

**CITY OF LEESBURG
MUNICIPAL POLICE OFFICER'S
PENSION TRUST FUND**

**ACTUARIAL VALUATION
AS OF OCTOBER 1, 2010**

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

December 6, 2010

Ms. Barbara C. Cooper
Plan Administrator
Post Office Box 64
Lady Lake, Florida 32158

Re: City of Leesburg Municipal Police Officers' Pension Trust Fund

Dear Barb:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Leesburg Municipal Police Officers' Pension 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 Leesburg, financial reports prepared by the custodian bank, 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.

Ms. Barbara C. Cooper
December 6, 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 Leesburg, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Leesburg Municipal Police Officers' Pension 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, MAAA
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 Leesburg Municipal Police Officers' Pension 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 ending September 30, 2012.

The contribution requirements, compared with those developed in the October 1, 2009, Actuarial Valuation Report, are as follows:

Valuation Date	10/1/2009	10/1/2010
Applicable Plan/Fiscal Year End	<u>9/30/2011</u>	<u>9/30/2012</u>
Total Required Contribution		
% of Projected Annual Payroll	19.4%	20.95%
Less Member Contributions		
% of Projected Annual Payroll	7.65%	7.65%
Equals Required City and State		
% of Projected Annual Payroll	11.7%	13.30%
Less State Contribution *	159,139	159,139
% of Projected Annual Payroll	4.3%	4.26%
Balance from City		
% of Projected Annual Payroll	7.4%	9.04%

* The City may use up to \$213,695.18 of State Monies, if received, in determining their bottom line funding requirement.

** Please note the City has a contribution shortfall of \$35,127.37 (see Page 19) in addition to the above stated requirement for fiscal 2011.

*** As requested by the Division of Retirement, the required contribution from the City and State for the year ending September 30, 2011, is 11.7% of the actual Non-DROP payroll realized in that year. As a budgeting tool, the City may contribute 7.4% of each Non-DROP Member's Salary and then make a one-time adjustment to account for the actual State Monies received. The City and State requirement for the fiscal year ending September 30, 2012 will be 13.30% of the actual Non-DROP payroll realized in that year.

As can be seen the required contributions have increased when expressed a percentage of Projected Annual Payroll. More than 2/3 of this increase is attributable to net unfavorable actuarial experience during the past year. The primary component of unfavorable experience was a 2.0% investment return (Actuarial Asset Basis) that failed to meet the 8.0% assumption. This loss was partially offset by the effect of average increases in pensionable earnings that were less than the assumed rate.

The remaining portion of the increase is attributable to assumption changes made in conjunction with this valuation report. These changes are outlined on the following page and were made in response to a recent experience study.

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 answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.



By: _____

Bradley R. Heinrichs, FSA, EA, MAAA

By: _____



Patrick T. Donlan, MAAA, EA

Plan Changes Since Prior Valuation

There have been no amendments to the plan since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

There were three changes in actuarial assumptions since the prior valuation. These changes were the result of a recent experience study and were intended to produce funding requirements that are more stable and predictable when expressed as a percentage of total annual payroll.

The first change was to reduce the investment return assumption from the current 8.0% per year, net of investment related expenses, to 7.9%, net of investment related expenses.

The second change was the assumed mortality rates. The new assumption is the RP2000 Table (combined healthy with no projection) and the prior assumption was the 1983 Group Annuity Mortality Table.

The last change was to increase the assumed turnover rates to the amounts shown on Page 10.

There was also one change to the methodology of disclosing funding requirements. In this year's report, all percentages of payroll requirements are disclosed to the hundredth place for consistency with the Member Contribution rate of 7.65% of Salary. Last year, the requirements we displayed to the tenth place.

The following section outlines the impact of the above changes on the liabilities and funding requirements.

