TAB 1





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May 13, 2009

Board of Trustees City of Palmetto Retirement Plan Palmetto, Florida

Dear Board Members:

We are pleased to present our October 1, 2008 Actuarial Valuation Report for the Plan. The purpose of the Report is to set forth required contribution levels, to disclose plan assets and actuarial liabilities, to comment on funding progress and to provide supporting information regarding the operation of the Plan. This Report is also designed to comply with requirements of the State.

The valuation was performed on the basis of employee, retiree and financial information supplied by the City. Although we did not audit this information, it was reviewed for reasonableness and comparability to prior years.

The benefits valued are outlined at the end of the Report. Actuarial assumptions and the actuarial cost method are also described herein. Any changes in benefits, assumptions or methods are described in the first section.

As indicated below, the undersigned are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

We will be pleased to answer any questions pertaining to the valuation and to meet with you to review this Report.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

J. Stephen Palmquist, ASA, MAAA, FCA Enrolled Actuary No. 08-1560

Jeffrey Amrose, EA, MAAA Enrolled Actuary No. 08-06599

Statement by Enrolled Actuary

This actuarial valuation and/or cost determination 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. In my opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. 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.

Signature

5-12-2009 Date

08-1560 Enrollment Number

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SECTION A

DISCUSSION OF VALUATION RESULTS

DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

The minimum required employer contribution developed in this year's valuation is compared below with that of the previous valuation:

	For FYE 9/30/10 Based on 10/1/2008 Valuation	For FYE For FYE 9/30/10 9/30/09 Based on Based on 10/1/2008 10/1/2007 Valuation Valuation	
Required Employer Contribution	\$ 866,192	\$ 639,605	\$ 226,587
As % of Covered Payroll	21.59 %	16.59 %	5.00 %

The required contributions listed above were calculated as though payments are made at the end of each biweekly pay period. The actual employer contribution during the fiscal year ending September 30, 2008 was 516,320 compared to the minimum required amount of \$495,147.

Revisions in Benefits

The following changes were made by Ordinance No. 08-968 that was adopted on May 19, 2008:

- (1) Upon attaining Normal Retirement, members who do not elect to participate in the DROP have the option of electing a partial lump sum benefit with the remaining portion of their benefit converted to one of the other Optional Forms.
- (2) Terminated employees who return to work after having received a refund of their accumulated contributions may have their prior service reinstated if they repay the full amount of the refund plus 5.0% interest.

The above changes in benefits had no actuarial impact on the Plan.

Revisions in Actuarial Assumptions or Methods

The investment earnings assumption was changed from 7.75% per year net of investment expenses to 50% net of investment expenses.

Actuarial Experience

There was a net actuarial loss of \$1,446,623 for the year which means that actual experience was less favorable than expected. The loss is primarily due to recognized investment return below the assumed rate of 7.75%. The investment return was -13.9% on market value of assets and -5.8% based on the actuarial value. The actuarial loss has caused an increase in the required contribution of 4.16% of covered payroll.

Analysis of Change in Employer Contribution

The components of change in the required employer contribution are as follows:

Contribution Rate Last Year	16.59 %
Actuarial Experience	4.16
Normal Cost	0.05
Administrative Expenses	(0.14)
Amortization Payment on UAAL	(0.22)
Change in Benefits	0.00
Change in Assumptions	<u>1.15</u>
Contribution rate this year	21 59

Variability of Future Contribution Rates

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The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

Smaller plans in particular often see significant year-to-year changes in the employer's contribution rate. The impact of a single new disability retirement or a single active member death can move the contribution rate by more than one percent of pay in a very small plan. Normal variability in the number of retirements or terminations or salary increases or hiring can all cause noticeable shifts in the contribution rate from one year to the next.

Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected return to the current level, but this does not always happen.

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The Actuarial Value of Assets exceeds the Market Value of Assets by \$723,733 as of the valuation date 'see Section C). This difference will be gradually recognized over the next five years in the absence of offsetting gains. In turn, the computed employer contribution rate will increase by approximately 2.0% of covered payroll over the same period.

Relationship to Market Value

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If Market Value had been the basis for the valuation, the City contribution rate would have been 23.64% rather than 21.59%. In the absence of other gains and losses, the City contribution rate should increase to this value over the next several years. Due to the recent economic downturn, further asset losses have likely occurred after September 30, 2008. These losses will be reflected in the October 1, 2009 valuation for the fiscal year ending September 30, 2011.

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

SECTION B

VALUATION RESULTS

PARTICIPANT DATA				
	October 1, 2008 October 1, 2007		ober 1, 2007	
ACTIVE MEMBERS				
Number Covered Annual Payroll Average Annual Payroll Average Age Average Past Service Average Age at Hire	\$ \$	92 3,857,700 41,932 46.5 7.5 39.0	\$ \$	93 3,707,079 39,861 46.2 7.0 39.2
RETIREES & BENEFICIARIES & DROP				
Number Annual Benefits Average Annual Benefit Average Age	\$ \$	41 503,599 12,283 70.6	\$ \$	39 468,708 12,018 70.3
DISABILITY RETIREES				
Number Annual Benefits Average Annual Benefit Average Age	\$ \$	3 22,190 7,397 64.1	\$ \$	3 22,190 7,397 63.1
TERMINATED VESTED MEMBERS				
Number Annual Benefits Average Annual Benefit Average Age	\$ \$	1 19,108 19,108 54.7	\$ \$	1 19,108 19,108 53.7

ANNUAL REQUIRED CONTRIBUTION (ARC)				
A. Valuation Date	October 1, 2008 After changes	October 1, 2008 Before Changes	October 1, 2007	
B. ARC to Be Paid During Fiscal Year Ending	9/30/2010	9/30/2010	9/30/2009	
C. Assumed Date of Employer Contribution	Biweekly	Biweekly	Biweekly	
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 455,732	\$ 435,484	\$ 277,875	
E. Employer Normal Cost	346,870	323,593	314,155	
F. ARC if Paid on the Valuation Date: D+E	802,602	759,077	592,030	
G. ARC Adjusted for Frequency of Payments	832,769	788,525	614,998	
H. ARC as % of Covered Payroll	21.59 %	20.44 %	16.59 %	
 I. Assumed Rate of Increase in Covered Payroll to Contribution Year 	4.00 %	4.00 %	4.00 %	
J. Covered Payroll for Contribution Year	4,012,007	4,012,007	3,855,362	
K. ARC for Contribution Year: H x J	866,192	820,054	639,605	
L. REC as % of Covered Payroll in Contribution Year: M ÷ J	21.59 %	20.44 %	16.59 %	

	ACTUARIAL VALUE OF BENEFITS AND ASSETS				
A. Va	hation Date	October 1, 2008 After Changes	October 1, 2008 Before Changes	October 1, 2007	
B. Ac	tuarial Present Value of All Projected				
	Active Members				
	a. Service Retirement Benefits	\$ 9,906,650	\$ 9,472,191	\$ 8,554,261	
	b. Vesting Benefits	409,181	384,889	354,292	
	c. Disability Benefits	472,109	451,818	412,740	
	d. Preretirement Death Benefits	101,645	98,672	93,875	
8	e. Return of Member Contributions	230,183	228,912	243,626	
	f. Total	11,119,768	10,636,482	9,658,794	
2.	Inactive Members				
	a. Service Retirees & Beneficiaries	5,138,402	5,035,466	4,670,988	
	b. Disability Retirees	216,121	212,081	210,474	
	c. Terminated Vested Members	137,846	133,442	118,993	
1	d. Total	5,492,369	5,380,989	5,000,455	
3.	Total for All Members	16,612,137	16,017,471	14,659,249	
C. Act Lia	tuarial Accrued (Past Service) bility per GASB No. 25	12,697,837	12,353,329	11,176,288	
D. Act Ber	tuarial Value of Accumulated Plan nefits per FASB No. 35	10,012,989	9,771,486	8,855,509	
E. Pla	n Assets			0.055.0(1	
1.	Market Value	7,071,029	7,071,029	8,055,261	
2.	Actuarial Value	7,794,762	/,/94,/02	0,10/,1//	
F. Un	funded Actuarial Accrued	4 000 075		2 0 (0 1 1 1	
Lia	bility: C - E2	4,903,075	4,558,567	3,069,111	
G. Act Cov	tuarial Present Value of Projected vered Payroll	28,833,236	28,411,823	27,081,584	
H. Act Me	tuarial Present Value of Projected	1,441,662	1,420,591	1,354,079	

	CALCULATION OF EMPLOYER NORMAL COST					
А. В.	Valuation Date Normal Cost for	October 1, 2008 After Changes	October 1, 2008 Before Changes	October 1, 2007		
	 Service Retirement Benefits Vesting Benefits Disability Benefits Preretirement Death Benefits Return of Member Contributions Total for Future Benefits Assumed Amount for Expenses Total Normal Cost 	\$ 406,104 29,921 22,542 3,883 <u>45,018</u> 507,468 <u>32,287</u> 539,755	$\begin{array}{r} \$ & 385,084 \\ & 28,683 \\ & 21,506 \\ & 3,761 \\ \underline{ 45,157} \\ \hline & 484,191 \\ \\ \underline{ 32,287} \\ \hline & 516,478 \end{array}$	\$ 366,945 28,189 21,292 3,772 <u>43,180</u> 463,378 <u>36,131</u> 499,509		
C.	Expected Member Contribution	192,885	192,885	185,354		
D.	Employer Normal Cost: B8-C	346,870	323,593	314,155		
E.	Employer Normal Cost as % of Covered Payroll	8.99 %	8.39 %	8.47 %		

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

The Unfunded Actuarial Accrued Liability (UAAL) is being amortized as a level dollar amount over the number of years remaining in the amortization period. Details relating to the UAAL are as follows:

A. UAAL Amortization Period and Payments					
Original UAAL				Current UAA	L
Date Established	Source	Amount	Years Remaining	Amount	Payment
10/1/89	Change Assump	\$ (40,569)	11	\$ (15,493)	\$ (1,970)
10/1/89	Amendment	4,215	11	1,540	196
10/1/90	Change Assump	5,928	12	2,253	271
10/1/90	Amendment	524,421	12	199,217	23,958
10/1/91	Change Assump	63,776	13	30,988	3,548
10/1/92	Funding Method Chng	594,796	14	300,532	32,932
10/1/92	Change Assump	(85,976)	14	(45,426)	(4,978)
10/1/93	Funding Method Chng	(519,590)	15	(284,039)	(29,933)
10/1/93	Exp Loss	74,371	0	-	-
10/1/94	Exp Gain	(30,383)	1	(2,759)	(2,759)
10/1/94	Amendment	35	16	21	2
10/1/95	Exp Gain	(9,456)	2	(1,602)	(830)
10/1/96	Amendment	223,985	18	128,966	12,360
10/1/96	Exp Gain	(8,283)	3	(2,001)	(716)
10/1/97	Exp Gain	(508,962)	4	(157,601)	(43,772)
10/1/98	Change Assump	(244,027)	20	(154,709)	(14,117)
10/1/98	Amendment	540,890	20	342,923	31,291
10/1/98	Exp Loss	15,899	5	5,853	1,346
10/1/99	Exp Loss	40,529	6	17,072	3,383
10/1/00	Exp Gain	(360,959)	7	(171,485)	(30,118)
10/1/01	Fyn Loss	236 752	8	94.029	14,933
10/1/01	Change Assumn	13 592	23	7.378	635
10/1/02	Fxn Loss	916.233	9	660,091	96,261
10/1/03	Exp Gain	(14.327)	10	(11,052)	(1,498)
10/1/04	Exp Gain	(105,544)	11	(86,597)	(11,012)
10/1/05	Exp Gain	(133,444)	12	(117,769)	(14,163)
10/1/06	Exp Loss	626.281	13	619.961	70,972
10/1/07	Fyn Loss	20,429	14	20.344	2.229
10/1/07	Assumn Change	1 688 841	29	1.731.309	137.696
10/1/08	Assump. Change	344,508	30	344,508	27,135
10/1/08	Exp Loss	1,446.623	15	1,446,623	152,450
10/1/00		\$ 5,320,584		\$ 4,903,075	\$ 455,732

B. Schedule Illustrating the Expected Amortization of the UAAL			
Year	Expected UAAL		
2008 2009 2010 2011 2012 2013 2018	\$ 4,903,075 4,780,874 4,646,561 4,501,283 4,344,340 4,128,571 2,838,168		
2023 2028 2033 2038	1,627,329 1,146,225 613,797		

ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gain (loss) for the past year has been computed as follows:

1. Last Year's UAAL	\$ 3,069,111
2. Last Year's Employer Normal Cost	317,954
3. Last Year's Contributions	516,320
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	262,498
b. 3 from dates paid	21,299
c. a-b	241,199
5. This Year's Expected UAAL	
1 + 2 - 3 + 4c	3,111,944
6. Change in UAAL due to change in asssumptions	344,508
7. Expected UAAL after assumption changes	3,456,452
8. This Year's Actual UAAL (After Changes	
in Benefits or Assumptions)	4,903,075
9. Net Actuarial Gain (Loss): (7) - (8)	(1,446,623)
10. Gain (Loss) due to Investments	(1,125,461)
11. Gain (Loss) from other sources	(321,162)

