	6,732,426.49
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payable:		
Benefit Payments	3,000.41	3,000.41
Unpaid Investment Expenses	16,880.45	16,880.45
Total Liabilities	19,880.86	19,880.86
Net Assets:		
Active and Retired Members' Equity	5,276,427.14	6,064,825.89
DROP Plan Benefits	647,719.74	647,719.74
Total Net Assets	5,924,146.88	6,712,545.63
TOTAL LIABILITIES AND NET ASSETS	5,944,027.74	6,732,426.49

City of Holly Hill
Police Officers' Retirement Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2010
Market Value Basis

INCOME

Contributions:		
Member	51,386.11	
City	386,511.23	
State	69,797.43	
Total Contributions		507,694.77
Earnings from Investments		
Interest & Dividends	136,226.13	
Net Realized Gain (Loss)	260,860.94	
Unrealized Gain (Loss)	197,615.04	
Total Earnings and Investment Gains		594,702.11
	EXPENSES	
Administrative Expenses:		
Investment Related*	65,417.89	
Other	29,834.44	
Total Expenses		95,252.33
Distributions to Members:		
Benefit Payments	362,473.61	
Lump Sum DROP Balances	0.00	
Termination Payments	66,532.30	
Total Distributions		429,005.91
DROP Account Net Change		303,093.21
Change in Net Assets for the Year		275,045.43
Net Assets Beginning of the Year		5,789,780.46
Net Assets End of the Year		6,064,825.89

*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, 2010

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*	
9/30/07	10.94%	
9/30/08	-12.65%	
9/30/09	8.72%	
9/30/10	8.59%	
Annualized Rate of Return for prior four (4) years:	3.42%	
(A) 10/01/09 Actuarial Assets:		\$6,333,781.88
(I) Net Investment Income:		
1. Interest and Dividends		136,226.13
2. Realized Gains (Losses)		260,860.94
3. Change in Actuarial Value		(119,284.69)
4. Investment Related Expenses		(65,417.89)
Total		<u>212,384.49</u>
(B) 10/01/10 Actuarial Assets:		\$6,291,927.58
Actuarial Asset Rate of Return = $2I/(A+B-I)$:	3.42%	
10/01/10 Limited Actuarial Assets:		\$6,291,927.58
(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

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2010
Actuarial Asset Basis

INCOME		
Contributions:		
Member	51,386.11	
City	386,511.23	
State	69,797.43	
Total Contributions		507,694.77
Earnings from Investments		
Interest & Dividends	136,226.13	
Net Realized Gain (Loss)	260,860.94	
Change in Actuarial Value	(119,284.69)	
Total Earnings and Investment Gains		277,802.38
EXPENSES		
Administrative Expenses:		
Investment Related*	65,417.89	
Other	29,834.44	
Total Administrative Expenses		95,252.33
Distributions to Members:		
Benefit Payments	362,473.61	
Lump Sum DROP Balances	0.00	
Termination Payments	66,532.30	
Total Distributions		429,005.91
DROP Account Net Change		303,093.21
Change in Net Assets for the Year		(41,854.30)
Net Assets Beginning of the Year		6,333,781.88
Net Assets End of the Year**		6,291,927.58

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

**Net Assets may be limited for actuarial consideration

City of Holly Hill
Police Officers' Retirement Trust Fund
DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2009 through September 30, 2010

Name	9/30/09 Balance	Additions	Investment Return	Distributions	9/30/10 Balance
Barker, Mark	0.00	63,461.90	2,776.49	0.00	66,238.39
Borelli, Joe	105,525.84	58,339.96	11,925.59	0.00	175,791.39
Currie, Forrest	0.00	32,208.02	1,431.98	0.00	33,640.00
Dees, Mitchell	152,056.99	59,010.36	15,979.96	0.00	227,047.31
Patton, James	87,043.70	48,122.04	9,836.91	0.00	145,002.65
Total	344,626.53	261,142.28	41,950.93	0.00	647,719.74

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>
None	None

STATISTICAL DATA

(Averages are salary weighted)

	<u>10/1/2007</u>	<u>10/1/2008</u>	<u>10/1/2009</u>	<u>10/1/2010</u>
<u>Active Members</u>				
Number	25	25	24	23
Average Current Age	39.5	39.0	37.7	37.4
Average Age at Employment	30.4	31.1	29.5	31.0
Average Past Service	9.1	7.9	8.3	6.4
Average Annual Salary	\$44,744	\$45,679	\$48,088	\$44,271

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	0	3	1	0	0	0	0	0	0	4
30 - 34	1	0	1	1	0	1	0	0	0	0	0	4
35 - 39	0	1	0	1	2	4	0	0	0	0	0	8
40 - 44	1	0	0	1	0	1	1	1	0	0	0	5
45 - 49	0	0	0	0	0	1	1	0	0	0	0	2
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	2	1	1	6	3	7	2	1	0	0	0	23

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/09	24
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	1
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. Entered DROP	2
g. Continuing participants	21
h. New entrants	2
i. Total active life participants in valuation	23

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	9	2	2	2	3	18
b. In	0	0	0	0	2	2
c. Out	0	0	0	1	0	1
d. Number current valuation	9	2	2	1	5	19

SECTION V
SUMMARY OF PLAN PROVISIONS

**SUMMARY OF CURRENT PLAN
(Through Ordinance No. 2861)**

<u>Latest Amendment Date</u>	December 11, 2007.
<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 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.
<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 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 commencing 5 years after retirement for those Members who retire on or after October 6, 2009 (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	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 60 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)
10/01/10	6,291,928	10,378,081	4,086,153	60.63%	1,018,222	401.30%
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%

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
2010	456,309	386,511	69,797	100.00%
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%

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/10

City	37.9%
City for Members	0.0%
Plan Members	5.0%

Actuariall Determined Contribution	386,511
Contributions made	386,511
Actuarial valuation date	10/01/2008
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay, Closed
Remaining amortization period	28 Years (as of 10/1/10)
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	2.0%

THREE YEAR TREND INFORMATION

<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
9/30/2010	387,808	100%	(29,515)
9/30/2009	260,812	100%	(30,812)
9/30/2008	396,560	100%	(30,427)

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>9/30/08</u>	<u>9/30/09</u>	<u>9/30/10</u>
Actuarially Determined			
Contribution (A)	396,940	261,197	386,511
Interest on NPO	(2,254)	(2,282)	(2,311)
Adjustment to (A)	1,874	1,897	3,608
	-----	-----	-----
Annual Pension Cost	396,560	260,812	387,808
Contributions Made	396,940	261,197	386,511
	-----	-----	-----
Increase in NPO	(380)	(385)	1,297
NPO Beginning of Year	(30,047)	(30,427)	(30,812)
	-----	-----	-----
NPO End of Year	(30,427)	(30,812)	(29,515)