Comparative Summary of Principal Valuation Results

	New Assum <u>10/1/2010</u>	Old Assum <u>10/1/2010</u>	Old Assum <u>10/1/2009</u>
A. Participant Data			
Number Included			
Actives	72	72	67
Service Retirees	23	23	23
Beneficiaries	0	0	0
Terminated Vested	7	7	9
Disability Retirees	1	1	1
DROP Retirees	0	0	0
Total	<u>103</u>	<u>103</u>	<u>100</u>
Total Annual Payroll	\$3,738,540	\$3,738,540	\$3,479,653
Payroll Under Assumed Ret. Age	3,738,540	3,738,540	3,479,653
Annual Rate of Payments to:			
Service Retirees	562,374	562,374	562,374
Beneficiaries	0	0	0
Terminated Vested	67,102	67,102	67,102
Disability Retirees	22,283	22,283	22,283
DROP Retirees	0	0	0
B. Assets			
Actuarial Value	13,318,716	13,318,716	13,015,917
Market Value	12,360,304	12,360,304	11,195,792
C. Liabilities			
Present Value of Benefits			
Active Members			
Retirement Benefits	10,854,594	11,156,642	10,219,494
Disability Benefits	550,019	572,274	538,438
Death Benefits	317,438	512,301	501,195
Vested Benefits	1,361,142	1,185,034	1,185,187
Refund of Contributions	216,275	161,265	139,714
Service Retirees	5,528,555	5,430,171	5,526,265
Beneficiaries	0	0	0
Terminated Vested	500,826	482,342	453,053
Disability Retirees	164,622	158,641	165,883
DROP Retirees *	0	0	0
Excess State Monies Reserve	67,056	67,056	67,056
Total	<u>19,560,527</u>	<u>19,725,726</u>	<u>18,796,285</u>

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

	<u>New Assum</u> <u>10/1/2010</u>	<u>Old Assum</u> <u>10/1/2010</u>	<u>Old Assum</u> <u>10/1/2009</u>
C. Liabilities - (Continued)			
Present Value of Future Salaries	31,904,265	34,419,012	33,258,887
Present Value of Future Member Contributions	2,440,676	2,633,054	2,544,305
Normal Cost (FIL Method)	644,143	655,795	559,150
Present Value of Future Normal Costs (Entry Age)	3,499,306	4,039,870	3,976,326
Actuarial Accrued Liability	14,063,487	13,688,122	13,451,873
Unfunded Actuarial Accrued Liability (UAAL)	744,771	369,406	435,956
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives	6,194,003	6,071,154	6,145,201
Actives	2,834,344	2,689,930	2,288,626
Member Contributions	2,071,084	2,071,084	1,850,340
Total	11,099,431	10,832,168	10,284,167
Non-vested Accrued Benefits	108,470	93,217	74,680
Total Present Value Accrued Benefits	11,207,901	10,925,385	10,358,847
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	282,516	0	
New Accrued Benefits	0	416,870	
Benefits Paid	0	(652,923)	
Interest	0	802,591	
Other	0	0	
Total:	282,516	566,538	

Valuation Date Applicable to Fiscal Year Ending	New Assum 10/1/2010 <u>9/30/2012</u>	Old Assum 10/1/2010 <u>9/30/2012</u>	Old Assum 10/1/2009 <u>9/30/2011</u>
E. Pension Cost			
Normal Cost (with interest) % of Projected Annual Payroll*	17.91	18.24	16.7
Administrative Expenses (with int.) % of Projected Annual Payroll*	0.86	0.86	1.0
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 24 years (as of 10/1/10) % of Projected Annual Payroll*	2.18	1.40	1.6
Total Required Contribution % of Projected Annual Payroll*	20.95	20.50	19.4
Expected Member Contributions % of Projected Annual Payroll*	7.65	7.65	7.6
Expected City & State Contrib. % of Projected Annual Payroll*	13.30	12.85	11.7

F. Past Contributions

Plan Years Ending:	<u>9/30/2010</u>
Total Required Contribution	728,290
City and State Requirement	445,066
Actual Contributions Made:	
Members	281,385
City	285,927
State	159,139
Total	<u>726,451</u>

G. Net Actuarial Gain (Loss)

N/A

* Contributions in the left column developed as of 10/1/10 are expressed as a percentage of projected annual payroll at 10/1/10 of \$3,738,540

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2010	\$744,771
2011	719,090
2012	688,844
2017	452,513
2022	101,520
2032	58,284
2034	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	1.1%	6.2%
Year Ended	9/30/2009	0.6%	6.2%
Year Ended	9/30/2008	2.7%	6.2%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2010	2.0%	8.0%
Year Ended	9/30/2009	1.8%	8.0%
Year Ended	9/30/2008	3.5%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2010	\$3,738,540
	10/1/2000	2,140,554
(b) Total Increase		74.7%
(c) Number of Years		10.00
(d) Average Annual Rate		5.7%

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.