Actuarial gains in previous years have been as follows:

Year Ended	Gain (Loss)
9/30/99	\$ (40,529)
9/30/00	360,959
9/30/01	(236,752)
9/30/02	(916,233)
9/30/02	14,327
9/30/04	105,544
9/30/05	133,444
9/30/06	(626,281)
9/30/07	(20,429)
9/30/08	(1,446,623)

The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan, so it is important that they are in line with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last few years:

	Investment Return		Salary	Increases
Year Ending	Actual	Assumed	Actual	Assumed
9/30/1986	9.2 %	7.0 %		
9/30/1987	7.8	7.0		
9/30/1988	8.2	7.0	3.1 %	6.0 %
9/30/1989	9.5	7.0	4.9	6.0
9/30/1990	4.2	7.5	6.8	6.0
9/30/1991	14.3	7.5	10.2	6.0
9/30/1992	10.9	7.5	5.9	6.0
9/30/1993	8.6	8.0	13.2	6.0
9/30/1994	(2.0)	8.0	2.3	6.0
9/30/1995	19.5	8.0	9.0	6.0
9/30/1996	11.0	8.0	11.1	6.0
9/30/1997	24.1	8.0	3.1	6.0
9/30/1998	1.7	8.0	6.9	6.0
9/30/1999	8.5	8.5	8.5	6.0
9/30/2000	14.6	8.5	1.9	6.0
9/30/2001	(11.7)	8.5	4.6	6.0
9/30/2002	(6.1)	8.5	9.2	6.0
9/30/2003	14.5	8.5	3.3	6.0
9/30/2004	7.1	8.5	5.9	6.0
9/30/2005	10.5	8.5	5.5	6.0
9/30/2006	7.2	8.5	15.1	6.0
9/30/2007	12.9	8.5	6.8	6.0
9/30/2008	(13.9)	7.75	7.2	7.4
Averages	7.0 %		6.8 %	

The actual investment return rates shown above are based on the market value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuations both at the beginning and the end of each year.





Actual (A) Compared to Expected (E) Decrements Among Active Employees													
V	Nu Ac Du	mber dded iring	Sei I	rvice & DROP	Disa	bility	D		Terminations Vested Other Totals		Active Members		
Ended	A	ear E	A	E	A	ement E	A	ath E	A	A	A	E E	Year
9/30/2002	18	15	1	3	1	0	0	0	1	12	13	4	94
9/30/2003	14	15	4	3	0	0	0	0	0	11	11	4	93
9/30/2004	7	14	1	2	0	0	0	0	0	13	13	4	86
9/30/2005	14	14	3	1	0	0	0	0	0	11	11	4	86
9/30/2006	9	9	5	1	0	0	1	0	0	3	3	4	86
9/30/2007	17	10	0	1	0	0	0	0	1	9	10	4	93
9/30/2008	8	9	3	2	0	0	0	0	0	6	6	11	92
9/30/2009				5		0		0				10	
7 Yr Totals *	87	86	17	13	1	0	1	0	2	65	67	35	

* Totals are through current Plan Year only

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			RECENT HISTO	RY OF VALUATION	RESULTS			
	Numb	er of						
Valuation Date	Active Members	Inactive Members	Covered Annual Payroll	Actuarial Value of Assets	UFAAL		mal Cost	NC as % of Pavroll
10/1/93	81	12	\$ 1,740,350	\$ 2.577.964	\$ 383.99	4	205 555	11 81 0/
10/1/94	71	14	1,578,354	2,803,417	350.53	÷	158 802	10.06
10/1/95	65	19	1,557,315	3,031,786	346,24		143,495	9.21
10/1/96	73	20	1,816,563	3,302,709	565,04		186.505	10.27
10/1/97	78	22	1,938,289	4,105,384	54,09		197,485	10.19
10/1/98	81	26	2,059,454	4,499,036	331,25		202,871	9.85
10/1/99	90	28	2,383,138	4,968,625	392,60		239,677	10.06
10/1/00	80	34	2,068,992	5,401,727	51,89		208,315	10.07
10/1/01	91	34	2,521,440	5,509,891	259,34		237,881	9.43
10/1/02	94	36	2,832,569	5,274,601	1,121,73		256,602	9.06
10/1/03	93	40	2,752,396	5,868,307	1,091,18′		240,405	8.73
10/1/04	86	38	2,753,730	6,423,551	966,693		261,509	9.50
10/1/05	86	40	2,831,275	6,955,448	789,77		288,141	10.18
10/1/06	86	43	3,161,376	7,545,546	1,349,32(317,954	10.06
10/1/07	93	43	3,707,079	8,107,177	3,069,11		314,155	8.47
10/1/08	92	45	3,857,700	7,794,762	4,903,07;		346,870	8.99







Applies to Fiscal	Required Employe	Actual Employer	
I car falling	Amount	% of Payroll	Year to Which Valuation Applies
9/30/94	\$ 240,949	13.84 %	\$ 246,171
9/30/95	188,726	11.96	188,726
9/30/96	171,919	11.04	171,920
9/30/97	234,532	12.91	238,013
9/30/98	188,646	9.73	243,834
0/20/00	219 109	10.50	218 100
9/30/99	210,198	10.39	210,199
9/30/00	201,249	10.90	202,000
9/30/01	187,773	9.08	203,008
9/30/02	188,284	7.47	320,700
9/30/03	375,985	13.27	375,985
9/30/04	356,845	12.96	357,556
9/30/05	370,979	12.96	370,979
9/30/06	390,060	13.62	397,805
9/30/07	394,861	13.41	397,559
9/30/08	495,147	15.06	516,320
9/30/09	639,605	16.59	na
9/30/10	866,192	21.59	na
	Applies to Fiscal Year Ending 9/30/94 9/30/95 9/30/95 9/30/96 9/30/97 9/30/98 9/30/99 9/30/01 9/30/02 9/30/03 9/30/04 9/30/05 9/30/07 9/30/08 9/30/07 9/30/08 9/30/09 9/30/09	Applies to Fiscal Year Ending Required Employed 9/30/94 Amount 9/30/95 188,726 9/30/96 171,919 9/30/97 234,532 9/30/98 188,646 9/30/99 218,198 9/30/00 261,249 9/30/01 187,773 9/30/02 188,284 9/30/03 375,985 9/30/04 356,845 9/30/05 370,979 9/30/06 390,060 9/30/07 394,861 9/30/08 495,147 9/30/09 639,605 9/30/10 866,192	Applies to Fiscal Year EndingRequired Employer Contribution9/30/94% of Amount9/30/95% 0f Payroll9/30/95188,7269/30/96171,9199/30/97234,5329/30/98188,6469/30/99218,1989/30/90261,2499/30/00261,2499/30/01187,7739/30/02188,2849/30/02188,2849/30/03375,9859/30/04356,8459/30/05370,9799/30/06390,0609/30/07394,8619/30/08495,1479/30/09639,6059/30/09639,6059/30/09866,19221.59

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS



	ACTUARIAL ASSU	MPTIONS AND COST METHOD
A. Cost Meth 1. Funding 2. Accumu	od lated Benefit Obligation	Entry Age Normal Actuarial Cost Method. Accrued Benefit Method.
B. Investmen (Including	t Earnings inflation)	7.50% per year, compounded annually, net of investment expenses.
C. Salary Incr (Including	reases inflation)	Rates based on service, see table on the next page. In addition, salary in the year of retirement is assumed to increase an extra 20% to allow for the inclusion of unused sick and vacation pay in average final compensation.
D. Inflation3%	% per year.	
E. Retirement	Age	See Table below.
F. Turnover R	lates	See Table below.
G. Mortality F	Rates	RP-2000 Generational Mortality Table for males and females; rates for disabled lives are set ahead five years.
H. Disability1. Rates2. Percent 5	Service Connected	See Table below. N/A
I. Asset Value		The actuarial value of assets is equal to the expected actuarial value plus or minus a 10% corridor adjustment. The expected actuarial value is equal to last year's actuarial value plus contributions and expected investment return at 7.50%, minus expenditures. If expected actuarial value differs from market value by less than 10%, actuarial value is set equal to expected actuarial value. If expected actuarial value is set equal to 110% of market value. If expected actuarial value is set equal to 110% of market value. If expected actuarial value is set equal to 90% of market value, actuarial value is set equal to 90% of market value.
J. Administrat	ive Expenses	Amount of actual administrative expenses paid in previous year.
K. Increase in purposes of amo accrued liability	Covered Payroll (for ortizing the unfunded /).	0.0%
L. Post Retirer	nent Benefit Increase	None.
M. Changes Si	ince Last Valuation	The investment return assumption was lowered from 7.75% to 7.5%.

Salary In	creases
Years of	
Service	Rates
0 - 19	7.5 %
20 - 24	7.0
25 - 29	6.5
30 +	6.0

Employment Termination Rates (Based on service if less than 10 years)					
Years of Service	Rates				
0 - 1	22.0	%			
1 - 2	20.0				
2 - 3	18.0				
3 - 4	16.0				
4 - 5	14.0				
5 - 6	12.0				
6 - 7	10.0				
7 - 8	9.0				

8.0

7.0

2.0

%

Rates

8 - 9

9 - 10

Age (>10 years svc)

30+

Disab	ility
Age	Rates
25	0.09
30	0.12
35	0.14
40	0.25
45	0.35
50	0.55
55	0.74
60	0.97
65	

Retirem	ent Rates
Years past NRD	Rates
0 - 1	75
1 - 2	25
2 - 3	50
3 +	100

GLOSSARY

Actuarial Accrued Liability (AAL)	The difference between the Actuarial Present Value of Future Benefits and the Actuarial Present Value of Future Normal Costs.
Actuarial Assumptions	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
Actuarial Cost Method	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
Actuarial Equivalent	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
Actuarial Present Value (APV)	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
Actuarial Present Value of Future Benefits (APVFB)	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
Actuarial Valuation	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 25, such as the Funded Ratio and the Annual Required Contribution (ARC).
Actuarial Value of Assets	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution (ARC).
Annual Required Contribution (ARC)	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB No. 25. The ARC consists of the Employer Normal Cost and Amortization Payment

Closed Amortization Period A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.

Employer Normal Cost The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.

Equivalent SingleFor plans that do not establish separate amortization bases (separate
components of the UAAL), this is the same as the Amortization Period.
For plans that do establish separate amortization bases, this is the period
over which the UAAL would be amortized if all amortization bases were
combined upon the current UAAL payment.

Experience Gain/Loss A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.

Governmental Accounting Standards Board.

These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves.

Normal Cost The annual cost assigned, under the Actuarial Cost Method, to the current plan year.

Open Amortization Period An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.

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Funded Ratio

GASB No. 25 and

GASB No. 27

GASB

Unfunded Actuarial AccruedThe difference between the
Value of Assets.

Valuation Date

The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.