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	\$435,956
(2)	City and State Normal Cost Applicable for the year *	327,797
(3)	Interest on (1) and (2)	61,100
(4)	Sponsor Contributions to the System during the year ending September 30, 2010	445,066
(5)	Interest on (4)	10,381
(6)	Change to UAAL due to Change in Assumptions	375,365
(7)	Unfunded Accrued Liability as of October 1, 2010 (1)+(2)+(3)-(4)-(5)+(6)	744,771

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2010 Amount</u>	<u>Amortization Amount</u>
"A"	10/1/1991	11	489,957	55,591
"B"	10/1/1998	18	357,376	28,633
"C"	10/1/2001	21	(956,699)	(69,716)
"D"	10/1/2003	23	(43,563)	(3,013)
"E"	10/1/2004	24	252,978	17,090
Method Change	10/1/2008	18	269,357	21,581
Assum Changes	10/1/2010	20	<u>375,365</u>	<u>28,164</u>
			744,771	78,330

*Includes \$34,840 for administrative expenses.

ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

Assumptions

<u>Mortality Rate</u>	RP-2000 Table (combined healthy with no projection) (previously 1983 GAM Table) - Sex Distinct. Disableds set forward 5 years.
<u>Interest Rate</u>	7.9% (previously 8%) per year, compounded annually, net of investment related expenses.
<u>Retirement Age</u>	Earlier of: 1.) Age 50 and 25 years of Credited Service, or 2.) Age 55 and 10 years of Credited Service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
<u>Early Retirement</u>	Commencing at eligibility for Early Retirement (Age 45 with 10 years of Credited Service), Members are assumed to retire with an immediate benefit at the rate of 2% per year.
<u>Disability Rate</u>	See table below (1207). 75% are assumed In-Line of Duty and 25% are assumed Not-In-Line of Duty.
<u>Termination Rate</u>	See table below (1302).
<u>Salary Increases</u>	6.2% per year until the assumed retirement age; see table below. Projected salary at retirement is increased 22% to account for non-regular compensation.
<u>Cost-of-Living Adjustment</u>	None.
<u>Administrative Expenses</u>	\$31,089 added to Normal Cost (average of non-investment expenses for the past 2 years).
<u>Payroll Growth Assumption</u>	3% annually for amortizing UAAL.

<u>Age</u>	<u>(Prior)</u> <u>% Terminating</u> <u>During the Year</u>	<u>(Current)</u> <u>% Terminating</u> <u>During the Year</u>	<u>% Becoming Disabled</u> <u>During the Year</u>	<u>Current Salary as %</u> <u>of Salary at age 50</u>
20	6.0%	9.0%	.07%	16.5%
30	5.0	7.5%	.11	30.0
40	2.6	3.9%	.19	54.8
50	0.8	1.2%	.51	100.0

Funding Methods

Frozen Entry Age Actuarial Cost Method

VALUATION NOTES

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

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

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

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1988	77,482.00	N/A
1989	86,931.00	12.2%
1990	86,717.00	-0.2%
1991	87,109.00	0.5%
1992	77,914.00	-10.6%
1993	83,595.00	7.3%
1994	91,204.00	9.1%
1995	93,883.00	2.9%
1996	103,247.00	10.0%
1997	109,924.00	6.5%
1998	116,718.00	6.2%
1999	118,411.00	1.5%
2000	114,628.00	-3.2%
2001	120,045.00	4.7%
2002	137,613.00	14.6%
2003	159,149.65	15.7%
2004	166,624.90	4.7%
2005	184,093.15	10.5%
2006	184,827.50	0.4%
2007	184,093.15	-0.4%
2008	184,093.15	0.0%
2009	170,126.72	-7.6%
2010	159,138.64	-6.5%