The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

SECTION C

PENSION FUND INFORMATION

SUMMARY OF ASSETS					
	9/30/2008	9/30/2007			
Cash and Securities - Market Value					
Cash	\$ 15,238	\$ -			
Money Market Funds	458,611	328,241			
Treasury and Agency Bonds & Notes	1,167,855	1,379,410			
Corporate Bonds	1,381,444	1,110,413			
Common Stocks	4,180,007	5,339,422			
Pooled Equity Funds	-	-			
Pooled Bond Funds	-	-			
Other Securities		<u> </u>			
Total	7,203,155	8,157,486			
Receivables and Accruals					
Member Contribution	-	-			
Employer Contribution	-	-			
Interest and Dividends	34,178	30,270			
Other	-	-			
Total	34,178	30,270			
Payables					
DROP Accounts	166,304	86,303			
Benefits (DROP)	-	- ·			
Accounts payable	-	-			
Expenses	-	-			
Due to other funds	-	46,192			
Total	166,304	132,495			
Net Assets - Market Value	7,071,029	8,055,261			

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PENSION FUND INCOME A	ND DISBURSEMEN	IS
	Year Ending 9/30/2008	Year Ending 9/30/2007
Market Value at Beginning of Period	\$ 8,141,564	\$ 7,267,224
Income		
Member Contributions	191,480	181,965
Employer Contributions	516,320	397,559
Other Contributions	-	-
Investment Earnings		
Interest & Dividends	215,368	205,783
Realized & Unrealized Gain (Loss)	(1,293,144)	726,667
Total	(1,077,776)	932,450
Other Income		
Total Income	(369,976)	1,511,974
Disbursements		
Monthly Benefit Payments	411,640	396,551
DROP Distributions	-	66,672
Lump Sum Payments	-	-
Refund of Contributions	15,447	67,560
Investment Related Expenses	74,881	70,720
Other Administrative Expenses	32,287	36,131
Insurance Premiums	-	-
Other Expenses		
Total Disbursements	534,255	637,634
Net Increase During Period	(904,231)	874,340
Market Value at End of Period	7,237,333	8,141,564
Less: DROP Account Balance	166,304	86,303
Final Market Value	7,071,029	8,055,261

ACTUARIAL VALUE OF ASSETS							
	Year Ending September 30						
	2008	2007					
A. Last Year's Actuarial Value of Assets	\$ 8,193,480	\$ 7,607,428					
B. Contributions	707,800	579,524					
C. Disbursements	459,374	637,634					
D. Time Weighted Cash Flow: 1/2(B-C)	124,213	(29,055)					
E. Expected Investment Return: 0.0775*(A+D)	644,621	644,162					
F. Expected Actuarial Value of Assets: A+B-C+E	9,086,527	8,193,480					
G. Market Value	7,237,333	8,141,564					
H. Percentage: F/G	125.6 %	100.6 %					
I. Actuarial Value (within 10% of Market)	7,961,066	8,193,480					
J. Less: DROP Account Balance	166,304	86,303					
K. Final Actuarial Value of Assets	7,794,762	8,107,177					
Investment earnings recognized in the Actuarial Value of Assets is computed as follows:							
\$ 7,961,066	Actuarial Value this y	<i>r</i> ear					
- 8,193,480	Actuarial Value last y	<i>rear</i>					
- 707,800 + 534,255	Expenses during year	year					
	Crosse Determine year	1					
(405,959)	Gross Return recogni	zea					
/4,881 (480 840)	Net Return Recognize	ed					
(1003010)							

RECONCILIATION OF DROP ACCOUNTS			
Value at beginning of year	\$	86,303	
Payments credited to accounts	+	71,981	
Investment Earnings credited	+	8,020	
Withdrawals from accounts		0	
Value at end of year		166,304	

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INVESTMENT RATE OF RETURN

The investment rate of return has been calculated on the following basis:

- **Basis 1** Interest, dividends, realized gains (losses) and unrealized appreciation (depreciation) divided by the weighted average of the market value of the fund during the year. This figure is normally called the Total Rate of Return.
- **Basis 2** Investment earnings recognized in the Actuarial Value of Assets divided by the weighted average of the Actuarial Value of Assets during the year.

	Investment Rate of Return		
Year Ended	Basis 1	Basis 2	
9/30/86	9.2 %	%	
9/30/87	7.8		
9/30/88	8.2		
9/30/89	9.5		
9/30/90	4.2		
9/30/91	14.3		
9/30/92	10.9		
9/30/93	8.6		
9/30/94	(2.0)	8.0	
9/30/95	19.5	8.0	
9/30/96	11.0	8.0	
9/30/97	24.1	19.6	
9/30/98	1.7	8.0	
9/30/99	8.5	8.5	
9/30/00	14.6	8.5	
9/30/01	(11.7)	7.2	
9/30/02	(6.1)	(6.0)	
9/30/03	14.5	8.5	
9/30/04	7.1	8.5	
9/30/05	10.5	8.5	
9/30/06	7.2	8.5	
9/30/07	12.9	8.5	
9/30/08	(13.9)	(5.8)	
Average Compounded Rate of Return for Number of Years Shown	7.0 %	6.9 %	
Average Compounded Rate of Return for Last 5		55.04	
Years	4.3 %	5.5 %	
SECTION D

FINANCIAL ACCOUNTING INFORMATION

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	FASB NO. 35 INFORM	IATION	
A.	Valuation Date	October 1, 2008	October 1, 2007
B.	Actuarial Present Value of Accumulated Plan Benefits		
	1. Vested Benefits		
	 a. Members Currently Receiving Payments b. Terminated Vested Members c. Other Members d. Total 2. Non-Vested Benefits 3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2 4. Accumulated Contributions of Active Members Classical de Actorial Present Value of Accumulated Plan Benefits: 1d + 2	\$ 5,354,523 137,846 3,622,953 9,115,322 897,667 10,012,989 934,976	\$ 4,881,462 118,993 2,905,392 7,905,847 949,662 8,855,509 840,881
С.	 Accumulated Plan Benefits 1. Total Value at Beginning of Year 2. Increase (Decrease) During the Period Attributable to: 	8,855,509	7,400,131
	 a. Plan Amendment b. Change in Actuarial Assumptions c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period d. Benefits Paid e. Net Increase 3. Total Value at End of Period 	0 241,503 1,343,064 <u>(427,087)</u> 1,157,480 10,012,989	0 964,532 1,021,629 (530,783) 1,455,378 8,855,509
D.	Market Value of Assets	7,071,029	8,055,261
E.	Assets as % of C3	70.6 %	91.0 %
F.	Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

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SCHEDULE OF FUNDING PROGRESS (GASB Statement No. 25)

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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 % of Covered Payroll (b - a) / c
10/1/1993	\$ 2,577,934	\$ 2,961,929	\$ 383,995	87.0 %	\$ 1,740,350	22.1 %
10/1/1994	2,803,417	3,153,955	350,538	88.9	1,578,354	22.2
10/1/1995	3,031,786	3,378,030	346,244	89.8	1,557,315	22.2
10/1/1996	3,302,709	3,867,752	565,043	85.4	1,816,563	31.1
10/1/1997	4,105,384	4,159,477	54,043	98.7	1,938,289	2.8
10/1/1998	4,499,036	4,830,290	331,254	93.1	2,059,454	16.1
10/1/1999	4,968,625	5,361,229	392,604	92.7	2,383,138	16.5
10/1/2000	5,401,727	5,453,621	51,894	0.06	2,068,992	2.5
10/1/2001	5,509,891	5,769,233	259,342	95.5	2,251,442	10.3
10/1/2002	5,274,601	6,396,332	1,121,731	82.5	2,832,569	39.6
10/1/2003	5,868,307	6,959,494	1,091,187	84.3	2,752,396	39.6
10/1/2004	6,423,551	7,390,243	966,692	86.9	2,753,730	35.1
10/1/2005	6,955,448	7,745,220	789,772	89.8	2,831,275	27.9
10/1/2006	7,545,546	8,894,866	1,349,320	84.8	3,161,376	42.7
10/1/2007 (a)	8,107,177	9,487,447	1,380,270	85.5	3,657,867	37.7
10/1/2007 (b)	8,107,177	11,176,288	3,069,111	72.5	3,707,079	82.8
10/1/2008 (a)	7,794,762	12,353,329	4,558,567	63.1	3,857,700	118.2
10/1/2008 (b)	7,794,762	12,697,837	4,903,075	61.4	3,857,700	127.1

(a) before assumption changes(b) after assumption changes

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Year Ended September 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
1994	\$ 240 949	\$ 246 171	102.2 %
1995	188,726	188,726	102.2 /0
1996	171.919	171.920	100.0
1997	234,532	238.013	101.5
1998	188,646	243,834	129.3
1999	218,198	218,199	100.0
2000	261,249	262,060	100.3
2001	187,773	263,008	140.1
2002	188,284	320,706	170.3
2003	375,985	375,985	100.0
2004	356.845	357,556	100.2
2005	370,979	370,979	100.0
2006	390,060	397,805	102.0
2007	394,861	397,559	100.7
2008	495,147	516,320	104.3

SCHEDULE OF EMPLOYER CONTRIBUTIONS (GASB Statement No. 25)

ANNUAL PENSION COST AN (GASB STATI	D NET PENSION EMENT NO. 27)	OBLIGATION	
Employer FYE September 30	2009	2008	2007
Annual Required Contribution (ARC)	\$ 639,605	\$ 495,147	\$ 394,861
Interest on Net Pension Obligation (NPO)	(22,708)	(23,202)	(26,110)
Adjustment to ARC	(40,509)	(40,980)	(36,611)
Annual Pension Cost (APC)	657,406	512,925	405,362
Contributions made	*	516,320	397,559
Increase (decrease) in NPO	*	(3,395)	7,803
NPO at beginning of year	(302,771)	(299,376)	(307,179)
NPO at end of year	*	(302,771)	(299,376)
* To be determined		L	

THREE YEAR TREND INFORMATION

Fiscal	Annual Pension	Actual	Percentage of	Net Pension
Year Ending	Cost (APC)	Contribution	APC Contributed	Obligation
9/30/2006	\$400,726	\$397,805	99.3 %	(\$307,179)
9/30/2007	405,362	397,559	98.1	(299,376)
9/30/2008	512,925	516,320	100.7	(302,771)

REQUIRED SUPPLEMENTARY INFORMATION GASB Statement No. 25 and No. 27

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

Valuation Date:	October 1, 2008
Contribution Rates Employer Plan members	21.59% 5.00%
Actuarial Cost Method	Entry Age
Amortization Method	Level dollar, closed
Remaining Amortization Period	30 years
Asset Valuation Method	See Assumptions page
Actuarial Assumptions	
Investment rate of return Projected salary increases Includes inflation and other general increases at Cost of Living adjustments	7.5% 6.0 - 7.5% 3.0% NA

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SECTION E

MISCELLANEOUS INFORMATION



	RECONCILIATION OF MEMBE	RSHIP DATA	
		From 10/1/07	From 10/1/06
		To 10/1/08	To 10/1/07
А.	Active Members	Т	T · · · · · · · · · · · · · · · · · · ·
1.	Number Included in Last Valuation	93	86
2.	New Members Included in Current Valuation	8	17
3.	Non-Vested Employment Terminations	(6)	(9)
4.	Vested Employment Terminations	0	(1)
5.	Service Retirements	(1)	0
6.	Disability Retirements	0	0
7.	Deaths	0	0
8.	DROP Participation	(2)	0
9.	Number Included in This Valuation	92	93
B.	Terminated Vested Members		
1	Number Included in Last Valuation	1	1
2	Additions from Active Members	0	1
3.	Lump Sum Payments/Refund of Contributions	0	()
3. 4.	Payments Commenced	0	0
5.	Deaths	0	0
6.	OtherReturn to Active	0	0
7.	Number Included in This Valuation	1	1
c.	DROP Plan Members		
1	Number Included in Last Valuation	2	5
1. ว	Additions from Active Members		0
2. 2	Additions from Active Members		(3)
з. Л	Deaths Resulting in No Further Payments	0	(5)
4. Deaths Resulting in No Further Payments 5. Other		0	0
 Other Number Included in This Valuation 		4	
). Service Retirees, Disability Retirees and Benefic			
J. Service Retrices, Disability Retrices and Benefici			
1.	Number Included in Last Valuation	40	37
2. 2	Additions from Active Members		0
3.	Additions from Terminated Vested Members		0
4.	Deaths Resulting in No Further Payments		0
5.	Deaths Resulting in New Survivor Benefits	0	0
6. 7	End of Certain Period - No Further Payments	0	0
/.	Other - Additions from DROP		
8.	Number Included in This Valuation	40	40

Palmetto General - 10/1/08 Active Participants

1-2	2-3	3-4	Years 4-5	t of Service 5-9	to Valuatic 10-14	n Date 15-19	20-24	25-29	30-34	35 & Up	Total
		 	 	 		000	000		 		000
	 	 				000					
	 	• • • •	000			 					
	 0 0 0				000						
	 	1. 27936. 27936.	 	 		 	000	 		• • • •	2. 54331. 27165.
	1. 29358. 29358.	 	 	 	000 	000					5. 143320. 28664.
	2. 57890. 28945.	• • • •	1. 30153. 30153.	3. 90797. 30266.	1. 31560. 31560.	• • • •	 			 	9. 262150. 29128.
	 	1. 34106. 34106.		4. 148504. 37126.		 0 0 0	 	 . 0			8. 291928. 36491.
	1. 44068. 44068.	1. 36779. 36779.	1. 64619. 64619.	4. 207480. 51870.	1. 44675. 44675.	 	1. 49409. 49409.	 		 	13. 592406. 45570.
	2. 70457. 35229.	 	2. 64663. 32332.	5. 210881. 42176.	2. 82969. 414 85.	2. 88340. 44170.		1. 50193. 50193.		 	16. 641371. 40086.
	000	 	 	3. 131865. 43955.	3. 117246. 39082.	1. 64262. 64262.		2. 96665. 48333.			13. 535723. 41209.
	1. 29475. 29475.	1. 27097. 27097.		5. 197672. 39534.	4. 162491. 40623.	 . 0	2. 70989. 35495.	1. 40006. 40006.	• • • •		15. 562407. 37494.
	 	1. 48097. 48097.	 	2. 102553. 51277.	2. 75036. 37518.	1. 65003. 65003.		 . 0		• • • •	8. 349717. 43715.
		 	 	3. 157503. 52501.				 			3. 157503. 52501.
	7. 231248. 33035.	5. 174015. 34803.	4. 159435. 39859.	29. 1247255. 43009.	13. 513977. 39537.	217605. 54401.	3. 120398. 40133.	4. 186864. 46716.			3590856.

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SCHEDULE OF NON-ACTIVE PARTICIPANTS DATA

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	Terminat	ed Vested	Disa	bled	Âge &	Service	0E	her	£	otal
		Total		Total		Total		Total		
Age	Number	Benefits	Number	Benefits	Number	Benefits	Nimhar	Donefi ta		TOTAL
Under 20	0	.0	0	.0				Delletics	NUMBER	Benefits
20 - 24	0	c					.		0	.0
00 - 30	Ċ						D	.0	0	0
67 - 67	5		D	0.	0	.0	0	.0	0	c
30 - 34	0	.0	•	.0	0	.0	0	c	, c	
35 - 39	0	.0	0		0	٥.	0		00	
40 - 44	c	c	c	d	c	•				
			5		5	.,	ð	.0	0	0
4 - 4	D	.0	0	.0	•		0	.0	0	c
50 - 54	-	19108.	1	14353.	7	68028.	0	0	4	101400
55 - 59	0	.0	0	0.	ч	40556.	c		• -	
							•		4	.0000
60 - 64	0		0	.0	6	123939.	U	c	đ	0.0
65 - 69	0	0.	1	4291	σ	100001				
47 - 07					• •	- FEEDDT	5	.0	10	105285.
	5		-	.0400	٥	52914.	0	•	7	56460.
61 61.	0	.0	0	0.	9	86880.	1	3292.	7	90172.
80 - 84	0	.0	0	0.	4	15486.	7	4599	ų	20085
85 - 89	0	0	0	.0	ч	6911.	G		, -	
90 - 94	0	0.	C	c	c					.1160
95 - 99	0	. 0					- c			
TOD 5 Over							5		þ	
	5		5		Ð	.0	0	.0	0	0
Tota1	1	19108.	e	22190.	38	495708.	£	7891.	45	544897.
Ave. Age		54		64		69		82		69
Liability		137846.		216121.		5092622.		45780.		5492369.

SECTION F

SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS

A. Ordinances

Plan established under the Code of Ordinances for the City of Palmetto, Florida, Chapter 22, Article IV, and was most recently amended under Ordinance No. 08-968 passed and adopted on May 19, 2008. The Plan is also governed by certain provisions of Part VII, Chapter 112, <u>Florida Statutes</u> (F.S.) and the Internal Revenue Code.

B. Effective Date

May 1, 1982; Amended Plan Effective Date: October 1, 1996.

C. Plan Year

October 1 through September 30.

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

All full-time employees of the City, except police officers, become members on their date of hire.

F. Credited Service

Credited Service is measured as the total number of years and fractional parts of years from the date of employment to the date of termination or retirement. No service is credited for any periods of employment for which a member received a refund of their contributions. Terminated employees who return to work after having received a refund may have their prior service reinstated if they repay the full amount of the refund plus 5.0% interest.

G. Compensation/Salary

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The total compensation for services rendered to the City as a general employee reportable on the member's W-2 form including lump sum payments of unused sick leave and vacation time, plus all tax deferred, tax sheltered or tax exempt items of income derived from elective employee payroll deductions or salary reductions.

H. Average Final Compensation (AFC)

The average of Salary during the highest 5 consecutive years out of the last 10 years preceding termination or retirement.

I. Normal Retirement

	Eligibility:	A member may retire on the first day of the month coincident with or next following the earlier of:			
		(1) age 60 with 5 years of Credited Service (10 years if hired after January 1, 1995), or (2) 30 years of Credited Service regardless of age.			
	Benefit:	2.5% of AFC multiplied by years of Credited Service.			
	Normal Form of Benefit:	Single Life Annuity; other options are also available.			
	COLA:	There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).			
J.	. Early Retirement				
	Eligibility:	A member may elect to retire earlier than the Normal Retirement Eligibility upon the attainment of age 55 with 5 years of Credited Service (10 years if hired after January 1, 1995).			
	Benefit:	The Normal Retirement Benefit is reduced by 3.0% for each year by which the Early			

Normal Form

of Benefit: Single Life Annuity; other options are also available.

COLA: There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

Retirement date precedes the member's Normal Retirement date.

K. Delayed Retirement

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

L. Service Connected Disability

- Eligibility: Any member with 5 or more years (10 years if hired after January 1, 1995) of Credited Service who becomes totally and permanently disabled and unable to perform regular and continuous duties for the City or establish other gainful employment is immediately eligible for a disability benefit.
- Benefit: Accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability. Disability benefits, when combined with Worker's Compensation benefits, can not exceed and will be limited to the AFC on the date of disability.

Normal Form:

GRS

of Benefit: Benefits begin on the first day of the month following the date the Board approves the disability and are payable until death or recovery from disability. Other options are also available.

COLA: There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

M. Non-Service Connected Disability

- Eligibility: Any member with 5 or more years (10 years if hired after January 1, 1995) of Credited Service who becomes totally and permanently disabled and unable to perform regular and continuous duties for the City or establish other gainful employment is immediately eligible for a disability benefit.
- Benefit: Accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability. Disability benefits, when combined with Worker's Compensation benefits, can not exceed and will be limited to the AFC on the date of disability.

Normal Form:

- of Benefit: Benefits begin on the first day of the month following the date the Board approves the disability and are payable until death or recovery from disability. Other options are also available.
- COLA: There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

N. Death in the Line of Duty

- Eligibility: Any member who dies with 5 or more years (10 years if hired after January 1, 1995) of Credited Service is eligible for survivor benefits.
- Benefit: Beneficiary will be paid the member's accrued benefit based upon Credited Service and AFC as of the date of death. Benefits begin on the member's Early or Normal Retirement date, at the option of the beneficiary, and will be actuarially reduced for Early Retirement when applicable. Alternatively, beneficiaries of members who were not yet eligible for Early or Normal Retirement can elect immediate benefits that are further reduced for early payment.

Normal Form

of Benefit: Payable for 10 years.

In lieu of the benefits described above, beneficiaries of those who were members on or before October 1, 1996 can elect a lump sum based upon the greater of:

- (1) 5 times the vested pension benefit, or
- (2) the present value of the vested pension benefit.
- COLA: There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

The beneficiary of a member with less than 5 years (10 years if hired after January 1, 1995) of Credited Service at the time of death will receive a refund of the member's accumulated contributions with interest.

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O. Other Pre-Retirement Death

Eligibility: Any member who dies with 5 or more years (10 years if hired before January 1, 1995) of Credited Service is eligible for survivor benefits.

Benefit: Beneficiary will be paid the member's accrued benefit based upon Credited Service and AFC as of the date of death. Benefits begin on the member's Early or Normal Retirement date, at the option of the beneficiary, and will be actuarially reduced for Early Retirement when applicable. Alternatively, beneficiaries of members who were not yet eligible for Early or Normal Retirement can elect immediate benefits that are further reduced for early payment.

Normal Form

of Benefit: Payable for 10 years.

In lieu of the benefits described above, beneficiaries of those who were members on or before October 1, 1996 can elect a lump sum based upon the greater of:

(1) 5 times the vested pension benefit, or(2) the present value of the vested pension benefit.

COLA: There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

The beneficiary of a member with less than 5 years (10 years if hired after January 1, 1995) of Credited Service at the time of death will receive a refund of the member's accumulated contributions with interest.

P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

Q. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are the 10 Year Certain and Life option or the 50%, 66 2/3%, 75% or 100% Joint and Survivor options. A Social Security option is also available for members retiring prior to the time they are eligible for Social Security retirement benefits.

Members who do not participate in the DROP also have the option of electing a partial lump sum with the remaining portion of their benefit converted to one of the Optional Forms above.

R. Vested Termination

Eligibility: A member has earned a non-forfeitable right to Plan benefits after the completion of 5 years (10 years if hired after January 1, 1995) of Credited Service.

Benefit: The member's accrued Normal Retirement Benefit as of the date of termination. Benefit begins on the member's Normal Retirement date. Alternatively, members may elect to receive an actuarially reduced Early Retirement Benefit any time after age 55.

Normal Form of Benefit:	10 Years Certain and Life thereafter; other options are also available.
	In lieu of the benefits described above, those who were members on or before October 1, 1996 can elect a lump sum based upon the greater of:
	(1) 5 times the vested pension benefit, or(2) the present value of the vested pension benefit.
COLA:	There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

Plan members with less than 5 years (10 years if hired before January 1, 1995) of Credited Service will receive a refund of their own accumulated contributions with interest.

S. Refunds

- Eligibility: All members terminating employment with less than 5 years of Credited Service are eligible. Optionally, vested members (those with 5 or more years of credited service) may elect a refund in lieu of the vested benefits otherwise due.
- Benefit: Refund of the member's contributions with interest. Interest is currently credited at a rate of 4.0% per annum. No interest is credited prior to January 1, 1986.

T. Member Contributions

5.0% of Compensation

U. Employer Contributions

Any additional amount determined by the actuary needed to fund the plan properly according to State laws.

V. Cost of Living Increases

Effective October 1, 1996, the monthly benefit being received by every retired member, joint pensioner or beneficiary receiving benefits as a result of a retirement that occurred prior to October 1, 1990 received an Ad Hoc COLA of 10%. In addition, for any retirees whose benefits were less than \$250 as of October 1, 1996, including the COLA increases, if applicable, their benefits were increased to \$250.

W. 13th Check

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Not Applicable

X. Deferred Retirement Option Plan

Eligibility: Plan members are eligible for the DROP on the first day of the month coincident with or next following the earlier of:

(1) age 60 with 5 years (10 years if hired after January 1, 1995) of Credited Service, or

Members who meet eligibility must submit a written election to participate in the DROP.

Benefit: The member's Credited Service and AFC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and AFC.

Maximum

DROP Period: 60 months from date of participation in the DROP, but not to exceed 5 years from the date the member first became eligible for Normal Retirement.

Interest

Credited: The member's DROP account is credited or debited quarterly at a rate equal to one of the following as elected by the member:

(1) 6.5% per annum compounded monthly on the prior month's ending balance, or (2) the actual net rate of investment return realized by the Plan for that quarter.

Normal Form of Benefit: Options include a lump sum or DROP distribution used to purchase fixed annuity.

COLA: There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

Y. Other Ancillary Benefits

There are no ancillary retirement type benefits not required by statutes but which might be deemed a City of Palmetto General Employees' Retirement System liability if continued beyond the availability of funding by the current funding source.

Z. Changes from Previous Valuation

The Plan was amended by Ordinance No. 08-968 to add the following provisions:

- (1) Upon attaining Normal Retirement, members who do not elect to participate in the DROP have the option of electing a partial lump sum benefit with the remaining portion of their benefit converted to one of the other Optional Forms.
- (2) Terminated employees who return to work after having received a refund of their accumulated contributions may have their prior service reinstated if they repay the full amount of the refund plus 5.0% interest.

CITY OF PALMETTO POLICE OFFICERS' RETIREMENT PLAN

ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2008

ANNUAL EMPLOYER CONTRIBUTION IS DETERMINED BY THIS VALUATION FOR THE PLAN YEAR ENDING SEPTEMBER 30, 2010

GRS

May 27, 2009

Board of Trustees City of Palmetto Police Officers Retirement Plan Palmetto, Florida

Dear Board Members:

We are pleased to present our October 1, 2008 Actuarial Valuation Report for the Plan. The purpose of the Report is to set forth required contribution levels, to disclose plan assets and actuarial liabilities, to comment on funding progress and to provide supporting information regarding the operation of the Plan. This Report is also designed to comply with requirements of the State.

The valuation was performed on the basis of employee, retiree and financial information supplied by the City. Although we did not audit this information, it was reviewed for reasonableness and comparability to prior years.

The benefits valued are outlined at the end of the Report. Actuarial assumptions and the actuarial cost method are also described herein. Any changes in benefits, assumptions or methods are described in the first section.

We will be pleased to answer any questions pertaining to the valuation and to meet with you to review this Report.

As indicated below, the undersigned is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

Jetephin Palinguit

J. Stephen Palmquist, ASA, MAAA, FCA Enrolled Actuary No. 08-1560

If amines

Jeffrey Amrose, EA Enrolled Actuary No. 08-6599

Statement by Enrolled Actuary

This actuarial valuation and/or cost determination 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. In my opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. 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.

Jotuphu Palingit

Signature

Date

____08-1560 Enrollment Number

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SECTION A

DISCUSSION OF VALUATION RESULTS

DISCUSSION OF VALUATION RESULTS

1

Comparison of Required Employer Contributions

The minimum required employer contribution developed in this year's valuation is compared below with that of the previous valuation:

	For FYE 9/30/10 Based on 10/1/2008 Valuation	For FYE 9/30/09 Based on 10/1/2007 Valuation	Increase Decrease)
Required Employer Contribution As % of Covered Payroll	\$ 462,711 23.66 %	\$ 281,987 15.25 %	\$ 180,724 8.41 %
Estimated State Contribution As % of Covered Payroll	\$ 101,867 5.21 %	\$ 101 ,867 5.51 %	\$ 0 (0.30) %
Required Employer Contribution As % of Covered Payroll	\$ 360,844 18.45 %	\$ 180,120 9.74 %	\$ 180,724 8.71 %

The required contributions listed above are calculated as though payments are made continuously throughout the plan year. The actual employer and state contributions during the fiscal year ending September 30, 2008 were \$158,984 and \$101,867, respectively, for a total of \$260,851. The total annual required contribution was \$260,206.