Excess State Monies Reserve

	<u>Actual State Distribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	116,718.18	116,718.18	0.00
1999	118,410.85	116,718.18	1,692.67
2000	114,627.92	116,718.18	0.00
2001	120,045.31	117,037.18	3,008.13
2002	137,612.65	117,037.18	20,575.47
2003	159,149.65	117,037.18	42,112.47
2004	166,624.90	117,037.18	49,587.72
2005	184,093.15	117,037.18	67,055.97
2006	184,827.50	213,695.18	0.00
2007	184,093.15	213,695.18	0.00
2008	184,093.15	213,695.18	0.00
2009	170,126.72	213,695.18	0.00
2010	159,138.64	213,695.18	<u>0.00</u>
Total:			184,032.43
Less amounts used in funding Ord. No. 05-114 (Compensation Definition):			(116,976.46)
Total Current State Monies Reserve:			67,055.97

SECTION III
TRUST FUND

City of Leesburg
Municipal Police Officers' Pension Trust Fund

BALANCE SHEET
September 30, 2010

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Petty Cash	70.25	70.25
Money Market	540,199.00	540,199.00
Cash	12,241.93	12,241.93
Total Cash and Equivalents	552,511.18	552,511.18
Receivable:		
City Contributions	35,127.37	35,127.37
Total Receivable	35,127.37	35,127.37
Investments:		
U S Govt/Govt Sponsored/Agency	2,364,555.44	2,414,162.76
Corporate Bonds/CMOs/REMICs	1,568,175.73	1,685,153.19
Corporate Stocks/REITs	6,852,590.69	7,115,366.49
Foreign Bonds	34,541.00	38,977.40
Asset Backed Securities	492,434.49	519,005.90
Total Investments	11,312,297.35	11,772,665.74
TOTAL ASSETS	11,899,935.90	12,360,304.29
<u>LIABILITIES AND NET ASSETS</u>		
Total Liabilities	0.00	0.00
Net Assets:		
Active and Retired Members' Equity	11,899,935.90	12,360,304.29
DROP Plan Benefits	0.00	0.00
Total Net Assets	11,899,935.90	12,360,304.29
TOTAL LIABILITIES AND NET ASSETS	11,899,935.90	12,360,304.29

City of Leesburg
Municipal Police Officers' Pension Trust Fund

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

INCOME		
Contributions:		
Member	281,384.71	
City	285,927.37	
State	159,138.64	
Total Contributions		726,450.72
Earnings from Investments		
Interest & Dividends	307,279.16	
Net Realized Gain (Loss)	69,900.47	
Unrealized Gain (Loss)	833,737.81	
Total Earnings and Investment Gains		1,210,917.44
EXPENSES		
Administrative Expenses:		
Investment Related*	90,981.25	
Other	28,951.98	
Total Expenses		119,933.23
Distributions to Members:		
Benefit Payments	584,656.92	
Lump Sum DROP Balances	0.00	
Termination Payments	68,265.85	
Total Distributions		652,922.77
DROP Account Net Change		0.00
Change in Net Assets for the Year		1,164,512.16
Net Assets Beginning of the Year		11,195,792.13
Net Assets End of the Year		12,360,304.29

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

City of Leesburg
Municipal Police Officers' Pension 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	12.38%	
9/30/08	-13.70%	
9/30/09	1.39%	
9/30/10	9.98%	
Annualized Rate of Return for prior four (4) years:		1.98%
(A) 10/01/09 Actuarial Assets:		\$13,015,916.92
(I) Net Investment Income:		
1. Interest and Dividends		307,279.16
2. Realized Gains (Losses)		69,900.47
3. Change in Actuarial Value		(27,975.18)
4. Investment Related Expenses		(90,981.25)
Total		258,223.20
(B) 10/01/10 Actuarial Assets:		\$13,318,716.09
Actuarial Asset Rate of Return = 2I/(A+B-I):		1.98%
10/01/10 Limited Actuarial Assets: (Lesser of Actuarial Assets or 120% of Market Value)		\$13,318,716.09