The required employer contribution has been computed under the assumption that the amount to be received from the state in 2010 on behalf of police officers this year will be equal to the baseline amount of \$101,867. If the actual payment from the State falls below this amount, then the Employer must increase its contribution by the difference.

Revisions in Benefits

There have been no revisions in benefits since the last valuation.

Revisions in Actuarial Assumptions or Methods

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

Actuarial Experience

There was a net actuarial loss of \$1,499,855 for the year which means that actual experience was less favorable than expected. The loss is due to recognized investment return below the assumed rate of 8.25%. The investment return was (12.3)% based on market value of assets and (7.7)% based on the actuarial value of assets. The actuarial loss caused an increase in the required contribution of 9.09% of covered payroll.

Funded Ratio

The funded ratio, one measure of the Plan's financial health, is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability. The funded ratio is 82.9% this year compared to 100.2% last year.

Analysis of Change in Employer Contribution

The components of change in the required employer contribution are as follows:

Contribution Rate Last Year	9.74 %
Actuarial Experience	7.95
Normal Cost	0.14
Change in Administrative Expenses	(0.13)
Amortization Payment on UAAL	0.45
Change in State Contribution	0.30
Change in Benefits	0.00
Change in Assumptions	<u>0.00</u>
Contribution Rate This Year	18.45 %

Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rate which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

Over time, if the year-to-year gains and losses offset each other, the contribution rate would be

expected to return to the current level, but this does not always happen.

The Actuarial Value of Assets exceeds the Market Value of Assets by \$666,081 as of the valuation date (see Section C). This difference will be gradually recognized in the absence of offsetting gains. In turn, the computed employer contribution rate will gradually increase by approximately 4% of covered payroll.

Relationship to Market Value

If Market Value had been the basis for the valuation, the City contribution rate would have been 23.63% and the funded ratio would have been 75.3%. In the absence of other gains and losses, the City contribution rate should increase to that level over the next several years. Due to the recent economic downturn, further asset losses have likely occurred after September 30, 2008. These losses will be reflected in the required City contribution starting October 1, 2010.

The remainder of this Report includes detailed actuarial valuation results, information relating to the pension fund, financial accounting information, miscellaneous employee data and a summary of plan provisions.

CHAPTER REVENUE

Increments in Chapter revenue over that received in 1998 must first be used to fund the cost of compliance with minimum benefits. Once minimums are met, any subsequent additional Chapter revenue must be used to provide extra benefits.

As of the valuation date, all minimum benefit requirements have been met. Thus, any additional revenue must be used to provide extra benefits.

Actuarial Confirmation of the Use of State Chapter Money		
1. Base Amount Previous Plan Year	\$ 101,867	
2. Amount Received for Previous Plan Year	108,732	
3. Benefit Improvements Made in Previous Plan Year	0	
4. Excess Funds for Previous Plan Year: (2) - (1) - (3)	6,865	
5. Accumulated Excess at Beginning of Previous Year	6,865	
6. Prior Excess Used in Previous Plan Year	0	
 7. Accumulated Excess as of Valuation Date (Available for Benefit Improvements): (4) + (5) - (6) 	13,730	
8. Base Amount This Plan Year: (1) + (3)	101,867	

The Accumulated Excess shown in line 7 is being held in reserve to pay for additional benefits. The reserve is subtracted from Plan assets (see Section C of this Report). The Base Amount in line 8 is the maximum amount the employer may take as a credit against its required contribution; however, in no event may the employer take credit for more than the actual amount of Chapter revenue received.

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SECTION B

VALUATION RESULTS

PARTICIPANT DATA				
	Oct	ober 1, 2008	October 1, 2007	
ACTIVE MEMBERS				
Number Covered Annual Payroll	\$	36 1,880,450	\$	34 1,777,974
Average Annual Payroll	\$	52,235 38.8	\$	52,293 38 9
Average Age at Hire		7.9 30.9		8.6 30.3
RETIREES & BENEFICIARIES & DR	OP			
Number Annual Benefits Average Annual Benefit Average Age	\$ \$	18 405,876 22,549 61.8	\$ \$	16 311,697 19,481 62.1
DISABILITY RETIREES				
Number Annual Benefits Average Annual Benefit Average Age	\$ \$	2 25,376 12,688 62.8	\$ \$	2 25,376 12,688 61.8
TERMINATED VESTED MEMBERS				
Number Annual Benefits Average Annual Benefit Average Age	\$ \$	4 64,141 16,035 46.0	\$ \$	4 64,141 16,035 45.0

ANNUAL REQUIRED CONTRIBUTION (ARC)				
A. Valuation Date	October 1, 2008	October 1, 2007		
B. ARC to Be Paid During Fiscal Year Ending	9/30/2010	9/30/2009		
C. Assumed Date of Employer Contributions	Continuously	Continuously		
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 119,915	\$ (30,184)		
E. Employer Normal Cost	308,082	291,042		
F. ARC if Paid on the Valuation Date: D+E	427,997	260,858		
G. ARC Adjusted for Frequency of Payments	444,952	271,192		
H. ARC as % of Covered Payroll	23.66 %	15.25 %		
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	4.00 %	4.00 %		
J. Covered Payroll for Contribution Year	1,955,668	1,849,093		
K. ARC for Contribution Year: H x J	462,711	281,987		
L. Estimate of State Revenue in Contribution Year	101,867	101,867		
M. Required Employer Contribution (REC) in Contribution Year	360,844	180,120		
N. REC as % of Covered Payroll in Contribution Year: M ÷ J	18.45 %	9.74 %		

ACTUARIAL VALUE OF BENEFITS AND ASSETS			
A.	Valuation Date	October 1, 2008	October 1, 2007
В.	Actuarial Present Value of All Projected Benefits for Active Members		
	 a. Service Retirement Benefits b. Vesting Benefits c. Disability Benefits d. Preretirement Death Benefits e. Beturn of Member Contributions 	\$ 6,419,715 241,038 482,895 126,152 45,774	\$ 6,374,874 220,115 430,320 114,886 42,274
	f. Total	7,315,574	7,182,469
	 Inactive Members a. Service Retirees & Beneficiaries b. Disability Retirees c. Terminated Vested Members d. Total 	4,376,011 232,910 415,548 5,024,469	3,303,854 237,543 <u>383,067</u> 3,924,464
	3. Total for All Members	12,340,043	11,106,933
C.	Actuarial Accrued (Past Service) Liability per GASB No. 25	8,825,614	7,968,530
D.	Actuarial Value of Accumulated Plan Benefits per FASB No. 35	7,911,811	7,142,802
E.	Plan Assets1. Market Value2. Actuarial Value	6,647,082 7,313,163	7,644,172 7,982,635
F.	Unfunded Actuarial Accrued Liability: C - E2	1,512,451	(14,105)
G.	Actuarial Present Value of Projected Covered Payroll	18,037,597	16,269,470
H.	Actuarial Present Value of Projected Member Contributions	901,880	813,474

CALCULATION OF EMPLOYER NORMAL COST			
A. Valuation Date	October 1, 2008	October 1, 2007	
B. Normal Cost for			
 Service Retirement Benefits Vesting Benefits Disability Benefits Preretirement Death Benefits Return of Member Contributions Total for Future Benefits Assumed Amount for Administrative Expenses 	\$ 302,842 14,944 41,146 7,071 <u>6,142</u> 372,145 <u>29,960</u> 402,105	\$ 285,004 14,362 37,491 6,605 5,955 349,417 <u>30,524</u> 270.041	
C. Expected Member ContributionD. Employer Normal Cost: B8-C	94,023 308,082	88,899 291,042	
E. Employer Normal Cost as % of Covered Payroll	16.38 %	16.37 %	

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

The Unfunded Actuarial Accrued Liability (UAAL) is being amortized as a level dollar amount over the number of years remaining in the amortization period. Details relating to the UAAL are as follows:

	Original UAAL		Current UAAL		
Date Established	Source	Amount	Years Remaining	Amount	Payment
10/1/87	UAAL	\$ 38,290	9	\$ 5,755	\$ 860
10/1/89	Amendment	271,917	11	68,626	8,988
10/1/90	Assump	· (275,825)	12	(82,578)	(10,254)
10/1/91	Method Change	151,157	13	46,103	5,463
10/1/91	Amendment	55,458	13	16,030	1,899
10/1/92	Method Change	91,043	14	28,481	3,238
10/1/94	Change Assump	88,286	16	29,817	3,162
10/1/94	Exp Gain	(152,375)	1	(7,560)	(7,560)
10/1/95	Assump	(37,254)	17	(18,114)	(1,865)
10/1/95	Exp Loss	223,414	2	25,547	13,279
10/1/95	Amendment	(397,919)	17	(156,905)	(16,156)
10/1/96	Exp Gain	(120,426)	3	(30,210)	(10,878)
10/1/97	Exp Gain	(143,141)	4	(36,674)	(10,286)
10/1/98	Change Assump	(386,694)	20	(190,777)	(18,285)
10/1/98	Amendment	635,071	20	309,473	29,662
10/1/98	Exp Gain	(129,264)	5	(35,689)	(8,312)
10/1/99	Exp Gain	(140,888)	6	(43,005)	(8,659)
10/1/00	Exp Gain	(253,148)	7	(85,493)	(15,299)
10/1/01	Exp Gain	(8,524)	8	(4,290)	(696)
10/1/02	Exp Loss	495,854	9	178,807	26,717
10/1/02	Amendment	31 264	24	13 037	1 168
10/1/03	Exn Gain	(79.047)	10	(37,093)	(5,164)
10/1/03	Change Assump	(39,346)	25	(22,945)	(2,028)
10/1/04	Exp Loss	46,245	11	21,348	2,796
10/1/05	Exp Gain	(265,366)	12	(150,921)	(18,741)
10/1/05	Change Assump	174,346	27	106,799	9,224
10/1/06	Exp Loss	86,234	13	50,926	6,034
10/1/06	Amendment	212,273	28	133,173	11,387
10/1/07	Exp Gain	(170,713)	14	(119,068)	(13,536)
10/1/08	Exp Loss	1,499,855	15	1,499,855	164,352
		\$ 1,500,777		\$ 1.512.451	\$ 140,510

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Amortization Schedule			
Year	Expected UAAL		
2008	\$ 1,512,451		
2009	1,507,441		
2010	1,493,813		
2011	1,493,436		
2012	1,544,438		
2013	1,456,927		
2018	1,171,640		
2023	798,238		
2028	117,169		
2033	49,369		
2038	-		

ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gain (loss) for the past year has been computed as follows:

1. Last Year's UAAL	\$ (14,105)
2. Last Year's Employer Normal Cost	273,311
3. Last Year's Contributions	260,851
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	21,384
b. 3 from dates paid	7,143
c. a - b	14,241
5. This Year's Expected UAAL	
1 + 2 - 3 + 4c	12,596
6. This Year's Actual UAAL (Before any Changes	
in Benefits or Assumptions)	1,512,451
7. Net Actuarial Gain (Loss): (5) - (6)	(1,499,855)
8. Gain (Loss) due to Investments	(1,268,620)
9. Gain (Loss) due to Other Causes	(231,235)

Net actuarial gains in previous years have been as follows:

Year Ended	Gain (Loss)
9/30/99	\$ 140,888
9/30/00	253,148
9/30/01	8,524
9/30/02	(495,854)
9/30/03	79,047
9/30/04	(46,245)
9/30/05	265,366
9/30/06	(86,234)
9/30/07	170,713
9/30/08	(1,499,855)

The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan, so it is important that they are in line with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last few years:

	Investment Return		Salary	Increases
Year Ending	Actual	Assumed	Actual	Assumed
9/30/1986	10.0 %	7.0 %	7.1 %	5.5 %
9/30/1987	7.7	7.0	8.3	5.5
9/30/1988	8.7	7.0	12.9	5.5
9/30/1989	11.8	7.0	15.5	5.5
9/30/1990	3.9	8.0	18.3	5.5
9/30/1991	14.4	8.0	(1.1)	6.5
9/30/1992	11.8	8.0	3.4	6.5
9/30/1993	8.9	8.0	7.1	6.5
9/30/1994	(1.1)	8.0	2.1	6.5
9/30/1995	17.6	8.0	2.9	6.5
9/30/1996	9.6	8.0	8.4	5.5
9/30/1997	20.0	8.0	9.8	5.5
9/30/1998	8.9	8.0	7.0	5.5
9/30/1999	13.4	8.5	12.4	5.5
9/30/2000	12.0	8.5	(1.0)	5.5
9/30/2001	(8.4)	8.5	7.2	5.5
9/30/2002	(3.1)	8.5	12.5	5.5
9/30/2003	10.7	8.5	9.2	5.5
9/30/2004	8.2	8.5	9.8	8.1
9/30/2005	10.9	8.25	3.2	8.0
9/30/2006	6.9	8.25	9.3	8.0
9/30/2007	12.6	8.25	3.5	8.0
9/30/2008	(12.3) *	8.25	5.9	8.1
Averages	7.7 %		7.4 %	

* The return on the actuarial value of assets was -7.7% since the actuarial value of assets was outside the 10% corridor.

The actual investment return rates shown above are based on the market value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuations both at the beginning and the end of each year.




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		1	Actua	l (A) Co A	mpared mong A	l to Ex Active	pect Emp	ed (E loye	E) Decrer es	nents			
	Nun Ade Dui	nber ded ring	Ser D	vice & ROP	Disal	bility			Te	erminat	ions		Active Members
Year Ended	Ye A	ear E	Reti	rement E	Retire	ment E		ath E	Vested	Other	To	tals F	End of Vear
						<u> </u>	<u> </u>		<u> </u>	<u></u>	A	<u></u>	1041
9/30/2002	10	9	0	0	0	0	0	0	3	6	9	1	33
9/30/2003	1	2	0	1	0	0	0	0	1	1	2	1	32
9/30/2004	0	3	0	0	0	0	0	0	0	3	3	1	29
9/30/2005	4	3	0	1	0	0	0	0	1	2	3	1	30
9/30/2006	3	1	0	1	0	0	0	0	0	1	1	1	32
9/30/2007	4	2	0	1	0	0	0	0	0	2	2	1	34
9/30/2008	4	2	2	2	0	0	0	0	0	0	0	1	36
9/30/2009			l	1		0		0				1	l
7 Yr Totals *	26	22	2	6	0	0	0	0	5	15	20	7	

		ł	RECENT HISTO	RY OF VALUATI	ON RESULTS		
	Numb	er of					
Valuation Date	Active Members	Inactive Members	Covered Annual Pavroll	Actuarial Value of Assets	UFAAL	Normal Cost (NC)	NC as % of Payroll
10/1/95	27	17	\$ 861,506	\$ 3,595,515	\$ 69,314	\$ 130,351	15.13 %
10/1/96	27	18	868,710	3,844,663	(109,252)	107,675	12.39
10/1/97	28	19	950,956	4,302,132	(253, 723)	135,232	14.22
10/1/98	30	19	1,036,028	4,626,383	(154,466)	115,417	11.14
10/1/99	31	20	1,135,968	5,138,102	(297,760)	119,506	10.52
10/1/00	30	21	1,067,018	5,578,200	(542,149)	118,302	11.09
10/1/01	32	23	1,163,233	5,837,708	(554,574)	128,384	11.04
10/1/02	33	25	1,267,483	5,629,650	(33,977)	150,699	11.89
10/1/03	32	23	1,370,283	5,976,733	(143, 370)	192,679	14.06
10/1/04	29	23	1,388,563	6,354,625	(80,181)	194,164	13.98
10/1/05	30	23	1,451,838	6,787,412	(154,976)	216,474	14.91
10/1/06	32	23	1,653,654	7,485,240	131,344	273,311	16.53
10/1/07	34	22	1,777,974	7,982,635	(14,105)	291,042	16.37
10/1/08	36	24	1,880,450	7,313,163	1,512,451	308,082	16.38







			RECENT	HISTOR	Y OF REQU	JIRED AN	VD ACTUAI	L CONTRI	BUTIONS			
End of Yaluation Mot End of Yaluation Met Employer Actual Valuation Valuation Valuation Yo of Yaluation Actual Actual Yo of Yaluation Actual Actual Actual Actual 10/1/109 9/30/001 6/1,098 5.77,050 5.72 5.45,53 3.44,577					Required Con	ntributions						
Which Valuation Which Applies % of Amount % of Payroli % of Amount % of Payroli % of Amount % of Payroli Employer % 10/1/97 9/30/97 \$ 104,691 12.05 \$ 55,425 5.83 \$ 49,266 \$ 67% \$ 49,266 \$ 5,73 \$ 44,677 \$ 4,31 \$ 53,374 \$ 33,524 \$ 33,523 \$ 33,533 \$ 33,533 \$ 33,523 \$ 33,533 \$ 33,534 \$ 33,533 33,533		End of Year To	Employer	& State	Estimated	lState	Net Emp	Joyer	Yc	tual Contributi	ions	
10/1/96 9/30/97 \$ 104,691 12.05 % \$ 55,425 5.33 % \$ 49,266 5.67% \$ 49,266 \$	Valuation	Which Valuation Applies	Amount	% of Payroll	Amount	% of Payroll	Amount	% of Payroll	Employer	State		Total
10/1/97 9/30/98 119,321 12.55 55,425 5.83 63,896 6.72 78,686 10/1/98 9/30/09 9/30/01 10,4237 10.06 59,560 5.75 44,677 4.31 53,374 10/1/99 9/30/01 61,098 5.73 8,06 57,050 5.02 34,553 3.04 33,524 10/1/00 9/30/01 61,098 5.73 59,560 5.12 9,640 0.83 36,996 10/1/01 9/30/03 149,294 11.78 59,560 4.70 89,734 708 89,734 10/1/02 9/30/03 149,294 11.78 59,560 4.18 122,710 845 115,767 10/1/03 9/30/06 192,788 13.35 59,560 4.18 122,710 86,734 10/1/04 9/30/06 192,788 13.35 59,560 4.18 122,710 86,734 10/1/04 9/30/06 192,788 13.35 59,560 4.18 122,710	10/1/96	9/30/97	\$ 104,691	12.05 %	\$ 55,425	6.38 %	\$ 49,266	5.67 %	\$ 49,266	\$ 55,425	÷	104,691
10/1/98 9/30/99 104,237 10.06 59,560 5.75 44,677 4.31 53,374 10/1/99 9/30/00 91,603 8.06 57,050 5.02 34,553 3.04 33,524 10/1/00 9/30/01 61,098 5.73 59,560 5.12 9,640 0.83 36,996 10/1/01 9/30/02 69,200 5.95 59,560 4.70 89,734 708 89,734 10/1/02 9/30/03 149,294 11.78 59,560 4.70 89,734 708 89,734 10/1/03 9/30/04 175,309 12.79 59,560 4.18 115,749 8,61 112,770 10/1/03 9/30/06 192,788 13.35 59,560 4.12 133,228 92.3 143,827 10/1/04 9/30/06 192,788 13.35 59,560 4.12 133,228 92.3 143,827 10/1/04 9/30/06 192,788 13.35 59,560 4.12 133,228	10/1/97	9/30/98	119,321	12.55	55,425	5.83	63,896	6.72	78,686	59,560		138,246
10/1/99 9/30/00 91,603 8.06 57,050 5.02 34,553 3.04 33,524 10/1/00 9/30/01 61,098 5.73 59,560 5.58 1,538 0.15 24,620 10/1/01 9/30/02 69,200 5.95 59,560 5.12 9,640 0.83 36,996 10/1/02 9/30/03 149,294 11.78 59,560 4.70 89,734 7.08 89,734 10/1/03 9/30/04 175,309 12.79 59,560 4.18 115,749 8.61 122,710 10/1/03 9/30/04 175,309 12.79 59,560 4.18 122,710 8.61 122,710 10/1/04 9/30/06 192,788 13.35 59,560 4.12 133,228 9.23 143,827 10/1/05 9/30/07 167,449 11.09 59,560 3.94 107,889 7.15 111,600 1 10/1/06 9/30/09 28,103 110,087 5.92 133,228	10/1/98	9/30/99	104,237	10.06	59,560	5.75	44,677	4.31	53,374	57,050		110,424
10/1/00 9/30/01 61,098 5.73 59,560 5.58 1,538 0.15 24,620 10/1/01 9/30/02 69,200 5.95 59,560 5.12 9,640 0.83 36,996 10/1/02 9/30/03 149,294 11.78 59,560 4.70 89,734 7.08 89,734 10/1/02 9/30/04 175,309 12.79 59,560 4.34 115,749 8.45 115,767 10/1/03 9/30/04 175,309 12.779 59,560 4.18 122,710 8.61 122,710 10/1/03 9/30/06 192,788 13.35 59,560 4.12 133,228 9.23 143,827 10/1/06 9/30/07 167,449 11.09 59,560 3.94 107,889 7.15 111,600 1 10/1/07 9/30/09 281,987 15.25 101,867 5.92 158,339 9.21 158,984 1 10/1/07 9/30/09 281,987 15.25 101,867	10/1/99	9/30/00	91,603	8.06	57,050	5.02	34,553	3.04	33,524	59,560		93,084
10/1/01 9/30/02 69,200 5.95 59,560 5.12 9,640 0.83 36,996 10/1/02 9/30/04 175,309 12.79 59,560 4.70 89,734 7.08 89,734 10/1/03 9/30/04 175,309 12.79 59,560 4.34 115,767 89,734 7.08 89,734 10/1/03 9/30/04 175,309 12.79 59,560 4.34 115,749 8.45 115,767 10/1/03 9/30/05 182,270 12.79 59,560 4.12 133,228 9.23 143,827 10/1/04 9/30/06 192,788 13.35 59,560 4.12 133,228 9.23 143,827 10/1/05 9/30/07 167,449 11.09 59,560 3.94 107,889 7.15 111,600 1 10/1/06 9/30/09 281,987 15.25 101,867 5.92 158,339 9.21 158,984 1 10/1/07 9/30/09 281,987 15.25	10/1/00	9/30/01	61,098	5.73	59,560	5.58	1,538	0.15	24,620	59,560		84,180
10/1/02 9/30/03 149,294 11.78 59,560 4.70 89,734 7.08 89,734 10/1/03 9/30/04 175,309 12.79 59,560 4.34 115,749 8.45 115,767 10/1/03 9/30/04 175,309 12.79 59,560 4.34 115,749 8.61 122,710 10/1/03 9/30/05 182,270 12.79 59,560 4.18 122,710 8.61 122,710 10/1/04 9/30/05 192,788 13.35 59,560 4.12 133,228 9.23 143,827 10/1/05 9/30/07 167,449 11.09 59,560 3.94 107,889 7.15 111,600 1 10/1/07 9/30/09 281,987 15.25 101,867 5.92 158,339 9.21 158,984 1 10/1/07 9/30/09 281,987 15.25 101,867 5.51 360,844 1 1/A 10/1/07 9/30/09 281,987 15.25 101,867	10/1/01	9/30/02	69,200	5.95	59,560	5.12	9,640	0.83	36,996	59,560	_	96,556
10/1/03 9/30/04 175,309 12.79 59,560 4.34 115,749 8.45 115,767 10/1/03 9/30/05 182,270 12.79 59,560 4.18 122,710 8.61 122,710 10/1/04 9/30/05 192,788 13.35 59,560 4.12 133,228 9.23 143,827 10/1/05 9/30/07 167,449 11.09 59,560 3.94 107,889 7.15 111,600 1 10/1/05 9/30/09 260,206 15.13 101,867 5.92 158,339 9.21 158,984 1 10/1/07 9/30/09 281,987 15.25 101,867 5.51 180,120 9.74 N/A 10/1/08 9/3/10 467,711 23.66 101,867 5.51 360,844 1 360,844 1	10/1/02	9/30/03	149,294	11.78	59,560	4.70	89,734	7.08	89,734	59,560		149,294
10/1/03 9/30/05 182,270 12.79 59,560 4.18 122,710 8.61 122,710 10/1/04 9/30/06 192,788 13.35 59,560 4.12 133,228 9.23 143,827 10/1/05 9/30/07 167,449 11.09 59,560 3.94 107,889 7.15 111,600 1 10/1/05 9/30/08 260,206 15.13 101,867 5.92 158,339 9.21 158,984 1 10/1/07 9/30/09 281,987 15.25 101,867 5.51 180,120 9.74 N/A 10/1/08 9/30/10 467 711 23,66 101,867 5.51 360,844 18,45 N/A	10/1/03	9/30/04	175,309	12.79	59,560	4.34	115,749	8.45	115,767	59,560		175,327
10/1/04 9/30/06 192,788 13.35 59,560 4.12 133,228 9.23 143,827 10/1/05 9/30/07 167,449 11.09 59,560 3.94 107,889 7.15 111,600 1 10/1/06 9/30/09 260,206 15.13 101,867 5.92 158,339 9.21 158,984 1 10/1/07 9/30/09 281,987 15.25 101,867 5.51 180,120 9.74 N/A 10/1/08 9/30/10 467 11 73.66 101,867 5.51 360,120 9.74 N/A	10/1/03	9/30/05	182,270	12.79	59,560	4.18	122,710	8.61	122,710	59,560		182,270
10/1/05 9/30/07 167,449 11.09 59,560 3.94 107,889 7.15 111,600 1 10/1/06 9/30/08 260,206 15.13 101,867 5.92 158,339 9.21 158,984 1 10/1/07 9/30/09 281,987 15.25 101,867 5.51 180,120 9.74 N/A 10/1/08 9/30/10 467 711 23,66 101,867 5.51 360,844 18,45 N/A	10/1/04	9/30/06	192,788	13.35	59,560	4.12	133,228	9.23	143,827	59,560		203,387
10/1/06 9/30/08 260,206 15.13 101,867 5.92 158,339 9.21 158,984 1 10/1/07 9/30/09 281,987 15.25 101,867 5.51 180,120 9.74 N/A 10/1/08 9/30/10 467711 23.66 101.867 5.21 360.844 18.45 N/A	10/1/05	9/30/07	167,449	11.09	59,560	3.94	107,889	7.15	111,600	101,867		213,467
10/1/07 9/30/09 281,987 15.25 101,867 5.51 180,120 9.74 N/A 10/1/08 9/30/10 462 711 23.66 101,867 5.21 360,844 18.45 N/A	10/1/06	9/30/08	260,206	15.13	101,867	5.92	158,339	9.21	158,984	101,867		260,851
10/1/08 6/30/10 462 711 23 66 101 867 5 21 360 844 18 45 N/A	10/1/07	9/30/09	281,987	15.25	101,867	5.51	180,120	9.74	N/A	N/A		N/A
	10/1/08	9/30/10	462,711	23.66	101,867	5.21	360,844	18.45	N/A	N/A		N/A