*Market Value Basis, net of investment related expenses

City of Leesburg
Municipal Police Officers' Pension Trust Fund

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

INCOME		
Contributions:		
Member	281,384.71	
City	285,927.37	
State	159,138.64	
Total Contributions		726,450.72
Earnings from Investments		
Interest & Dividends	307,279.16	
Net Realized Gain (Loss)	69,900.47	
Change in Actuarial Value	(27,975.18)	
Total Earnings and Investment Gains		349,204.45
EXPENSES		
Administrative Expenses:		
Investment Related*	90,981.25	
Other	28,951.98	
Total Administrative Expenses		119,933.23
Distributions to Members:		
Benefit Payments	584,656.92	
Lump Sum DROP Balances	0.00	
Termination Payments	68,265.85	
Total Distributions		652,922.77
DROP Account Net Change		0.00
Change in Net Assets for the Year		302,799.17
Net Assets Beginning of the Year		13,015,916.92
Net Assets End of the Year**		13,318,716.09

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

**Net Assets may be limited for actuarial consideration

City of Leesburg
Municipal Police Officers' Pension Trust Fund
DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2009 through September 30, 2010

<u>Name</u>	<u>9/30/09 Balance</u>	<u>Additions</u>	<u>Investment Return</u>	<u>Distributions</u>	<u>9/30/10 Balance</u>
<p>No current DROP members</p>					
Total	0.00	0.00	0.00	0.00	0.00

CITY SHORTFALL CONTRIBUTION RECONCILIATION

(A) Shortfall Balance as of October 1, 2009	\$0.00
(B) Required City Contributions for Fiscal 2010	\$285,927.37
(C) Actual City Contributions for Fiscal 2010	\$250,800.00
(D) Shortfall Balance as of October 1, 2010	\$35,127.37
(A) + (B) - (C)	

SECTION IV
MEMBER STATISTICS

ELIGIBILITY FOR RETIREMENT

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

- 1.) Earlier of Age 55 and 10 Years of Credited Service,
- or 2.) Age 50 and 25 Years of Credited Service

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

- 1) Attained Age 45 with 10 Years of Credited Service

As of the date of this valuation, the following list of Members are eligible for:

Normal Retirement	Early Retirement
None	ANDERSON, MITCHELL K. BARRETT JR, GARY L. BEAN, EARLL CASH, BRIAN CHRISMAN, WILLIAM J. DANIELS, JOHN FROST, MARLENE NEAL, MICHAEL PADGETT, MARY V. PETROSKI, DAVID G. STEWART, KIM E. THOMAS, KAREN R. TOLER, LOUIS S.

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>
Number	68	64	67	72
Average Current Age	38.2	39.2	39.2	39.6
Average Age at Employment	29.1	29.2	29.7	30.0
Average Past Service	9.0	9.9	9.5	9.6
Average Annual Salary	\$52,985	\$54,834	\$51,935	\$51,924

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	2	2	0	0	0	0	0	0	0	0	0	4
25 - 29	2	5	1	1	1	1	0	0	0	0	0	11
30 - 34	1	2	0	1	1	1	1	0	0	0	0	7
35 - 39	1	2	2	0	1	5	6	0	0	0	0	17
40 - 44	2	2	0	0	0	3	2	3	2	0	0	14
45 - 49	0	1	1	1	0	0	3	4	3	0	0	13
50 - 54	0	0	0	0	0	2	1	1	1	0	0	5
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	1	0	0	0	0	0	0	1
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	8	14	4	3	4	12	13	8	6	0	0	72

1. Active lives

a. Number in prior valuation 10/1/09	67
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	3
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. Entered DROP	0
g. Continuing participants	64
h. New entrants	8
i. Total active life participants in valuation	72

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	23	0	1	9	0	33
b. In	0	0	0	0	0	0
c. Out	0	0	0	2	0	2
d. Number current valuation	23	0	1	7	0	31

SECTION V
SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 08-56)

<u>Eligibility</u>	Full-time sworn police officers.
<u>Salary</u>	Reportable W-2 compensation, less Christmas bonuses, but including lump sum payment of accrued sick leave, accrued annual leave, or accrued compensatory leave, plus all tax deferred (IRC Section 414(h)(2) and IRC Section 457 contributions) and tax exempt (IRC Section 125) items of income.
<u>Average Final Compensation</u>	Average of Salary paid during the 4 best years of the last 10 years of Credited Service.
<u>Credited Service</u>	Years and fractional parts of years of service with the City as a Police Officer.
<u>Normal Retirement</u>	
Date	Earlier of 1.) Age 50 and the completion of 25 Years of Credited Service, or 2.) Age 55 and the completion of 10 years of Credited Service.
Benefit	3.00% of Average Final Compensation <u>times</u> Credited Service prior to May 27, 2003, and 2.00% thereafter.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 45 and completion of 10 years of Credited Service.
Benefit	Accrued benefit, reduced 3.0% per year.
<u>Disability Benefit</u>	
Eligibility	Total and permanent; Medical proof required. 10 years of Credited Service required for non-service incurred disability benefit.
Exclusions	Disability resulting from the use of drugs, illegal participation in riots, service in military, etc.

Benefit**Service Connected**

Greater of accrued benefit or 50% of Average Final Compensation.

Non-Service Connected

Greater of accrued benefit or 25% of Average Final Compensation.

Pre-Retirement Death Benefit**Service Connected**

Beneficiary receives a monthly benefit which can be provided by the greater of: 1.) present value of Member's accrued benefit, or 2.) lesser of 24 times the Member's Average Final Compensation, or 100 times the Member's anticipated normal retirement benefit.

Non-Service Connected

If less than 10 years of service, beneficiary receives a refund of Member contributions; otherwise, same as service connected benefits.

Death After Retirement

Benefit payable in accordance with optional form of pension selected at time of retirement.

Vesting (Termination of Employment)**Less than 10 years**

Refund of Member Contributions.

10 years or more

Accrued pension payable on a reduced basis at Normal (unreduced) or Early (reduced) Retirement Date.

Member Contributions

7.65% of Salary.

City Contributions

Amount required after State premium tax refunds in order to pay current costs and amortize unfunded past service cost, as provided in Part VII, Chapter 112, Florida Statutes.

Board of Trustees

- a.) Two City residents appointed by the City Commission,
- b.) Two Police Officers elected by a majority of Police Officers and
- c.) A fifth Member elected by the Board and appointed (as a ministerial duty) by the City Commission.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
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) credited each fiscal quarter.
Form of Distribution	Cash lump sum (options available) at termination of employment.

SECTION VI

**GOVERNMENTAL ACCOUNTING STANDARDS
BOARD STATEMENTS NO. 25 AND 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	13,318,716	14,063,487	744,771	94.70%	3,738,540	19.92%
10/01/09	13,015,917	13,451,873	435,956	96.76%	3,479,653	12.53%
10/01/08	13,185,827	13,661,930	476,103	96.52%	3,509,401	13.57%
10/01/07	12,734,501	12,913,643	179,142	98.61%	3,603,003	4.97%
10/01/06	11,635,558	11,828,037	192,480	98.37%	3,316,192	5.80%
10/01/05	10,613,513	10,817,156	203,643	98.12%	2,929,992	6.95%

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	445,066	285,927	159,139	100.00%
2009	437,542	266,854	170,127	99.87%
2008	411,998	225,967 ***	184,093	99.53%
2007	376,923	189,272 ***	184,093	99.06%
2006	357,152	165,084 ***	184,828	97.97%
2005	328,829	204,581 ***	117,037 *	97.81%

* Frozen per Chapter 185, Florida Statutes.

** Actuarial Value, less Funding Credit Balance.

*** The remaining required contribution came from the Funding Standard Account

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	7.3%
Plan Members	7.65%
Actuarially Determined Contribution	285,927
Contributions made	285,927
Actuarial valuation date	10/1/2008
Actuarial cost method	Frozen Entry Age
Amortization method	Level percentage of pay, closed
Remaining amortization period	26 Years (as of 10/1/08)
Asset valuation method	4 Year Smooth (Market)
Actuarial assumptions:	
Investment rate of return	8.0% (as of 10/1/08)
Projected salary increase*	6.2%
* Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

Year Ending	Actuarially Determined Contribution	Percentage of APC * Contributed	Net Pension Obligation
9/30/2010	285,927	100%	0
9/30/2009	267,415	100%	0
9/30/2008	227,905	100%	0

* Annual Pension Cost from City sources.