ACTUARIAL ASSUMPTIONS AND COST METHOD

A. Cost Method

	 Funding Accumulated Benefit Obligation 	Entry Age Normal Actuarial Cost Method. Accrued Benefit Method.
B.	Investment Earnings (Including inflation)	8.25% per year, net of investment related expenses.
C.	Salary Increases	See Table below. In addition, salary in the year of retirement is assumed to increase an extra 20% to allow for the inclusion of unused sick and vacation pay in average final compensation.
D.	Inflation	4% per year.
E.	Retirement Age	See Table below.
F.	Turnover Rates	See Table below.
G.	Mortality Rates	1983 Group Annuity Mortality Table for males and females; rates for disabled lives are the 1983 Group Annuity Mortality Table set abead five years
H.	Disability	Allituity Montality Table set allead five years.
	 Rates Percent Service Connected 	See Table below. 75%
I.	Asset Value	The actuarial value of assets is equal to the expected actuarial value plus or minus a 10% corridor adjustment. The expected actuarial value is equal to last year's actuarial value plus contributions and expected investment return at 8.25%, minus expenditures. If expected actuarial value differs from market value by less than 10%, actuarial value is set equal to expected actuarial value. If expected actuarial value is set equal to 110% of market value, actuarial value is set equal to 110% of market value. If expected actuarial value is set equal to 90% of market value, actuarial value is set equal to 90% of market value.
J.	Administrative Expenses	The average of actual non-investment related expenses over the most recent two years.
K.	Increase in Covered Payroll	None.
L.	Post Retirement Benefit Increase	None.
M.	Changes Since Last Valuation	There have been no changes since the last valuation.

Rates of Sala	nry Increase
Service	Salary Increase
1 - 10 11 - 15 16 - 20 21 and higher	9.4 % 6.0 6.5 4.0

	Annus	al Rate of
Age	Turnover	Disability
25	5.7%	0.15%
30	5.0	0.18
35	3.8	0.23
40	2.6	0.30
45	1.6	0.51
50	0.8	1.00
55		

Retirement I	Probabilities
Each year eligible for Early Retirement	5%
Year of attainment of Normal Retirement Date	80
Each of next four years	40
Fifth year after Normal Retirement Date	100

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GLOSSARY

Actuarial Accrued Liability The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs. (AAL) Actuarial Assumptions Assumptions about future plan experience that affect costs or liabilities. such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses: characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items. Actuarial Cost Method A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability. Actuarial Equivalent Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions. Actuarial Present Value The amount of funds required to provide a payment or series of payments (APV) in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made. Actuarial Present Value of The Actuarial Present Value of amounts which are expected to be paid at Future Benefits (APVFB) various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due. Actuarial Valuation The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 25, such as the Funded Ratio and the Annual Required Contribution (ARC). Actuarial Value of Assets The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution (ARC). Annual Required The employer's periodic required contributions, expressed as a dollar Contribution (ARC) amount or a percentage of covered plan compensation, determined under GASB No. 25. The ARC consists of the Employer Normal Cost and Amortization Payment.

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Closed Amortization Period A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.

Employer Normal CostThe portion of the Normal Cost to be paid by the employer. This is equal
to the Normal Cost less expected member contributions.

- Equivalent SingleFor plans that do not establish separate amortization bases (separate
components of the UAAL), this is the same as the Amortization Period.
For plans that do establish separate amortization bases, this is the period
over which the UAAL would be amortized if all amortization bases were
combined upon the current UAAL payment.
- **Experience Gain/Loss** A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.
- *Funded Ratio* The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.

GASB Governmental Accounting Standards Board.

GASB No. 25 and
GASB No. 27These are the governmental accounting standards that set the accounting
rules for public retirement systems and the employers that sponsor or
contribute to them. Statement No. 27 sets the accounting rules for the
employers that sponsor or contribute to public retirement systems, while
Statement No. 25 sets the rules for the systems themselves.

- *Normal Cost* The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
- **Open Amortization Period** An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.

Unfunded Actuarial Accrued Liability	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
Valuation Date	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

SECTION C

PENSION FUND INFORMATION

SUMMARY	SUMMARY OF ASSETS						
	9/30/2008	9/30/2007					
Cash and Securities - Market Value							
Cash	\$ 19,875	\$ 15					
Money Market Funds	196,034	280,311					
Treasury and Agency Bonds & Notes	1,823,233	1,780,224					
Corporate Bonds	1,023,538	912,625					
Common Stocks	3,567,666	4,646,889					
International Equity Funds	-	-					
Mortgage Backed Securities	· -	-					
Other Securities							
Total	6,630,346	7,620,064					
Receivables and Accruals							
Member Contribution	_	-					
Employer Contribution	-	-					
Interest and Dividends	30,466	31,073					
Other	-	-					
Total	30,466	31,073					
Payables and Reserves							
State Contribution Reserve	13.730	6.865					
DROP Accounts		-					
Benefits	-	-					
Refunds	-	-					
Expenses	-	-					
Other		100					
Total	13,730	6,965					
Net Assets - Market Value	6,647,082	7,644,172					

PENSION FUND INCOME AND DISBURSEMENTS					
	Ye 9	ear Ending 0/30/2008	Ye 9	ar Ending /30/2007	
Market Value at Beginning of Period	\$	7,651,037	\$	6,900,296	
Income					
Member Contributions		88,123		85,795	
State Contributions		108,732		108,732	
Employer Contributions		158,984		111,600	
Other Contributions		-		-	
Investment Earnings	[
Interest & Dividends		194,091		205,932	
Realized & Unrealized Gain (Loss)		(1,099,395)		686,678	
Total		(905,304)		892,610	
Other Income	_	-			
Total Income	1	(549,465)		1,198,737	
Disbursements					
Monthly Benefit Payments		362,195		368,065	
DROP Distributions		14,722		-	
Lump Sum Distributions		-		-	
Refund of Contributions		443		16,423	
Investment Related Expenses		33,905		33,084	
Other Administrative Expenses		29,495		30,424	
Insurance Premiums		-		-	
Other Expenses		-		-	
Total Disbursements		440,760		447,996	
Net Increase During Period		(990,225)		750,741	
Market Value at End of Period		6,660,812		7,651,037	
Less: DROP Account Balance		-		-	
Less: State Contribution Reserve		13,730		6,865	
Final Market Value		6,647,082		7,644,172	

		Year Ending	g September 30
		2008	2007
A. Last Year's Actuarial Value of Asse	ts	\$ 7,989,500	\$ 7,485,240
B. Contributions		355,839	306,127
C. Disbursements *		406,855	414,912
D. Time Weighted Cash Flow: 1/2(B-C)		(25,508)	(54,393)
E. Expected Investment Return: 0.0825 ³	*(A+D)	657,029	613,045
F. Expected Actuarial Value of Assets:	A+B-C+E	8,595,513	7,989,500
G. Market Value		6,660,812	7,651,037
H. Percentage: F/G		129.0 %	104.4 %
I. Actuarial Value (Between 90% and 110% of G)		7,326,893	7,989,500
J. Less: DROP Account Balance		0	0
K. Less: State Contribution Reserve		13,730	6,865
L. Final Actuarial Value of Assets		7,313,163	7,982,635
* Net of investment related expense	es		
Investment earnings recognized in the	e Actuarial Valu	e of Assets is computed	as follows:
	\$ 7,326,893	Actuarial Value	this year
-	7,989,500	Actuarial Value	last year
-	355,839	Contributions du	iring year
+	440,760	Expenses during	g year
	(577,686)	Gross Return re	cognized
-	33,905	Investment relat	ted expenses
	(611,591)	Net Return reco	ognized

ACTUARIAL VALUE OF ASSETS

RECONCILIATION OF DROP ACCOUNTS						
Value at beginning of year	\$	0				
Payments credited to accounts	+	14,530				
Investment Earnings credited	+	192				
Withdrawals from accounts		(14,722)				
Value at end of year		0				

The investment rate of return has been calculated on the following basis:

- **Basis 1** Interest, dividends, realized gains (losses) and unrealized appreciation (depreciation) divided by the weighted average of the market value of the fund during the year. This figure is normally called the Total Rate of Return.
- **Basis 2** Investment earnings recognized in the Actuarial Value of Assets divided by the weighted average of the Actuarial Value of Assets during the year.

	Investment Rate of Return	
Year Ended	Basis 1	Basis 2
9/30/86	10.0 %	
9/30/87	7.7	
9/30/88	8.7	
9/30/89	11.8	
9/30/90	3.9	
9/30/91	14.4	
9/30/92	11.8	
9/30/93	8.9	
9/30/94	(1.1)	
9/30/95	17.6	
9/30/96	9.6	
9/30/97	20.0	14.5 %
9/30/98	8.9	9.1
9/30/99	13.4	13.0
9/30/00	12.0	11.7
9/30/01	(8.4)	7.9
9/30/02	(3.1)	(0.7)
9/30/03	10.7	8.5
9/30/04	8.2	8.5
9/30/05	10.9	8.5
9/30/06	6.9	8.25
9/30/07	12.6	8.25
9/30/08	(12.3)	(7.68)
Average Compounded Rate		
of Return for Number of		
Years Shown	7.7 %	7.3 %
Average Compounded Rate		
of Return for Last 5 Years	4.8 %	5.0 %

SECTION D

FINANCIAL ACCOUNTING INFORMATION

FASB NO. 35 INFORMATION		
A. Valuation Date	October 1, 2008	October 1, 2007
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
 a. Members Currently Receiving Payments b. Terminated Vested Members c. Other Members d. Total 	\$ 4,608,921 415,548 2,311,667 7,336,136	\$ 3,541,397 383,067 <u>2,661,963</u> 6,586,427
2. Non-Vested Benefits	575,675	556,375
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	7,911,811	7,142,802
4. Accumulated Contributions of Active Members	513,835	498,341
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	7,142,802	6,786,427
2. Increase (Decrease) During the Period Attributable to:		
 a. Plan Amendment b. Change in Actuarial Assumptions c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period d. Benefits Paid e. Net Increase 	0 0 1,146,369 <u>(377,360)</u> 769,009	0 0 740,863 <u>(384,488)</u> 356,375
3 Total Value at End of Period	7911811	7,142,802
D. Market Value of Assets	6,647,082	7,644,172
E. Assets as % of C3	84.0 %	107.0 %
F. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

SCHEDULE OF FUNDING PROGRESS (GASB Statement No. 25)

% UAAL As % of Covered (b - a) / c (6.8) (12.6) (26.7) (14.9) (50.8) (47.7) (2.7) (10.5) (5.8) (0.8) 57.6 38.8 8.0 (26.2) (10.7)7.9 Payroll 59.2 36.7 80.4 **Covered Payroll** 841,160 938,523 861,506 1,135,968 897,387 980,338 868,710 950,956 ,036,028 ,067,018 ,163,233 ,267,483 ,370,283 ,388,563 ,451,838 ,653,654 ,777,974 ,880,450 905,473 3 \$ Funded Ratio % 78.1 82.4 89.0 88.6 02.9 110.8 110.5 100.6 82.9 (a) / (b) 98.1 02.9 106.3 103.5 106.2 102.5 101.3 102.3 98.3 100.2 Unfunded AAL (80, 181)(92, 181)(297,760) 131,344 497,908 69,314 (253,723) (154,466)542,149) (554,574) (33,977) 143,370) 154,976) (14,105)329,270 380,442 109,252) 521,564 ,512,451 (UAAL) (b) - (a) \$ Actuarial Accrued Liability (AAL) -5,632,436 7,968,530 2,385,990 2,821,426 2,984,068 3,325,396 3,227,597 3,664,829 3,735,411 4,048,409 4,471,917 4,840,342 5,283,134 5,595,673 5,833,363 6,274,444 7,616,584 8,825,614 5,036,051 **Entry Age** e Ś Actuarial Value of 6,787,412 7,485,240 5,578,200 5,629,650 7,982,635 2,323,518 3,595,515 5,837,708 6,354,625 7,313,163 ,864,428 2,654,798 2,944,954 3,319,778 3,844,663 4,302,132 4,626,383 5,138,102 5,976,733 Assets **a** \$ Actuarial Valuation 10/1/2006 10/1/1990 10/1/1992 10/1/1993 10/1/1994 10/1/1995 10/1/1996 10/1/1997 10/1/1998 10/1/1999 10/1/2000 10/1/2002 10/1/2003 0/1/2004 10/1/2005 10/1/2007 10/1/2008 10/1/2001 10/1/1991 Date

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Year Ended September 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
1991	\$ 255,631	\$ 265,894	104.0 %
1992	238,703	241,037	101.0
1993	223,037	227,847	102.2
1994	267,393	269,182	100.7
1 995	181,713	194,152	106.8
1996	148,533	159,939	107.7
1997	104,691	104,691	100.0
1998	119,321	138,246	115.9
1 999	104,237	110,424	105.9
2000	91,603	93,084	101.6
2001	61,098	84,180	137.8
2002	69,200	96,556	139.5
2003	149,294	149,294	100.0
2004	175,309	175,327	100.0
2005	182,270	182,270	100.0
2006	192,788	203,387	105.5
2007	167,449	213,467	127.5
2008	260,206	260,851	100.2

SCHEDULE OF EMPLOYER AND STATE CONTRIBUTIONS (GASB Statement No. 25)

ANNUAL PENSION COST AND NET PENSION OBLIGATION (GASB STATEMENT NO. 27)			
Employer FYE September 30	2009	2008	2007
Annual Required Contribution (ARC)*	\$ 281,987	\$ 260,206	\$ 167,449
Interest on Net Pension Obligation (NPO)	(15,374)	(15,742)	(12,251)
Adjustment to ARC	(19,427)	(20,853)	(15,955)
Annual Pension Cost (APC)	286,040	265,317	171,153
Contributions made	**	260,851	213,467
Increase (decrease) in NPO	**	4,466	(42,314)
NPO at beginning of year	(186,350)	(190,816)	(148,502)
NPO at end of year	**	(186,350)	(190,816)
 * Includes expected State contribution ** To be determined 			

THREE YEAR TREND INFORMATION

Fiscal	Annual Pension	Actual	Percentage of	Net Pension
Year Ending	Cost (APC)	Contribution	APC Contributed	Obligation
9/30/2006	\$ 195,065	\$ 203,387	104.3 %	\$ (148,502)
9/30/2007	171,153	213,467	124.7	(190,816)
9/30/2008	265,317	260,851	98.3	(186,350)

REQUIRED SUPPLEMENTARY INFORMATION GASB Statement No. 25 and No. 27

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

Valuation Date:	October 1, 2008	
Contribution Rates Employer (and State) Plan members	24.80% 5.00%	
Actuarial Cost Method	Entry Age Normal	
Amortization Method	Level dollar, closed	
Remaining Amortization Period	30 years	
Asset Valuation Method	See Assumptions page	
Actuarial Assumptions		
Investment rate of return Projected salary increases Includes inflation and other general increases at Cost of Living adjustments	8.25% 4.0 - 9.4% depending years of service 4.0% N/A	

on

SECTION E

MISCELLANEOUS INFORMATION

	RECONCILIATION OF MEMBERSHIP DATA		
		From 10/1/07	From 10/1/06
		To 10/1/08	<u>To 10/1/07</u>
A .	Active Members		
1.	Number Included in Last Valuation	34	32
2.	New Members Included in Current Valuation	4	4
3.	Non-Vested Employment Terminations	0	(2)
4.	Vested Employment Terminations	0	0
5.	DROP Retirement	(2)	0
6.	Service Retirements	0	0
7.	Disability Retirements	0	0
8.	Deaths	0	0
9.	Other - Rehire	0	0
9.	Number Included in This Valuation	36	34
B .	B. Terminated Vested Members		
1	Number Included in Last Valuation	4	4
2	Additions from Active Members	0	0
3.	Lump Sum Payments/Refund of Contributions	0	0
4.	Payments Commenced	0	0
5.	Deaths	0	0
6.	OtherReturn to Active	0	0
7.	Number Included in This Valuation	4	4
C.	DROP Plan Members		
1	Number Included in Lect Voluction	0	
1.	Additions from Active Members	2	0
2.	Retirements	(1)	0
<u> </u>	Deaths Resulting in No Further Payments		Ő
5	Other	0	ů
6.	Number Included in This Valuation	1	0
D.	D. Service Retirees, Disability Retirees and Beneficiaries		
1	Number Included in Last Voluntian	10	10
	Additions from Active Members	18	19
2.	Additions from Terminated Vested Members		0
 	Additions from DROP Plan	1	0
5	Deaths Resulting in No Further Payments	0	0
6	Deaths Resulting in New Survivor Benefits	0 0	0
7.	End of Certain Period - No Further Payments	0	ů
8.	Other	0 0	0
9.	Number Included in This Valuation	19	18

SECTION F

SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS

A. Ordinances

Plan established under the Code of Ordinances for the City of Palmetto, Florida, Chapter 22, Article V, and was most recently amended under Ordinance No. 06-901 passed and adopted on October 2, 2006. The Plan is also governed by certain provisions of Chapter 185, <u>Florida Statutes</u>, Part VII, Chapter 112, <u>Florida Statutes</u> (F.S.) and the Internal Revenue Code.

B. Effective Date

September 28, 1989; Restated Plan adopted June 29, 2000.

C. Plan Year

October 1 through September 30.

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

All full-time police officers of the City become members on their date of hire as a condition of employment.

F. Credited Service

Credited Service is measured as the total number of years and fractional parts of years from the date of employment to the date of termination or retirement. No service is credited for any periods of employment for which a member received a refund of their contributions. Terminated employees who return to work after having received a refund may have their prior service reinstated if they repay the full amount of the refund, plus interest as determined by the Board, within 90 days of reemployment. Up to 4 years of pre-employment military service may be included in Credited Service after a member has completed 10 years.

G. Compensation/Salary

The total compensation for services rendered to the City as a police officer reportable on the member's W-2 form including overtime, bonuses, lump sum payments of unused sick leave and vacation time, plus all tax deferred, tax sheltered or tax exempt items of income derived from elective employee payroll deductions or salary reductions.

H. Average Final Compensation (AFC)

The average of Salary during the highest 5 years out of the last 10 years preceding termination or retirement.

I. Normal Retirement

Eligibility:	A member may retire on the first day of the month coincident with or next following the earlier of:
	(1) age 55 with 10 years of Credited Service, or(2) 23 years of Credited Service regardless of age.
Benefit:	3.0% of AFC multiplied by years of Credited Service. For members hired after June 7, 1982, benefits can not exceed 75% of AFC. For members with more than 37.5 years of Credited Service, benefit is guaranteed to be no less than 2.0% of AFC multiplied by years of Credited Service.
Normal Form of Benefit:	10 Years Certain and Life; other options are also available.
COLA:	There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

J. Early Retirement

Eligibility:	A member may elect to retire earlier than the Normal Retirement Eligibility upon the attainment of age 50 with 10 years of Credited Service.
Benefit:	The Normal Retirement Benefit is reduced by 3.0% for each year by which the Early Retirement date precedes the member's Normal Retirement date.
Normal Form of Benefit:	10 Years Certain and Life; other options are also available.
COLA:	There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

K. Delayed Retirement

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

L. Service Connected Disability

- Eligibility: Any member who becomes totally and permanently disabled from an act occurring in the performance of duty as a police officer for the City is eligible for a disability benefit.
- Benefit: 3.0% of AFC multiplied by years of Credited Service on the date of disability, actuarially reduced for payment prior to the Normal Retirement date. Actuarially reduced benefit may not be less than 62% of the members' AFC.

Normal Form of Benefit:	10 Year Certain and Life; other options available.
COLA:	There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

M. Non-Service Connected Disability

- Eligibility: Any member who becomes totally and permanently disabled from an act not directly caused by the performance of duty as a police officer for the City is eligible for a disability benefit.
- Benefit: 3.0% of AFC multiplied by years of Credited Service on the date of disability, actuarially reduced for payment prior to the Normal Retirement date. For members with at least 10 years of Credited Service, actuarially reduced benefit may not be less than 25% of the members' AFC. For members with at least 5 years of Credited Service, actuarially reduced benefit may not be less than 20% of the members' AFC.

In no event shall disability benefits paid to members hired after June 7, 1982, exceed 75% of AFC. For members with more than 37.5 years of Credited Service, disability benefit is guaranteed to be no less than 2.0% of AFC multiplied by years of Credited Service.

Normal Form

of Benefit: 10 Year Certain and Life; other options available.

COLA: There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

N. Death in the Line of Duty

Eligibility:	Any member with 10 or more years of Credited Service who dies while employed by the City is eligible for survivor benefits.
Benefit:	Beneficiary will be paid the member's accrued benefit based upon Credited Service and AFC as of the date of death.
Normal Form of Benefit:	Payable for life of the beneficiary.
COLA:	There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

The beneficiary of a member with less than 10 years of Credited Service at the time of death will receive a refund of the member's accumulated contributions.

O. Other Pre-Retirement Death

Eligibility: Any member with 10 or more years of Credited Service who dies while employed by the City is eligible for survivor benefits.

COLA: There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

The beneficiary of a member with less than 10 years of Credited Service at the time of death will receive a refund of the member's accumulated contributions.

P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

Q. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are a Single Life Annuity option or the 50%, 66 2/3%, 75% or 100% Joint and Survivor options. A Social Security option is also available for members retiring prior to the time they are eligible for Social Security retirement benefits.

R. Vested Termination

Eligibility: A member has earned a non-forfeitable right to Plan benefits after the completion of 10 years of Credited Service (See vesting table below).

Vesting is determined in accordance with the following table.

YEARS OF CREDITED SERVICE	% OF NORMAL RETIREMENT BENEFITS
Less Than 10	0%
10 or more	100%

Benefit: The member's accrued Normal Retirement Benefit as of the date of termination. Benefit begins on the member's Normal Retirement date. Alternatively, members may elect to receive an actuarially reduced Early Retirement Benefit any time after age 50.

Normal Form
of Benefit:10 Years Certain and Life thereafter; other options are also available.COLA:There are currently no annual COLA benefits; although the City has adopted an Ad
Hoc COLA in the past (refer to Section V, Cost of Living Increases).

Plan members with less than 10 years of Credited Service will receive a refund of their own accumulated contributions.

S. Refunds

- Eligibility: All members terminating employment with less than 10 years of Credited Service are eligible. Optionally, vested members (those with 10 or more years of credited service) may elect a refund in lieu of the vested benefits otherwise due.
- Benefit: Refund of the member's contributions without interest.

T. Member Contributions

5.0% of Compensation

U. Employer Contributions

Chapter 185 Premium Tax Refunds and any additional amount determined by the actuary needed to fund the plan properly according to State laws.

V. Cost of Living Increases

Retired participants received an Ad Hoc COLA of 2% per year of retirement (maximum 10%) effective October 1, 2005.

W. 13th Check

Not Applicable

X. Deferred Retirement Option Plan

Eligibility: Plan members are eligible for the DROP on the first day of the month coincident with or next following the earlier of:

(1) age 55 with 10 years of Credited Service, or
 (2) 23 years of Credited Service regardless of age.

Members who meet eligibility must submit a written election to participate in the DROP.

Benefit: The member's Credited Service and AFC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and AFC.

Maximum

DROP Period: 60 months from date of participation in the DROP, but not to exceed 5 years from the date the member first became eligible for Normal Retirement.

Interest

Credited: The member's DROP account is credited or debited quarterly at a rate equal to one of the following as elected by the member:

(1) 6.5% per annum compounded monthly on the prior month's ending balance, or (2) the actual net rate of investment return realized by the Plan for that quarter.

Normal Form of Benefit:	Options include a lump sum or DROP distribution used to purchase fixed annuity.
COLA:	There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

Y. Other Ancillary Benefits

There are no ancillary retirement type benefits not required by statutes but which might be deemed a City of Palmetto Police Officers' Retirement Plan liability if continued beyond the availability of funding by the current funding source.

Z. Changes from Previous Valuation

There were no changes from the previous valuation.